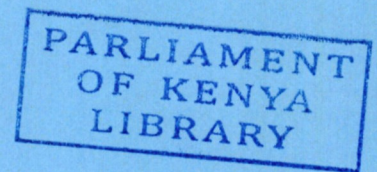


OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

THE NATIONAL ASSEMBLY
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REPORT

OF

THE AUDITOR-GENERAL

ON

**MATILI TECHNICAL TRAINING
INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE, 2021**

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MATILI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE, 2021**

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

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Table of Content

I. KEY ENTITY INFORMATION AND MANAGEMENT.....	iii
II. THE BOARD OF GOVERNORS.....	vi
III. MANAGEMENT TEAM	xi
IV. CHAIRMAN'S STATEMENT.....	xv
V. REPORT OF THE PRINCIPAL.....	xvi
VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES.....	xviii
VII. CORPORATE GOVERNANCE STATEMENT.....	xix
VIII. MANAGEMENT DISCUSSION AND ANALYSIS.....	xxvii
IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING.....	xxviii
X. REPORT OF THE BOARD OF GOVERNORS.....	xxx
XI. STATEMENT OF BOARD OF GOVERNORS/COUNCIL MEMBERS' RESPONSIBILITIES.....	xxxi
XII. REPORT OF THE AUDITOR GENERAL ON MATILI TECHNICAL TRAINING INSTITUTE.....	xxxiii
XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021	1
XIV. STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021.....	2
XV. STATEMENTS OF CHANGES IN NET ASSETS	3
XVI. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2021	4
XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021.....	6
XVIII. NOTES TO THE FINANCIAL STATEMENTS	7
APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS.	58
APPENDIX II: PROJECT IMPLEMENTATION BY MATILI TECHNICAL	71
APPENDIX III: INTER-ENTITY TRANSFERS.....	72
APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES	73

I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Matili Technical Training Institute was established in 1959 under the Vocational Youth Centre that was elevated to a Youth Polytechnic in 1971 the called a Village Polytechnic under the sponsorship of the Friends Church (Quakers). The Institute was elevated to its current status in April, 2009 when it was moved from the Ministry of Youth Affairs and Sports to the Ministry of Science and Technology. The Institute is registered by the Technical and Vocational Education and Training Authority under Certificate No. TVETA/PUBLIC/TVC/0020/2016.

(b) Principal Activities

Mission

The Institute exists to produce highly qualified personnel with knowledge skills and competencies to meet societal and industrial needs.

Vision

To be a renowned Centre of Excellence in Technical Training and Research in Science Technology and Innovation.

Institute Motto

Technology and Innovation

Core values

The Institute is guided by the following core values and competencies which form the corporate culture of the Institute:

- a) Passion for results
- b) Good governance
- c) Respect Equity and Equality
- d) Customer and community focus
- e) Professionalism and Integrity

MATILI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

(c) Key Management

The mandate of the Institute is executed through the Board of Governors represented in the day to day running of the Institute by:

- Board of Governors
- Principal
- Deputy Principal
- Registrar
- Dean of Students
- Finance Officer
- Procurement Officer
- Head of Departments.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June, 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Mrs. Judith Sande
2.	Deputy Principal	Ms. Lilian Simali
3.	Registrar	Mr. Thomas Abuga
4.	Dean of Students	Mr. Ancrum Amunga
5.	Head of Finance	CPA Samuel Kituyi
6.	Head of Procurement	Ms. Coldilda Wakukha
7	Internal Auditor	CPA Jescah Ngichabe
8	Human Resource Officer	Ms. Violet Singoro

(e) Entity Headquarters

Matili Technical Training Institute
P.O. Box 76 - 50204
Kimilili
Kimilili – Misikhu Highway
Bungoma, KENYA

(f) Entity Contacts

Matili Technical Training Institute
Telephone: (254) 707747007
E-mail: matilitechnicalcollege@yahoo.co.uk
info@matilitechnical.ac.ke
Website: www.matilitechnical.ac.ke

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

(g) Entity Bankers

S/NO	BANK NAME	BRANCH	ACCOUNT NAME	ACCOUNT NO.
1.	Kenya Commercial Bank	Kimilili	Main	1107228476
2.	Kenya Commercial Bank	Kimilili	Savings	1198427175
3.	Kenya Commercial Bank	Kimilili	Development	1121314678
4.	Kenya Commercial Bank	Kimilili	Loima TVC	1183518218
5.	Kenya Commercial Bank	Kimilili	Turkana North TVC	1183517610
6.	Kenya Commercial Bank	Kimilili	Webuye West TVC	1182610463
7.	Kenya Commercial Bank	Kimilili	Bungoma North TVC	1234394391
8.	Kenya Commercial Bank	Kimilili	Kiminini TVC	1183517963
9.	Mpesa Paybill			339366

(h) Independent Auditors

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



(i) Principal Legal Adviser

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

MATILI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

II. THE BOARD OF GOVERNORS

 <p align="center">PROF. WILPHREDIAN OKUMU-BIGAMBO (CHAIRMAN, BOG)</p>	<p>Prof. Wilphredian Okumu-Bigambo was born on 22nd September, 1957. He holds PhD from Moi University, MA from Moray House College, Edinburgh, Post Graduate Diploma from Kenyatta University, Bachelor of Arts from University of Nairobi. On work experience, Prof. is a Director, Corporate Communication of Moi University. He has also been an Associate Professor, Moi University, Senior Lecturer, Moi University, Assistant Lecturer, Moi University, Lecturer at Siriba Teachers College, Teacher at St. Peters, Mumias High School, Kisoko Girls High School and Talai High School, Kabarnet. He chairs Full Board and Ad hoc Committee meetings.</p>
 <p align="center">MRS. HELLEN BARASA (MEMBER)</p>	<p>DATE OF BIRTH: 6th March, 1951</p> <p>EDUCATION:</p> <p>1973 - 1976: University of Nairobi, Bachelor of Education Arts Second Class Honours (Lower Division) 1967 - 1970: Butere Girls High School, (E.A.S.E) East African School Certificate 1971: Butere High School, (E.A.A.C.E) East African Advanced Certificate of Education 1958 - 1961: Kegondi Primary School 1962 - 1965: Lugulu Boarding 1966: Kegondi, (Kenya Preliminary Examinations Certificate)</p> <p>WORK EXPERIENCE:</p> <p>1976 -1978: Teacher, Chwele Girls High School 1979 -1980: Deputy Principal, Madzu Girls High School 1981 - 1982: Deputy Principal, Butere Girls High School 1983 - 1999: Deputy Principal, Ag. Principal, Nakuru High School 2000 - 2006: Principal, St. Theresa's Girls High School, Kimilili</p>

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021*



DR. CECILIA MUTHIKE WANJALA
(MEMBER)

Dr. Cecilia Muthike Wanjala joined the Matili Technical Institute Board of Management on 27th July, 2017.

She is the Deputy Director Commercial Enterprises, Kenya Medical Research Institute. She presents a wealth of experience in Innovation and Research Output Commercialization and Enterprise Development among other certifications. She chairs the Audit and Risk Management Committee of the board.

She is a registered Pharmacist BPharm (UON), MBA (Strategic Management) UON, and currently pursuing PhD (Business Administration) UON.



MS. JANE WANGECHI KARIUKI
(MEMBER)

Ms. Jane Wangechi Kariuki was born on 9th October, 1966. She holds Masters of Science in Entrepreneurship from Jomo Kenyatta University of Agriculture and Technology, Post Graduate Diploma in Education from Kenyatta University, Bachelor of Science in Mechanical Engineering from the University of Nairobi, Kenya Advanced Certificate of Education at Kaaga Girls High School, Kenya Certificate of Education from Chinga Girls High School, Certificate of Primary Education from Gatuya-ini Primary School. Her other professional trainings includes; Policy Development at Kenya School of Government, Kabete, Strategic Development Programme at Kenya School of Government, Kabete, Senior Management Course at Kenya School of Government, Baringo. On work experience, Ms. Jane Wangechi Kariuki is Deputy Director, Ministry of Education - GoK Project Coordinator, she has also been a Principal Technical Accreditation and Quality Assurance Officer, Chief Technical Accreditation and Quality Assurance Officer, Lecturer Nairobi TTI, Assistant Lecturer, Nairobi TTI.

MATILI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021



**MR. ALEX MWAURA
(MEMBER)**

DATE OF BIRTH: 19th November, 1955

EDUCATION:

Registered PhD Candidate with Mount Kenya University.

2011: Masters of Education in Administration and Planning, Catholic University of Eastern Africa (CUEA)

2008: Bachelor of Education in Education Management, University of South Africa (UNISA)

1995: Advanced Certificate in Curriculum Design and Instructional Materials Development (Technical Training Institute) Madras, India

1990: Diploma in Technical Education, KTTC (Kenya Technical Trainers College)

1992: Higher Diploma in Mechanical Engineering, Kenya Polytechnic

1972 -1975: Thika Technical School, EEC

1971: Marurani Primary School, CPE

OTHER TRAININGS:

1987: Motor Vehicle Technician Part II, Kenya Polytechnic

1980: Final Proficiency Craft Certificate in Motor Vehicle Electrical Workshop, Directorate of Industrial Training (DIT) and City and Guilds of London Institute

1980: Government Trade Test grade I in Motor Vehicle Technician

1984: Government Trade Test grade I in Motor Vehicle Mechanics.

2004: Certificate in Education Management, Kenya Education Staff Institute (KESI).

2010: Senior Management Course (SMC), Kenya Institute of Administration

2005: Proficiency Computer Training Course (Packages), NIVTC


WORKING EXPERIENCE:

2012 to Date: Part time Lecturer, Mount Kenya University, Part time Lecturer, Egerton University, Part time Lecturer, PUEA

2011 - 2015: Ministry of Industrialization and Enterprise Development, Kenya Industrial Training Institute (KITI) Nakuru, Principal Lecturer/College Registrar

2005 - 2011: Ministry of Labour and Human Resource Development, DIT, Assistant Director Curriculum (Research and

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

	<p>Development) 1992 - 2004: Ministry of Education Science and Technology; Directorate of Technical Training, Inspector of Technical Training and Technical Training Officer/Provincial Technical Training Officer (PTTO) Rift Valley Province. 1986 - 1992: Ministry of Labour, Department of Industrial Training, Instructor Automotive Engineering 1983 - 1986: Ministry of Labour, Directorate of Industrial Training, Assistant Instructor Automotive Engineering. 1979 - 1983: Office of the President, Kenya Police Transport Department, Assistant Workshop Supervisor. 1976 - 1979: Office of the President, Kenya Police Transport Department, Trainee Motor Vehicle Electrician Craft Proficiency Level.</p>
<div style="text-align: center;">  <p>MR. KADIMA VICTOR CHITECHI (MEMBER)</p> </div>	<p>Mr. Kadima Victor Chitechi was born on 9th March, 1978. He holds Msc, Information Technology from Masinde Muliro University of Science and Technology, bachelor of science in IT from Busoga University in Uganda, Advanced Diploma in Business Information Technology, Graffins College, Kenya, Diploma in Management of Information Systems, IMIS UK, Diploma in Networking, Infotech training Centre, Kenya, Advanced Certificate in Computer Maintenance Technology, KTTC, Kenya, Certificate in microcomputer Engineering, Technical University of Kenya. His other professional trainings includes: ICDL (International Computer Driving License) Training, Computer Pride, Kenya, CCNA (Cisco Certified Network Associate) Training, Computer Pride, Kenya, certificate of participation as faculty member on DHIS2 Academy, KSG - Information Systems Security Management. On work experience, Mr. Kadima works as Assistant Lecturer - Department of IT, School of computing and informatics at Masinde Muliro University of Science and Technology. Chair, BoG Research, Training, and Human Resource Committee.</p>

MATILI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021



**MR. ROBLEY NGOJE
(MEMBER)**

Robley Ngoje joined the Board of Governors of MaTTI on 20th July 2020.

He is the Group Head of Employee Relations & Wellness, Human Resource Division, KCB Bank Group. He chairs, the Planning, Finance, Development and Enterprise Committee of MaTTI Board.



He holds MSc. in HRM, BCom, HRM, Bachelor of Laws (UoN), Diploma in Banking and a Certified Trustee among a host of other certifications. He is a PhD Finalist in Business Administration (UoN).



**MRS. JUDITH SANDE
(PRINCIPAL/SECRETARY)**

Mrs. Judith Sande was born on 6th January, 1967. She holds Master of Science Community Nutrition & Development from Maseno University, Bachelor of Education, Home Economics from Kenyatta University. Her other professional Trainings includes; Senior Leadership Development Program, Kenya School of Government, Embu, Higher National Diploma (Human Resource) at Ramogi Institute of Advanced Technology. On her work experience, Mrs. Judith Sande is a Principal Trainer, Food and Beverage at Matili Technical Training Institute, Job Group Q (Senior Principal Vocational & Technical Trainer), she has also been a D/Principal Trainer, Food & Beverages at Ramogi Institute of Advanced Technology, Senior Principal Teacher, Job Group P, D/Principal Trainer, Food & Beverage at Sigalagala TTI, Senior Principal Trainer, Job Group P, D/Principal Trainer, Food & Beverage at Ramogi Institute of Advanced Technology, Principal, Job Group N, Trainer Food & Beverage at Ramogi Institute of Advanced Technology, Graduate Teacher 1, Job Group M, HoD& Teacher, Home Science Technology at Kisumu Girls, Graduate Teacher II, Job Group M, Trainer, Food & Beverage at Ramogi Institute of Advanced Technology, Graduate Teacher III, Job Group L, Teacher, Home Science Technology at Kapsengere High School, Teacher, Job Group K.

III. MANAGEMENT TEAM

 <p style="text-align: center;">MRS. JUDITH SANDE (PRINCIPAL/SECRETARY, BOG)</p> <p style="text-align: center;">Master of Science Community Nutrition & Development, Bachelor of Education, Home Economics</p>	<ul style="list-style-type: none">• Being overall head of Institution under the direction of the Board of Governors.• Serving as the Secretary to the managing authority of the Institution.• Promoting linkages between the Institution and the neighbouring communities and organizations.
 <p style="text-align: center;">Ms. LILIAN SIMALI (DEPUTY PRINCIPAL)</p> <p style="text-align: center;">Bachelor in Education</p>	<ul style="list-style-type: none">• Administering of the Institution's in the absence of the Principal.• Coordinating all the departments and ensuring that the approved curriculum is implemented.• Maintaining student disciplinary in the Institution.• Guiding and counselling of trainers and trainees.• Initiating and supervising of income-generating activities in the departments.

MATILI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021



**MR. THOMAS ABUGA
(REGISTRAR)**

Master in Business Administration

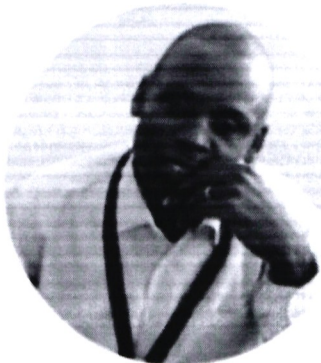
- Head of Registry section.
- Ensuring Admissions and registration of students.
- Coordinating the marketing of college programmes.
- Assessing teaching manpower needs in the Institution.
- Serving as secretary to the Academic Board and Heads of Departments' meetings.



**MR. ANCRUM AMUNGA
(DEAN OF STUDENTS)**

Master in Civil Engineering

- Head of Students affairs in the Institution.
- Organizing of orientation programmes.
- Organizing and supervising students' elections, installation and training of student leaders.
- Ensuring utilization of student's recreational facilities.
- Coordinating the organization of students' government public lectures, clubs and societies.



**CPA SAMUEL KITUYI
(FINANCE OFFICER)**

Bachelor of Commerce - Finance Option
CPA-K, Dip. Business Administration

- In charge of Finance and Accounts department.
- Preparation of financial reports.
- Preparation of annual financial budgets.
- Financial Advisor to the college.
- Ensuring proper financial controls are in place.



**Ms. COLDILDA WAKUKHA
(PROCUREMENT OFFICER)**

Bachelor of Commerce
(Purchasing and Supplies Management option)

- Administering the procurement section.
- Preparing and analysing of tender documents.
- Preparing procurement plan.
- Ensuring inspection of goods delivered by suppliers.
- Advising on matters relating to procurement.
- Ensuring all departmental inventories are maintained and updated.
- Conducting periodic market survey for cost and price analyses.

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021



**CPA JESCAH NGICHABE
(INTERNAL AUDITOR)**

BCOM (FINANCE OPTION)
CPA – K

- Coordinate the preparation of the audit budget to ensure sufficient allocation of resources critical for the timely implementation of the audit strategy
- Develop an annual programme of audit review work, to ensure audit reviews are done in a timely manner for quality management purposes and compliance to the relevant statutory requirements.
- Report to audit committee in relation to the adherence to the internal systems, policies and procedures to avert risks that arise.
- Present findings of audit reviews to management to assist in the development and implementation of strategies to address the issues/ gaps identified.



**Ms. VIOLET SINGORO
(HUMAN RESOURCE OFFICER)**

BBA (Human Resource)

- Oversee recruitment and appointment of staff to ensure the Institution has the right staffing.
- Oversee the human resource training and development through liaison with other departments to establish human resource needs.
- Advise the BOG on matters relating to human resource policies so as to make informed decisions.
- Develop the human resource planning policy and procedures in line with the Institution overall policy.

IV. CHAIRMAN'S STATEMENT

In the Financial Year 2020/2021, I committed to support Matili Technical Training Institute in meeting the National Values by promoting good governance, inclusive of decision making, respect of rule of law and moral uprightness, transparency and accountability, equity and fairness in performance of all activities of the Institute. Tolerance of cultural diversity, gender belief system, tribe and respect for self and others are national values that I upheld during my service as the Chair of the Board.

In the Financial Year 2020/2021 the Board endeavoured to complete old pending projects, employ competent technicians, improve training facilities, equip the driving school, enhance the Management Information System in the Institution and also enhance cohesion among the stakeholders.

This financial statement reports how the Institute attained the strategic objectives set out in the Strategic Plan 2017-2022 through meeting the targets, the budget and the Performance Contract for the Financial Year 2020/2021.

Among the outstanding achievements reported in this financial statement include installation of Management Information System (MIS) for Finance and Admission, the completion of the five Technical & Vocational Colleges (TVCs) under the mentorship of the Institution, funding research and Innovation programs in the Institution both at regional and National level competitions, funding development projects in the Institution and Oversighting training programs in the Institution.

I would like to express my gratitude and appreciation to the Government of Kenya who have relentlessly funded the Institution projects, training and employed trainers and administrators in the Institution. On behalf of the Board, I would like to thank the parents, guardians and other funders, investors and all the Matili Technical Training Institute partners for their support. I also extend my appreciation to Matili Technical Training Institute Management and staff for their continued dedication to the college and its Vision and Mission.



CHAIR BOG

V. REPORT OF THE PRINCIPAL

It is a great privilege to lead the trainers, staff and trainees and the management team to present the financial report on the Financial Year 2020/2021 for Matili Technical Training Institute which ended on 30th June, 2021. It is our objective to make each trainee to acquire skills preparing them for the job market and any future challenges in an exciting and increasingly global world.

The vision of our Institution is to be a renowned Center of Excellence in Technical Training and Research in Science, Technology and Innovation. The Institute exists to train and provide highly qualified personnel with knowledge, skills and competencies to meet societal and industrial needs.

The Financial Year 2020/2021 was yet another memorable year for Matili Technical Training Institute. The entire Matili Technical Training Institute community from academics to professional and administrative staff excelled in many areas on many forums. We measure our success by an array of yard sticks, be they increase in general enrolment, increase in enrolment in STEM courses, increase in the numbers of graduates, increase in courses and skills offered, participation in co-curricular activities, increase in asset acquisition, participation in research and innovation and recruitment of qualified key staff in the Institution.

So far, we are achieving reasonable level of diversity among trainees, thanks to a market campaign to widen our trainee applicant pool. I'm pleased to report that our student enrolment grew by 300% during the Financial Year 2020/2021 from an enrolment of 400 to 1200. Figures also show that Matili Technical Training Institute continues to attract higher enrolment in Science Engineering and Technology (SET) courses which makes our Institution a real TVET Institution.

We have responded to HIV and AIDs at a significant level through HIV and AIDs related campaigns. Voluntary Counselling and Testing (VCT) provision further improved in the year 2020/2021 with an increase in the HIV testing of our trainers, staff and trainees. The Institution continued to present the COVID-19 pandemic through campaigns for vaccination of staff, installation of numerous washing points, provision of sanitizers at various entry points and provision of face masks to trainees.

The College takes cognizance of the key goal of Kenya's education policy that every Kenyan participates in education and training up to their potential.

I am hereby committed to:

- i. Implement Competency-based education and training through skills, instructive design, development and delivery to rebranding the College to attract trainees.

- ii. Developing and implementing a standard for identification and recognition as a Centre of Excellence.
- iii. Institutionalizing Institute's industry inputs into training
- iv. Pursuing expansion of programs at all levels to accelerate a sustainable gross enrolment ration at least 5000 trainees by 30th June, 2022.
- v. Provide adequate and quality competency-based training opportunities.
- vi. Ensure that courses are market driven and address workplace needs and promote soft generic life skills in partnership with relevant private sectors and professional bodies for employability alumni.

In the Financial Year 2019/2020 Matili Technical Training Institute carried out the functions under its budget and mandate through various training and support departments. The achievements during this Financial Year among others include:

1. Training and presenting for national Examinations over 600 candidates at various levels of training.
2. The Board of Governors held a retreat for 2 days in review of the Board performance.
3. A 3-phase transformer was installed at the Matili B complex.
4. The mentoring of the five Technical and Vocational Colleges continued during this Financial Year which included:
 - a) Bungoma North Technical and Vocational College
 - b) Kiminini Technical and Vocational College
 - c) Webuye West Technical and Vocational College
 - d) Loima Technical and Vocational College
 - e) Turkana North Technical and Vocational College
5. In this Financial Year, all the 1st and 2nd Moieties were paid for the duly completed projects.
6. Constructed Four make-shift tuition rooms with a capacity of 50 each were constructed at Matili B.
7. This is the year when the Strategic Plan 2017-2022 review was initiated.
8. The Institution participated in a number of research and innovation at both regional levels and national levels.

It has been a wonderful journey and I'm grateful for the unstinting support of my Principal's Management Committee and indeed every member of the Matili Technical Training Institute community.

It is my wish that Matili Technical Training Institute continues to grow from strength to strength.



PRINCIPAL

VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The Institute Operational and Financial Performance

Generally, the Institute operated at a net surplus of Kshs. 46,227,234 during the financial year.

This was majorly due to the factors below;

- Reduction on expenditure.
- Reduction on wastage due to operational structure introduced in the college
- Increase in students' population which reduces marginal cost of operation.

The nets assets base of the Institute also grew over the last two years. This is an indication that the Institute is growing well and the going concern is guaranteed.

Compliance with Statutory Requirements

By the end of the year, the Institute had paid all its statutory requirements in terms of NSSF, NHIF, PAYE and all withholding taxes from contractors and suppliers it was mandated to pay to KRA. The Institute has been withholding taxes on all payment made to contractors and remitting them to KRA when due. The Institute is operating under legal frame works necessary under public sector requirement such as;

- The Constitution of Kenya, 2010
- TVET Act, 2013
- PFM Act, 2012
- Procurement and Assets Disposal act, 2015
- IPSAS standards.
- All other relevant laws in its operation (regular circulars from Treasury and Ministry of Education).

The Institute has also internal policies it uses in its operation. These policies are in line with all the relevant laws stated above and only direct the specific operations on how tasks are handled.

These policies are; Finance Policy, Procurement Policy, Academic Policy and Human Resource Policy.

VII. CORPORATE GOVERNANCE STATEMENT

Board and Management Succession

The Board will put in place a succession plan for both the Board and Management and review the same regularly.

Existence of the Board Charter

This Board of Governors Charter exists and it defines the Board's roles and responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic oversight function. It provides the Board members with an opportunity to think creatively and critically about how their strategic and operational plans align with the organization's strategic direction and expectations, with respect to governance. The Charter will help the Board in directing Matili Technical Training Institute to maximize the long term value of services provided for all stakeholders.

The Charter has been adopted by the Institute, acting in accordance with Mwongozo, Code of Governance for State Corporations ('the Code'), and is complementary to the requirements regarding the Board and Board members contained in applicable Kenyan laws and regulations.

The Board of Governors will review this Charter at least annually and, if appropriate, revise this Charter from time to time. This Charter is available to all members of the Board for application and is posted on the Institute's website for the information of stakeholders.

Process of Appointment and removal of Board Members

The relevant appointing authority shall select and appoint Board members. Every appointment shall be by name and by notice in the Kenya Gazette but shall cease if the Board member:

- a) Serves the appointing authority with a written notice of resignation; or
- b) Is absent, without the permission of the Chairperson, from three consecutive meetings; or
- c) Is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding twenty thousand shillings; or
- d) Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Board; or
- e) Conducts himself in a manner deemed by the appointing authority to be inconsistent with membership of the Board.
 - i. Any removal of a Board member under (i) above, shall be through formal revocation.
 - ii. The record of the appointment letter, gazette notice and written acceptance by the Board member shall kept in the personal file of the Board member.

MATILI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Evaluations are conducted to review the Board's role, Board processes and committees to support that role and the performance of the Board and each governor. This is undertaken using a variety of techniques including external consultants, and Board discussion. The last full Board performance review, was conducted in February, 2019 vide the retreat whose main agenda was review of the performance for the year 2018.

OVERVIEW OF THE THREE STANDING COMMITTEES OF THE BOARD

An overview of the role and responsibilities, membership and meetings of the Board's three standing Committees is provided in the table below.

Committee meetings are scheduled to coordinate with the Board meeting cycle. Each Committee reports to the Board at the subsequent Board meeting and makes recommendations to the Board for consideration as appropriate.

	RESEARCH, TRAINING AND HUMAN RESOURCE COMMITTEE	PLANNING, FINANCE, DEVELOPMENT AND ENTERPRISE COMMITTEE	AUDIT AND RISK ASSURANCE COMMITTEE
ROLES AND RESPONSIBILITIES	<p>Provide assurance (or otherwise) to the Academic Board that academic oversight assures the quality of research and research training effectively, including by: developing, monitoring and reviewing academic policies and their effectiveness.</p> <p>To formulate policy on all research related matters which impact on the strategic objectives of the College.</p> <p>2.2: To consider and make recommendations on matters of policy relating to research including matters referred to it by Council and other College committees</p>	<ol style="list-style-type: none"> 1. Provide direction to the Board for fiscal responsibility. Alongside this is the responsibility for future long-term planning and the development of strategies to back up the plan. 2. Ongoing review of Institute's revenue and expenditure, balance sheet, investments and other matters related to its continued solvency. 3. Approve the annual budget and submit it to the Board for approval. 4. Ensure the maintenance of an appropriate capital structure. 	<ol style="list-style-type: none"> 1. Overseeing, reviewing and advising the Board on Matili Technical Training Institute's risk management policy and processes; (which includes oversight of Health & Safety assurance and climate related risks and opportunities); 2. Internal control mechanisms and internal and external audit functions; compliance policies and processes; and financial information prepared by management for publication.

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

	<p>2.3 To review and oversee the implementation on College's policy on research ethic.</p> <p>2.4 To monitor, primarily through the feedback mechanism of the Research Forum², the relevance and efficacy of established policy – addressing shortcomings and anomalies so as to facilitate high quality research activities within the College structures.</p> <p>2.5 To oversee quality assurance and improvement measures in respect of research activity, including the efficacy of research quality measures.</p> <p>2.6 To advise the Dean of Research in his role in reporting internally and externally on research and related matters.</p> <p>2.7 To review Annual Reports relating to research matters and to make recommendations to Council.</p> <p>2.8 To approve procedures for allocating research funds and monitor their implementation.</p>	<p>5. Oversee the maintenance of Institutional-wide assets, including prudent management of Matili Technical Training Institute's assets and risk exposure.</p>	<p>3. Management retains responsibility for the implementation and operation of adequate risk assurance, internal control and audit systems. The Board has delegated to the Audit and Assurance, oversee and monitor these activities.</p>
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MATILI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

	2.9 To establish Advisory Committees and Working Groups as required to develop and oversee policy in respect of research matters.		
Meetings	At least three times annually. During the reporting period, the Committee met four times	At least three times annually. During the reporting period, the Committee met four times.	At least annually. During the reporting period, the Committee met two times.

Resignation from the Board

A Board member may resign at any time by giving notice, in writing, to the appointing authority, copied to the Chairperson of the Board and the CEO/Principal of the Institute.

The resignation shall take effect upon receipt of notice by the appointing authority or at any later time specified therein; and unless otherwise specified in the notice, the acceptance of such resignation shall not be necessary to make it effective.

Board Responsibilities

The basic responsibility of the Board members is to exercise their best judgment and to act in a manner that they reasonably believe to be in the best interest of the organization and its stakeholders. In discharging that obligation, the members should be entitled to rely on the honesty and integrity of the Institute’s management, staff and its external professional advisors and auditors.

In furtherance of its responsibilities, the Board will:

- a) Determine the Institute’s Mission, Vision, Purpose and Core Values;
- b) Review, evaluate and approve, on a regular basis, long-term plans for the Institute;
- c) Review, evaluate and approve the Institute budget and financial forecasts;
- d) Review, evaluate and approve major resource allocations and capital investments;
- e) Ensure that the procurement process is cost-effective and delivers value for money;
- f) Review and approve the operating and financial results of the Institute;
- g) Ensure effective, accurate, timely and transparent disclosure of pertinent information on the Institute operations and performance;
- h) Ensure that effective processes and systems of risk management and internal controls are in place;

- i) Review, evaluate and approve the overall Institute structure, the assignment of senior management responsibilities and plans for senior management development and succession;
- j) Review, evaluate and approve the remuneration structure of the Institute;
- k) Adopt, implement and monitor compliance with the Institute's Code of Conduct and Ethics;
- l) Review on a quarterly basis the attainment of targets and objectives set out in the agreed performance measurement framework with the Government of Kenya;
- m) Review periodically the Institute's strategic objectives and policies relating to sustainability and social responsibility/investment;
- n) Enhance the Institute's organization's public image and ensure engagement with stakeholders through effective communication;
- o) Monitor compliance with the Constitution, all applicable laws, regulations and standards;
- p) Review, monitor and ensure that the Institute is effectively and consistently delivering on its mandate.

Responsibilities of Individual Board Members

Each Board member shall:

- a) Exercise the highest degree of care, skill and diligence in discharging their duties;
- b) Act in the best interest of the Institute and not for any other purpose;
- c) Act honestly at all times and must not place themselves in a situation where their personal interests conflict with those of the Institute;
- d) Exercise independent judgment;
- e) Devote sufficient time to carry out their responsibilities, regularly update their knowledge and enhance their skills;
- f) Promote and protect the image of the Institute;
- g) Owe their duty to the Institute and not to the nominating or appointing authority; and
- h) Owe the Institute the duty to hold in confidence all information available to them by virtue of their position as a Board member.

Induction and Training

In order to provide directions for the effective governance and oversight of the Institution, the Ministry of Education conducts induction and Training of the new board. The inductions program runs for three days for and covers a variety of areas including; Rationale & Status of On-going Reforms, An Overview of Mwongozo. The Role of Boards & Its Organs, Legal & Institutional framework for governance of TVET Institutions, Obligations, Accountability & Internal Controls in TVETs, Highlight on Key Policy Issues Governing Board Operations, The Role of Board in Organizational Competency Development, Board Dynamics & Evaluation (including Board tools), Statutory & Legal compliance, Risk Management in State Corporations, Institutionalizing Anti-Corruption Mechanism in TVETs, Ethical Leadership on Boards, Public Procurement and Disposal in TVETs.

Board Performance

The Board will conduct an annual evaluation to appraise its performance. This evaluation will be carried out in accordance with the Board Evaluation Tool.

The Board evaluation provides an opportunity for Board members to identify strengths, collective skill gaps and individual areas of improvement. The Board will also review the performance of each committee against the agreed Terms of Reference.

The Board will also evaluate the performance of the CEO/Principal/Secretary to the Board.

Conflict of Interest

A conflict of interest may arise where a Board member or close family member such as a spouse, child, parent or sibling has private interests that could improperly influence the performance of the Board member's official duties and responsibilities. Conflict may also arise where a Board member uses their office for personal gain.

Board members are required to avoid conflict of interest and deal at arms-length in any matter that relates to the Institute. However, a Board member who identifies an area of conflict shall be required to disclose any actual or potential conflict of interest to the Board. In so reporting, the Board member is required to provide all relevant information, including information which relates to their immediate family members by blood or marriage which is related to the area of conflict. When declared, the Board member shall abstain from decisions where the conflict exists.

The Board Secretary should keep a record of conflicts of interest declared, for accountability purposes, and as a rule of good practice on appointment and on regular intervals or at any time when circumstances change, all members shall in good faith disclose to the Board for recording, any other business or interest likely to create a potential conflict of interest.

Board Remuneration

Board members shall be remunerated for their services in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant authority. In line with best practice, the remuneration should include base pay, attendance allowances and bonuses.

Ethics and Conduct

Code of Ethics for Board Members Goal aims establishing a set of principles and practices of the Matili Technical Training Institute Board of Governors that will set parameters and provide guidance and direction for board conduct and decision-making.

Members of the Board of Governors of the Matili Technical Training Institute are committed to observing and promoting the highest standards of ethical conduct in the performance of their responsibilities on the board of Matili Technical Training Institute. Board members pledge to accept this code as a minimum guideline for ethical conduct and shall:

Accountability:

1. Faithfully abide by the Articles of Incorporation, by-laws and policies of Matili Technical Training Institute
2. Exercise reasonable care, good faith and due diligence in organizational affairs.
3. Fully disclose, at the earliest opportunity, information that may result in a perceived for actual conflict of interest.
4. Fully disclose, at the earliest opportunity, information of fact that would have significance in board decision-making.
5. Remain accountable for prudent fiscal management to association members, the board, and non-profit sector, and where applicable, to government and funding bodies. Professional Excellence.
6. Maintain a professional level of courtesy, respect, and objectivity in all Matili Technical Training Institute activities.
7. Strive to uphold those practices and assist other Matili Technical Training Institute members of the board in upholding the highest standards of conduct Personal Gain.
8. Exercise the powers invested for the good of all members of the Institute rather than for his or her personal benefit, or that of the non-profit they represent.

Equal Opportunity:

9. Ensure the right of all association members to appropriate and effective services without discrimination on the basis of geography, political, religious, or socio-economical characteristics of the state or region represented.
10. Ensure the right of all association members to appropriate and effective services without discrimination on the basis of the organization's volunteer or staff make-up in respect to gender, sexual orientation, national origin, race, religion, age, political affiliation or disability, in accordance with all applicable legal and regulatory requirements.
11. Respect the confidentiality of sensitive information known due to board service. Collaboration and Cooperation.

12. Respect the diversity of opinions as expressed or acted upon by the Matili Technical Training Institute board, committees and membership, and formally register dissent as appropriate.
13. Promote collaboration, cooperation, and partnership among association members.

Governance Audit

The Board should ensure that a governance audit of the Institute is undertaken on an annual basis. The purpose of the governance audit is to ensure that the Institute conforms to the highest standards of good governance. The governance audit should cover the following parameters among others:

- a) Leadership and strategic management;
- b) Transparency and Disclosure;
- c) Compliance with Laws and Regulations;
- d) Communication with stakeholders;
- e) Board independence and governance;
- f) Board systems and procedures; and
- g) Consistent stakeholders' value enhancement

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

Key Projects the Institute is Implementing

The Institute is implementing various projects during the year 2020/2021. The projects implemented during the year under review are as below;

- Construction of Ablution blocks both at Matili A and Matili B at a cost of Kshs. 2,000,000.
- Construction and completion of Students Centre of Kshs. 4,500,000.
- During year under review, the Institute incurred an additional purchase of the following Assets;
 - i. Bus of Kshs. 6,000,000 (part payment)
 - ii. Driving school Car of Kshs. 3,140,000.
 - iii. Generator of Kshs. 2,500,000
 - iv. 2 Motor bikes for driving school at Kshs. 288,000

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Financial year ending 30th June, 2021.

Our approach to Environmental and sustainability reflects the steps that we are taking to ensure we are, and remain, a good corporate citizen. Social responsibility encompasses everything we do that has an impact on society around us – it is our values and behaviour as a Public Entity.

Our role in supporting education, training and research makes a valuable contribution to the continuing development of a training society. As a TVET Institution that champion's competency based for our trainees, and online research and learning resources and services, we also support our members to deliver against their environmental priorities.

We are committed to ensuring that Matili Technical Training Institute is a responsible corporate citizen. To do this, we must:

- Minimise the environmental impact of our corporate activities;
- Identify and address issues of equality, diversity and inclusion amongst our current and future workforce;
- Ensure that employees are supported in their mental and physical health and treated with dignity, respect and in accordance with basic human rights;
- Enhance our fundraising and volunteering activities for third party good causes;
- Understand our suppliers' commitments to CSR issues and practices and ethical approaches to business in our investment strategy.

Our achievements:

In 2020 - 2021 we demonstrated our commitment:

- To the wellbeing of our employees – by participating in reproductive health days at the Institution and training peer counsellors.
- To supporting staff in volunteering – by giving employees an opportunity to raise funds for the bereaved staff, we also provide lunch to all the Kenya Certificate of Primary Education (KCPE) candidates at Matili Primary School during the three days of the National Examination.

In 2020-2021 we also:

- Completed our initiative of planting 3000 trees.
- Informed the design of the men's and women's hostels Lighting to ensure that environmentally friendly concepts are factored in, including: Solar panels, Lots of whiteboards, spaces to write to minimise use of flipcharts/magic paper, getting as

much natural light into the building as possible, Recycling existing office furniture/assets, Energy efficient appliances, Worked with suppliers to ensure products such as tea, coffee, cleaning products etc. are as low-impact as possible. On supply chain management, we require the suppliers in our supply chain to conform their adherence to environmental regulations

- Increase our focus on how we address disability gaps by fundraising and procuring a wheelchair for one of our staff who lives with a physical disability.
- Values, behaviours and supporting staff during celebrations such as weddings and funerals.
- Fundraising and volunteering.

X. REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of Matili Technical Training Institute affairs.

Principal activities

The principal activities of the entity are providing technical training services to trainees.

Results

The results of the entity for the year ended June 30th 2021 are set out.

BOARD OF GOVERNORS

The members of the Board of Governors who served during the year are shown on page vi-xi.

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

By Order of the Board

Corporate Secretary
Nairobi
Date:.....

XI. STATEMENT OF BOARD OF GOVERNORS/COUNCIL MEMBERS' RESPONSIBILITIES

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

The council members are responsible for the preparation and presentation of Matili Technical Training Institute financial statements, which give a true and fair view of the state of affairs Matili Technical Training Institute for and as at the end of the financial year (period) ended on June 30th, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position Matili Technical Training Institute (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets Matili Technical Training Institute (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The council members accept responsibility for Matili 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 State Corporations Act, and the TVET Act*) – TVETA/PUBLIC/TVC/0020/2016.

The council members are of the opinion that Matili Technical Training Institute financial statements give a true and fair view of the state Matili Technical Training Institute transactions during the financial year ended June 30th, 2021, and of Matili Technical Training Institute financial position as at that date. The council members further confirm the completeness of the accounting records maintained for Matili Technical Training Institute, which have been relied upon in the preparation Matili Technical Training Institute financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the council members to indicate that Matili Technical Training Institute will not remain a going concern for at least the next twelve months from the date of this statement.

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Approval of the Financial Statements

The Matili Technical Training Institute financial statements were approved by the Board on 30th June 2021 and signed on its behalf by:

Name **PROF. W. OKUMU - BIGAMBO**

Sign



Board Chairperson

Name

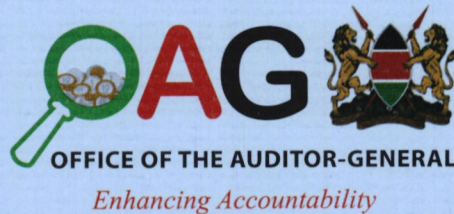
Sign



Accounting Officer

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MATILI TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Matili Technical Training Institute set out on pages 1 to 71, which comprise the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of changes net assets, statement of cash flows and statement of comparison of budget and actual

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Matili Technical Training Institute as at 30 June, 2021, 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 Act, 2013.

Basis for Qualified Opinion

1. Failure to Depreciate Property, Plant and Equipment

The statement of financial position reflects a property plant and equipment balance of Kshs.502,647,495. However, a footnote to Note 19 indicates that Management did not charge depreciation on the assets. This is inconsistent with International Public Sector Accounting Standards No. 17 which states that after recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

In the circumstance, the accuracy of the property, plant and equipment balance of Kshs.502,647,495 could not be confirmed.

2. Unsupported Amounts in the Statement of Changes in Net Assets

The statement of changes in net assets reflects a revaluation gain of Kshs.382,979,659 and a suspense account of Kshs.36,724,872 the nature of which was not explained. In addition, the balances were not supported by any documents.

In the circumstance, the accuracy of net assets could not be confirmed.

3. Statement of Cash Flows

The statement of cash flows reflects a net increase in cash and cash equivalents balance of Kshs.50,136,395 which differs from the recalculated amount of Kshs.13,598,876. This is the difference between the balance of Kshs.63,753,820 cash and cash equivalents as at 1 July, 2020 and Kshs.77,352,696 cash and cash equivalents as at 30 June, 2021.

In the circumstance, the accuracy of the statement of cash flows could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Matili Technical Training Institute Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Non-Compliance with Law on Ethnic Composition

Review of the Institute's human resource records, revealed that the Institute had 127 members of staff as at 30 June, 2021. However, out of the 127 employees, 89 (or about 70%) were from the same ethnic community. This was contrary to the provisions of Section 7(2) of the National Cohesion and Integration Act, 2008, which provides that no public establishment shall have more than one third of its staff from the same ethnic community.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standard requires that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal control, 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 Management and the Board of Governors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in

compliance with the authorities that govern them, and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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


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

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 August, 2022

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

Revenue from non-exchange transactions			
Transfers from other governments entities	6	78,487,500	68,379,910
Grants from development partners	7	-	3,563,400
Revenue from non-exchange transactions		78,487,500	71,943,310
Revenue from exchange transactions			
Rendering of services	8	87,374,610	126,401,789
Rental revenue from facilities and equipment	9	163,100	497,426
Other income	10	37,560	135,140
Revenue from exchange transaction		87,575,270	127,034,355
Total revenue		166,062,770	198,977,665
Expenses			
Use of goods and services	11	82,375,936	85,876,889.35R
Employee costs	12	13,257,642	12,616,563
Remuneration of directors	13	1,524,000	2,050,000
Repairs and maintenance	14	22,678,058	9,009,044
Total expenses		119,835,636	124,261,091
Other gains/(losses)			
Surplus before tax		46,227,134	74,716,574
Surplus/(deficit)for the period/year		46,227,134	74,716,574
Remission to National Treasury	51	-	-
Net Surplus for the year		46,227,134	74,716,574

R – Restated figure for 2019/2020

The notes set out on pages 8 to 62 form an integral part of these Financial Statements.

Accounting Officer

Head of Finance

Chairman of the Board

Name: **JUBITH SANBE**

Name **CPA SAMUEL KIJUHI**

Name: **PROF. W. OKUMU-BIGAMBO**

Date **29/09/2021**

Date **29/09/2021**

Date **29.09.2021**

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

XIV. STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2021

Assets			
Current Assets			
Cash and cash equivalents	15	77,352,696	63,753,820
Current portion of receivables from exchange transactions	16(a)	99,384,693	11,792,200
Receivables from non-exchange transactions	17	-	-
Inventories	18	3,675,592	4,226,817
Total Current Assets		180,412,981	79,772,837
Non-Current Assets			
Property, plant and equipment	19	502,647,495	404,244,748R
Intangible assets	20	3,250,666	1,392,000
Total Non- Current Assets		505,898,161	405,636,748
Total Assets		686,311,242	485,409,585
Liabilities			
Current Liabilities			
Trade and other payables	21	95,868,393	485,008
Refundable deposits from customers	22	10,953,309	615,835
Payment in advance		-	485,008
Total Current Liabilities		106,821,702	1,585,851
Non-Current Liabilities			
Total Non- Current Liabilities		-	-
Total Liabilities		106,821,702	1,585,851
Net Assets		579,489,440	
Capital and Reserves			
Reserves		446,986,055	64,006,396
Accumulated surplus		151,843,153	105,616,019
Capital fund		17,385,104	313,837,347
General Reserves		(36,724,772)	-
Accumulated funds		579,489,440	483,459,762
Total Net Assets and Liabilities		686,311,242	485,409,585

R – Restated opening balance for 2019/2020

The Financial Statements set out on page 1 to 7 were signed on behalf of the Board of Governors by

Accounting Officer

Name: JUBITH SAMBE

Date 29/09/2021

Head of Finance

Name C/A JAMUEL KIPOMI

ICPAK Member Number: 24394

Date 29/09/2021

Chairman of the Board

Name: PROF. W.

Date OKUMU-BIGAMBO
29.09.2021

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

XV. STATEMENTS OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

	Revaluation Reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Mentor Institutions	Total
At July 1, 2019	126,202,336	-	30,899,445	14,837,854	296,452,243	468,391,878
Revaluation gain/(Loss)	(62,195,940)	-	74,716,574	-	-	74,716,574
Total comprehensive income	-	-	-	-	-	-
Capital/Development grants received during the year	-	-	-	2,547,250	-	2,547,250
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-	-
At June 30, 2020	64,006,396	-	105,616,019	17,385,104	296,452,243	483,459,762
As at July 1, 2020	64,006,396	-	105,616,019	17,385,104	296,452,243	187,007,519
Issued new capital	-	-	-	-	-	-
Revaluation gain	382,979,659	-	-	-	-	382,979,659
Surplus/ Deficit for the year	-	-	46,227,134	-	-	46,227,134
General Reserves	-	(36,724,872)	-	-	-	(36,724,772)
Capital/Development grants received during the year	-	-	-	-	-	-
Capital/Development Transferred to completed projects of Mentor Institutions	-	-	-	-	(296,452,243)	(296,452,243)
As at June 30, 2021	446,986,055	(36,724,872)	151,843,153	17,385,104	0	579,489,440

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021 .

XVI. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2020-2021	2019-2020
	Notes	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other governments entities	6	78,487,500	68,379,910
Grants from donors and development partners	7	-	3,563,400
Rendering of services	8	87,374,610	126,401,789
Rental revenue from facilities and equipment	9	163,100	497,426
Other income	10	37,560	135,140
Total Receipts		166,062,770	198,977,665
Payments			
Use of goods and services	11	82,375,936	7,113,322
Employee costs	12	13,257,642	12,616,563
Remuneration of directors	13	1,524,000	2,050,000
Repairs and maintenance	14	22,678,058	9,009,044
General expenses		-	93,472,162
Total Payments		119,835,636	124,261,091
Net cashflows from/(used in)operating activities		46,227,134	74,716,574
Cash flows from investing activities			
Purchase of property, plant, equipment		(11,875,331)	(313,473,375)
Purchase of intangible assets		(1,858,666)	(1,392,000)
Decrease/(Increase) in non-current receivables		(87,592,593)	-
Net cashflows from/(used in)investing activities		(101,326,590)	(314,865,375)
Cashflows from financing activities			
Grants for mentor institutions		-	296,452,243
Development grants (F & B project)		-	17,385,104
Net cash flows from /(used in) financing activities		-	313,837,347
Changes in movement in current assets/liabilities			
Trade payables from exchange transactions	21	95,383,385	
Refundable deposits from customers	22	10,337,474	
Payments in advance		(485,008)	
Net changes in working capital		105,235,851	
Net increase/(decrease)in cash and cash equivalents		50,136,395	8,021,617
Cash and cash equivalents at 1 JULY 2020	28	63,753,820	71,775,438
Cash and cash equivalents at 30 JUNE 2021	28	77,352,696	63,753,820

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Accounting Officer

Name: JUBITH SANDE

Date: 29/09/2021

Head of Finance

Name: CPA SAMUEL KITUKI

ICPAK Member Number: 24394

Date: 29/09/2021

Chairman of the Board

Name: PROF. W.

OKUMU-BIGAMBO

Date: 29.09.2021

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021.

	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue						
Transfers from other governments entities	60,000,000	-	60,000,000	78,487,500	(18,487,500)	131%
Rendering of services	111,036,000	-	111,036,000	87,374,610	23,661,390	79%
Rental revenue from facilities and equipment	1,888,800	-	1,888,800	163,100	1,725,700	9%
Other income	6,322,500	-	6,322,500	37,560	6,284,840	1%
Total income	179,247,300	-	179,247,300	166,062,770	13,184,430	93%
Expenses						
Use of goods and services	85,906,807	-	85,906,807	82,375,936	3,530,871	96%
Employee costs	15,606,172	-	15,606,172	13,257,642	2,348,530	85%
Remuneration of directors	4,739,400	-	4,739,400	1,524,000	3,215,400	32%
Repairs and maintenance	20,500,000	-	20,500,000	22,678,058	(2,178,058)	111%
Total expenditure	126,752,379	-	126,752,379	119,835,636	6,916,743	88%
Surplus for the period	52,494,921	-	52,494,921	46,227,134	6,267,687	-

XIX. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Matili Technical Training Institute is established by Ministry of Education and derives its authority and accountability from TVET Act under Certificate No. TVETA/PUBLIC/TVC/0020/2016. Matili Technical Training Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. Matili Technical Training Institute principal activity is to provide technical skills and training.

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 Matili Technical Training Institute 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 of these financial statements.

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2021.*

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
	<p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.

Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>

iii. Early adoption of standards

Matili Technical Training Institute did not early – adopt any new or amended standards in year 2020/2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

Matili Technical Training Institute recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Transfers from other Government Entities

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

Rendering of services

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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 principle outstanding to determine interest income each period.

ii) Revenue from exchange transactions

Dividends

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

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 2020-2021 was approved by the National Assembly on 31st January 2021. 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 in order to conclude the final budget. Accordingly, the entity recorded additional appropriations on the 2020-2021 budget following the governing body's approval.

Matili Technical Training Institute budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The

financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

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

c) Taxes

Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where Matili Technical Training Institute operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Sales tax

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

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

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

e) Property, plant and equipment

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

f) Leases

Finance leases are leases that transfer substantially all of the 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 fair value of the leased property or, if lower, at the present value of the future minimum lease payments. Matili Technical Training Institute 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 Matili Technical Training Institute 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

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

The useful life of the intangible assets is assessed as either finite or indefinite.

h) Research and development costs

Matili Technical Training Institute expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when Matili Technical Training Institute can demonstrate:

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

i) Financial Instruments

a) Financial Assets

Initial Recognition and Measurement

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

Loans and Receivables

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

Held-to-Maturity

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Impairment of Financial Assets

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

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

b) Financial Liabilities

Initial Recognition and Measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. Matili Technical Training Institute determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and Borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

j) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

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

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

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

k) Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

l) Contingent liabilities

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

m) Contingent assets

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

n) Nature and purpose of reserves

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

o) Changes in accounting policies and estimates

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

p) Employee benefits

Retirement Benefit Plans

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

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

q) Foreign currency transactions

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

r) Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

s) Related parties

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

t) Service concession arrangements

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

u) 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

v) Comparative figures

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

w) 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, 2021.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Significant Judgments and Sources of Estimation Uncertainty (Continued)

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:

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

Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Transfers from Other Government Entities

Description	2020-2021	2019-2020
	Kshs	Kshs
Unconditional Grants		
Operational grant	-	-
1 st quarter capitation	21,217,500	
2 nd quarter capitation	21,217,500	
3 rd quarter capitation	12,540,000	
4 th quarter capitation	23,512,500	68,379,910
Total Unconditional Grants	78,487,500	68,379,910
Conditional Grants		
Development grants (F & B project)	-	17,385,104
Development Grants		296,452,243
Total conditional Grants		313,837,347
Total government grants and subsidies	78,487,500	382,217,257

Unconditional grants were capitation received as trainees' fees from the Government.

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund. Kshs	Total transfers 2020/21 Kshs	Prior year 2019/2020 Kshs
State Department of Vocational & Technical Training	-	-	-	-	-
	78,487,500	-	-	78,487,500	68,379,910
Total	78,487,500	-	-	78,487,500	68,379,910

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Levies, Fines and Penalties

Description	2020-2021	2019-2020
	Kshs	Kshs
Total	-	-

7. Public Contributions and Donations

Description	2020-2021	2019-2020
	Kshs	Kshs
Other public donations (Africa Development Bank)	-	3,563,400
Total transfers and sponsorships	-	3,563,400
Reconciliation of public contributions and donations		
Balance unspent at beginning of the year	-	-
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions to be met - remain liabilities	-	-

(Sponsorship received in 2019/2020 was for 100 Textile students)

Property Taxes Revenue

Description	2020-2021	2019-2020
	Kshs	Kshs
Total property taxes revenue	-	-

(Provide brief explanation for this revenue)

Licenses, Fees and Permits

Description	2020-2021	2019-2020
	Kshs	Kshs
Total	-	-

(Provide brief explanation for this revenue)

8. Rendering of Services

Description	2020-2021	2019-2020
	Kshs	Kshs
Tuition	21,578,576	40,683,447
Activity	2,224,020	2,816,853
Admission fees	23,000	2,204,000
Attachment fees	2,931,600	1,483,264
Comp. maintenance fees	1,100,500	1,444,093
Contingencies fees	8,638,606	7,030,196
E .W.C fees	2,576,630	3,929,313
Exam fees	9,392,060	17,277,725
Insurance fees	1,833,176	1,502,108
L T & T fees	2,202,000	3,072,691
Medical fees	1,101,500	1,518,064
Personal emoluments	23,883,900	29,442,725
Student Id cards	523,500	852,781
R .M & I fees	4,242,550	4,079,217
Library	2,933,600	2,853,482
Student union fees	1,833,500	2,255,365
Bursary income	76,000	-
HELB loan	161,600	-
Fee arrears	118,292	72,994
Bus	-	2,782,628
Caution Money		615,835
Prepayments		485,008
Total revenue from the rendering of services	87,374,610	126,401,789

(These are fees received from trainees apportioned in various vote heads)

Sale of Goods

Description	2020-2021	2019-2020
	Kshs	Kshs
Sale of goods		
Total revenue from the sale of goods	-	-

9. Rental Revenue from Facilities and Equipment

Description	2020-2021	2019-2020
	Kshs	Kshs
Operating lease revenues	-	-
Staff houses	40,100	45,200
Accommodation (students' hostels)	123,000	452,226
Contingent rentals*	-	-
Total rentals	163,100	497,426

Revenue received from staff quarters and students' hostels

*Contingent rentals include hire grounds, institutional facilities like halls, kitchen etc.

Finance Income

Description	2020-2021	2019-2020
	Kshs	Kshs
Total finance income	-	-

10. Other Income

Description	2020-2021	2019-2020
	Kshs	Kshs
Income from sale of tender	25,560	70,000
Services concession income (production unit)	-	52,640
Bus hire	12,000	12,500
Total other income	37,560	135,140

11. Use of Goods and Services

Description	2020-2021	2019-2020
	Kshs	Kshs
Electricity	3,356,918	3,619,612
Water	303,405	231,510
Security	2,478,500	3,251,000
exams	3,392,960	14,887,225
Subscriptions	34,400	11,200

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Description	2020-2021	2019-2020
	Kshs	Kshs
Advertising	179,433	759,711
Admin fees	22,625,500	12,255,259
Student union expense	735,800	434,195
Conferences and delegations	470,100	-
Consulting fees	236,870	-
Consumables	3,052,079	3,675,592
Fuel and oil	1,475,058	577,744
Insurance	311,219	588,152
Production unit	27,900	-
Medical expenses	3,161,980	551,225
Library	1,911,048	880,400
Attachment expense	419,500	686,610
Bank charges	-	128,906
bus		383,521
Postage	11,945	21,965
Printing and stationery	854,378	320,687
Hire charges	256,385	551,600
Computer expenses	1,783,194	-
Activity Expenses	170,060	1,886,704
Telecommunication	773,714	553,184
Tuition expense	29,508,906	37,477,131.00
Travel, accommodation, subsistence and other allowances*	978,271	1,130,580
Other general expenses	3,866,413	-
Rd cheques	-	95,810
Performance contracting	-	809,816
Refunds	-	26,500
Tender	-	72,320
Nita	-	6,000
Savings	-	2,700
TOTAL	82,375,936	85,876,859.00

12. Employee Costs

	2020-2021	2019-2020
	Kshs	Kshs
Salaries and wages	11,352,359	10,738,321
Employer contribution to health insurance schemes (NHIF)	362,600	396,900
Employer contribution to pension schemes (NSSF)	1,105,639	1,288,823
PAYE	172,456	116,621
HELB deductions	264,588	75,898
Employee costs	13,257,642	12,616,563

13. Board /Council Expenses

Description	2020-2021	2019-2020
	Kshs	Kshs
Chairman/Directors' Honoraria	126,000	180,000
Directors sitting allowances	1,398,000	1,870,000
Total	1,524,000	2,050,000

Depreciation and Amortization Expense

Description	2020-2021	2019-2020
	Kshs	Kshs
Total depreciation and amortization	-	-

14. Repairs and Maintenance

Description	2020-2021	2019-2020
	KShs	KShs
Property	21,430,980	6,590,704
Equipment and machinery	289,384	958,470
Vehicles	721,576	732,386
Furniture and fittings	170,468	639,039
Computers and accessories	65,650	88,445
Total repairs and maintenance	22,678,058	9,009,044

Contracted Services

Description	2020-2021	2019-2020
	Kshs	Kshs
Total contracted services	-	-

Grants and Subsidies

Description	2020-2021	2019-2020
	Kshs	Kshs
Development Grants (F & B project)	-	17,021,924
Mentor institutions	-	26,167,725
Total grants and subsidies	-	43,189,649

Finance Costs

Description	2020-2021	2019-2020
	Kshs	Kshs
Total finance costs	-	-

Gain on Sale of Assets

Description	2020-2021	2019-2020
	Kshs	Kshs
	-	-
Total gain on sale of assets	-	-

Unrealized Gain on Fair Value Investments

Description	2020-2021	2019-2020
	Kshs	Kshs
Investments at fair value	-	-
Total gain	-	-

Impairment Loss

Description	2020-2021	2019-2020
	Kshs	Kshs
Total impairment loss	-	-

Taxation

Description	2020-2021	2019-2020
	Kshs	Kshs
Income tax expense reported in the statement of financial performance	-	-

15. Cash and Cash Equivalents

Description	2020-2021	2019-2020
	Kshs	Kshs
Current account	77,352,695.88	63,753,820
Total cash and cash equivalents	77,352,695.88	63,753,820

15(a) Detailed Analysis of the Cash and Cash Equivalents

Financial Institution	Account number	2020-2021	2019-2020
		KShs	KShs
a) Current account			
Matili Main Account	1107228476	44,689,919.54	39,335,535.67
Development Account	1121314678	1,617,016.35	1,431,210.35
Savings Account	1198427175	29,013,973.00	16,034,954.00
Kiminini Account	1183517963	0.00	3,242,110.43
Webuye West Account	1182610463	0.00	1,019.00
Bungoma North Account	1234394391	0.00	1,653.00
Turkana North Account	1183517610	1,124,983.56	3,701,928.56
Loima Account	1183518218	457,436.43	5,409.35
Sub- Total		76,903,328.88	63,753,820.36
b) Others(Specify)			
Cash in Hand		103,261.00	5,549
Mobile Money Accounts		346,106.00	-
Sub- Total		449,367.00	5,549
Grand Total		77,352,695.88	63,759,369

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16.Receivables from Exchange Transactions

16(a) Current Receivables from Exchange Transactions

	2020-2021	2019-2020
	Kshs	Kshs
Current receivables		
Other exchange debtors (students)	99,367,293	10,691,357
Sundry debtors	17,400	
Total current receivables	99,384,693	10,691,357

16(b) Long- term Receivables from Exchange Transactions

Description	2020-2021	2019-2020
	Kshs	Kshs
Total Receivables		
Service, water and electricity debtors	-	-
Other exchange debtors (prepayments & refundable deposits)	-	1,100,843
Less: impairment allowance	-	-
	-	-
Current portion transferred to current receivables	-	-
Total non-current receivables	-	1,100,843
Total receivables (a+b)	-	11,792,200

16 (c) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment Allowance/ Provision	2020-2021	2019-2020
	Kshs	Kshs

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. Receivables from Non-Exchange Transactions

Description	2020-2021	2019-2020
	Kshs	Kshs
Other debtors (non-exchange transactions)	-	-
Less: impairment allowance	-	-
Total current receivables	-	-

17 (b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Description	2020-2021	2019-2020
	Kshs	Kshs

18. Inventories

Description	2020-2021	2019-2020
	Kshs	Kshs
Consumable stores	3,052,079	3,675,592
Medical supplies	198,875	470,355
Other goods held for resale	-	80,870
Catering	424,638	-
Less: Allowance for impairment	-	-
Total inventories at the lower of cost and net realizable value	3,675,592	4,226,817

Investments

Description	2020-2021	2019-2020
	Kshs	Kshs

a) Movement of Equity Investments

Impairment Allowance/ Provision	2020-2021	2019-2020
	Kshs	Kshs

e) Shareholding in other entities

For investments in equity share listed under note 32 above, list down the equity investments under the following categories:

Name of entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding		Current year	Prior year
	%	%	%	Shs	Shs	Shs

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. Property, Plant and Equipment

Cost	Land and Buildings		Motor vehicles		Furniture and fittings		Computers		Plant and equipment		Capital work in progress (F & B)		Capital Work in progress (Mentor institutions)		Total	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 st July 2019	11,000,000	8,400,000	2,739,000	2,485,000	56,838,401	14,837,854	271,406,396	367,706,651								
Additions	-	4,195,000	2,000,000	2,750,000	-	2,547,250	25,045,847	36,538,097								
Transfers/adjustments	-	-	-	-	-	-	-	-								
At 30th June 2020	11,000,000	12,595,000	4,739,000	5,235,000	56,838,401	17,385,104	296,452,243	404,244,748								
Additions	-	-	-	-	-	-	-	-								
Disposals	-	-	-	-	-	-	-	-								
Transfer/adjustments	-	-	-	-	-	-	-	-								
At 30th June 2020	11,000,000	12,595,000	4,739,000	5,235,000	56,838,401	17,385,104	296,452,243	404,244,748R								
As at 1 July 2020	11,000,000	12,595,000	4,739,000	5,235,000	56,838,401	17,385,104	296,452,243	404,244,748R								
Additions	-	5,761,422	2,888,909	3,225,000	-	-	-	11,875,331								
Transferred completed project to Mentor Institutions	-	-	-	-	-	-	(296,452,243)	(296,452,243)								
Revaluation gain	213,357,244	-	-	-	169,622,415	-	-	382,979,659								
As at 30th June 2021	224,357,244	18,356,422	7,627,909	8,460,000	226,460,816	17,385,104	0	502,647,495								
As at 30th June 2020	11,000,000	12,595,000	4,739,000	5,235,000	56,838,401	17,385,104	296,452,243	404,244,748								

R – Restated balance for 2019/2020

(The assets were not depreciated since the depreciation policy had not been validated to be implemented in the Financial statements.)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Valuation

19 (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:

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land & Buildings	224,357,244	-	224,357,244
Plant and machinery	226,460,816	-	226,460,816
Motor vehicles, including motorcycles	18,356,422	-	18,356,422
Capital work in progress	17,385,104		17,385,104
Computers and related equipment	8,460,000	-	8,460,000
Office equipment, furniture, and fittings	7,627,909	-	7,627,909
	502,647,495	-	502,647,495

Property plant and Equipment includes the following assets that are fully depreciated:

	Cost or valuation	Normal annual depreciation charge
Plant and machinery	-	-
Motor vehicles, including motor cycles	-	-
Computers and related equipment	-	-
Office equipment, furniture and fittings	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. Intangible Assets

Description	2020-2021	2019-2020
	Kshs	Kshs
Cost		
At beginning of the year	1,392,000	1,392,000
Additions	1,858,666	-
At end of the year	3,250,666	1,392,000
Additions—internal development	-	-
At end of the year	-	1,392,000
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year	-	-
NBV	3,250,666	1,392,000

Investment Property

Description	2020-2021	2019-2020
	Kshs	Kshs
At end of the year	-	-

21. Trade and Other Payables

Description	2020-2021	2019-2020
	Kshs	Kshs
Trade payables	3,533,126	-
Payments received in advance	16,152,215	485,008
Employee payables	-	-
Third-party payments	85,755,860	-
Other payables	-9,572,808	-
Total trade and other payables	95,868,393	485,008

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

22. Refundable Deposits and Prepayments from Customers

Description	2020-2021	2019-2020
	Kshs	Kshs
BURSARY	2,230,209	-
HELB	5,440,600	-
Caution money	3,250,500	615,835
NITA EXAMS	32,000	-
Total deposits	10,953,309	615,835

23. Current Provisions

Description	Leave provision	Bonus provision	Gratuity Provision	Other provision	Total
	Kshs	Kshs	Kshs	Kshs	Kshs

Finance Lease Obligation

Description	2020-2021	2019-2020
	Kshs	Kshs
At the start of the year	-	-
Discount interest on lease liability	-	-
Paid during the year	-	-
At end of the year	-	-

Maturity Analysis

Period	Amount
Year 1	-
Year 2	-
Year 3	-
Year 4	-
Year 5 and onwards	-
Less: Unearned interest	-

Analysed as:

Description	Amount
Current	-
Non- Current	-
Total	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29 Deferred Income

Description	2020-2021	2019-2020
	Kshs	Kshs
Total deferred income	-	-

The deferred income movement is as follows:

	National government	International funders	Public contributions and donations	Total

30 Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Benefits	2020-2021	2019-2020
	Kshs	Kshs	Kshs	Kshs	Kshs
Current benefit obligation	-	-	-	-	-
Non-current benefit obligation	-	-	-	-	-
Total employee benefits obligation	-	-	-	-	-

Retirement benefit Asset/ Liability

Matili Technical Training Institute does not operate a defined benefit scheme for all full-time employees from July 1, 2020.

An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was carried out by actuarial valuers. On this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

	2020-2021	2019-2020
	Kshs	Kshs

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Recognition of Retirement Benefit Asset/ Liability

- a) Amounts recognised under other gains/ Losses in the statement of Financial Performance:

	2020-2021	2019-2020
Description	Kshs	Kshs
Remeasurement of the net defined benefit liability (asset)	-	-

- b) Amounts recognised in the Statement of Financial Position

	2020-2021	2019-2020
Description	Kshs	Kshs

Matili Technical Training Institute also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. Matili Technical Training Institute obligation under the scheme is limited to specific contributions legislated from time to time. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31 Non-Current Provisions

Description	Long service leave	Bonus Provision	Gratuity provisions	Other Provisions	Total
	Kshs		Kshs	Kshs	Kshs

32 Borrowings

Description	2020-2021	2019-2020
	Kshs	Kshs

The analyses of both external and domestic borrowings are as follows:

	2020-2021	2019-2020
	Kshs	Kshs

Description	2020-2021	2019-2020
	Kshs	Kshs
Short term borrowings (current portion)	-	-
Long term borrowings	-	-
Total	-	-

33 Service Concession Arrangements

Description		
	KShs	KShs

34 Cash Generated from Operations

	2020-2021	2019-2020
	KShs	KShs
Surplus for the year before tax	-	-
Adjusted for:		
Depreciation	-	
Non-cash grants received	-	

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

	2020-2021	2019-2020
	KShs	KShs
Contributed assets	-	
Impairment	-	
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Finance income		-
Finance cost	-	-
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	-	-
Increase in deferred income	-	-
Increase in payables	-	-
Increase in payments received in advance	-	-
Net cash flow from operating activities	-	-

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

35 Financial Risk Management

Matili Technical Training Institute activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. Matili Technical Training Institute 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. Matili Technical Training Institute does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

Matili Technical Training Institute financial risk management objectives and policies are detailed below:

i) Credit risk

Matili Technical Training Institute 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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 Matili Technical Training Institute management based on prior experience and their assessment of the current economic environment.

Financial Risk Management

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
As at 30 June 2021				
Receivables from exchange transactions	99,367,293		-	-
Receivables from non-exchange transactions	17,500	-	-	-
Bank balances		-	-	-
Total	99,384,793	-	-	-
As at 30 June 2020				
Receivables from exchange transactions	11,792,200	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	11,792,200	-	-	-

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

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

The board of directors sets Matili Technical Training Institute policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management

ii) Liquidity risk management

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

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

	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2021				
Trade payables	-	-	95,868,393	95,868,393
Total	-	-	95,868,393	95,868,393
As at 30 June 2020				
Trade payables	-	-	485,005	485,005
Total	-	-	485,005	485,005

Financial Risk Management

iii) Market risk

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

Matili Technical Training Institute 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 Matili Technical Training Institute exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

Matili Technical Training Institute has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

Matili Technical Training Institute manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management

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

FY 2021

	Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30 June 2021			
Financial assets	-	-	-
Debtors	99,384,793	-	99,384,793
Total financial assets	99,384,793	-	99,384,793
Financial Liabilities			
Trade and other payables	95,868,393	-	95,868,393
Total financial liabilities	95,868,393	-	95,868,393
Net foreign currency asset/(liability)	3,516,400	-	3,516,400

FY 2020

	Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
As at 30 June 2020			
Financial assets	-	-	-
Debtors	11,792,200	-	11,792,200
Total financial assets	11,792,200	-	11,792,200
Financial Liabilities			
Trade and other payables	485,008	-	485,008
Total financial liabilities	485,008	-	485,008
Net foreign currency asset/(liability)	11,307,192	-	11,307,192

Financial Risk Management

Foreign currency sensitivity analysis

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Change in currency rate	Effect on Profit before tax	Effect on Equity/Net assets
	Kshs	Kshs	Kshs

b) Interest rate risk

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

Management of interest rate risk

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

Financial Risk Management

Sensitivity analysis

Matili Technical Training Institute analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year. Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase. A rate increase/decrease of 5% would result in a decrease/increase in profit before tax.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value.

Determination of fair value and fair values hierarchy

NOTES TO THE FINANCIAL STATEMENTS (Continued)

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the *entity's* market assumptions. These two types of inputs have created the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The *entity* considers relevant and observable market prices in its valuations where possible.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The following table shows an analysis of financial and non- financial instruments recorded at fair value by level of the fair value hierarchy:

	Level 1 Kshs	Level 2 Kshs	Level 3 Kshs	Total Kshs
As at 30 June 2021				
Financial Assets				
Non- financial Assets				
Land and buildings	-	-	-	-
	-	-	-	-
As at 30 June 2020				
Financial Assets				
Non- financial Assets				
Land and buildings	-	-	-	-
	-	-	-	-

There were no transfers between levels 1, 2 and 3 during the year. Disclosures of fair values of financial instruments not measured at fair value have not been made because the carrying amounts are a reasonable approximation of their fair values.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

iv) Capital Risk Management

The objective of Matili Technical Training Institute capital risk management is to safeguard Matili Technical Training Institute ability to continue as a going concern. Matili Technical Training Institute capital structure comprises of the following funds:

	2020-2021	2019-2020
	Kshs	Kshs
Revaluation reserve	92,508,550.76	64,006,396
Retained earnings	151,843,153.00	105,616,019
Capital reserve	313,837,347.00	313,837,347
Total funds	558,189,050.76	483,459,762
Total borrowings	-	-
Less: cash and bank balances	(-)	(-)
Net debt/(excess cash and cash equivalents)	-	-
Gearing	-	-

36 Related Party Disclosures

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 Matili Technical Training Institute, holding 100% of Matili Technical Training Institute equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of Matili Technical Training Institute, both domestic and external.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Other related parties include:

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

	2020-2021	2019-2020
	Kshs	Kshs
Transactions with related parties		
a) Grants /Transfers from the Government		
Grants from National Govt	78,487,500	68,379,910
Total	78,487,500	68,379,910
b) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	13,257,642	12,616,563
Payments for goods and services	82,375,936	7,113,322
Total	95,633,578	19,729,885
c) Key management compensation		
Directors' emoluments	1,524,000	2,050,000
Total	1,524,000	2,050,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

37 Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments)

38 Contingent Assets and Contingent Liabilities

Contingent Assets

	2020-2021	2019-2020
	Kshs	Kshs
Contingent assets		
Total	-	-

Contingent Liabilities

	2020-2021	2019-2020
	Kshs	Kshs
Contingent liabilities	-	-
Court case against the entity	-	-
Bank guarantees in favour of subsidiary	-	-
Contingent liabilities arising from contracts including PPPs	-	-
Others (Specify)	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

39 Capital Commitments

Capital commitments	2020-2021	2019-2020
	Kshs	Kshs
Authorised for purchase of institutes Bus and official college car	20,000,000	20,000,000
Authorised and contracted for construction of 2 modern gates and perimeter wall	45,000,000	45,000,000
Total	65,000,000	65,000,000

40 Surplus Remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. Surplus Remission has been computed as follows:

	2020-2021	2019-2020
	Kshs	Kshs
Surplus for the period		
Less: Allowable deductions by NT		
90% computation (Included in Statement of Financial performance)		

Surplus Remission Payable

	2020-2021	2019-2020
	Kshs	Kshs
Payable at the beginning of the year		
Paid during the year		
Payable at end of the year		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

41 Taxation

	2020-2021	2019-2020
	Kshs	Kshs

42 Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

	2020-2021	2019-2020
	Kshs	Kshs

(In ordinary circumstances public sector entities under IPSAS are not expected to pay taxes on surplus funds. However, in specific cases where this is applicable an organisation is supposed to seek guidance on accounting for income taxes from IAS 12)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

43 Events after the Reporting Period

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

44 Ultimate And Holding Entity

Matili Technical Training Institute is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Education, state department of Technical and Vocational Training. Its ultimate parent is the Government of Kenya.

45 Currency

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

APPENDIX

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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Focal person	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Accuracy of Financial Statements	The Management effected all changes as required.	Not Resolved	Finance Officer	Continuous
1.1	<p>Inaccurate Presentation and Disclosure of the Financial Statements Examination of the financial statements reflects the following casting errors and inaccuracies in the presentation of financial statements: -</p> <p>i. The statement of financial performance reflects Nil expenditure under Depreciation charge,</p> <p>ii. Presentation and disclosure of the Property, Plant and Equipment is not as per the prescribed format, accumulated depreciation and</p>	The management has procured the asset movement module and has developed the depreciation policy that has been validated to be used in the depreciation of assets. The amendment of financial statements to reflect the correct position is ongoing. All the expenditures were carried out with authority from the board management	Not Resolved	Finance Officer	Continuous

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Focal person	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>depreciation charge for the year have not been disclosed,</p> <p>iii. Statement of changes in net assets includes Revaluation gain/(Loss) balance of Kshs.62,195,940 which cannot be confirmed since it is not reflected under the statement of financial performance and Note 20 Property, Plant and Equipment. Further, Capital/Development grants received during the year amounting to Kshs.2,547,250 differed with Kshs.313,837,347 reflected understatement of cashflows-financing activities,</p>				

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Focal person	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>iv. Statement of comparison of budget and actual amounts reflects total receipts amounting to Kshs.198,345,099 which differs with the statement of the financial performance expenditure of Kshs.198,977,665 resulting to a difference of Kshs.632,566 being omitted rental revenue from facilities and equipment and other income. Further repairs and maintenance, property, plant and equipment additions and Grants and subsidies received during the year amounting to Kshs.9,009,044, Kshs.51,011,979 and Kshs.2,547,250, respectively have been omitted.</p>				

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Focal person	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>v. The statement of cash flows for the year ended 30 June, 2020 reflects Net increase/(decrease) in cash and cash equivalents balance of Kshs.8,021,617 and Nil balance as at 30 June, 2020 and 30 June, 2019 respectively resulting to unexplained and unreconciled variance amounting to Kshs.81,711,163. 30 and Kshs.399,708, respectively. Further, the statement of cash flows includes financing activities amounting to Kshs.14,837,854 and Kshs.296,452,243 in respect of Capital/Development Grants/Funds and Mentor Institutions balances brought down from prior years respectively. Inclusion of the cash inflows</p>				

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Focal person	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>recorded outside the period under review contravenes best practice of restricting the report within the twelve months ended 30 June, 2020.</p> <p>Consequently, the completeness, accuracy, presentation and disclosure of the financial statements could not be confirmed.</p>				
2	Unsupported Receipts and Expenditure		Resolved	Finance officer/ Registrar	15/06/2021
2.1	<p>Unsupported Rendering of Services/Fee from Students</p> <p>As disclosed in Note 8 to the financial statements, the statement of financial performance reflects an amount of Kshs.126,401,789 under rendering of services. However, the system generated ledger presented for audit supports a figure amounting to Kshs.74,270,738 leaving unsupported amount of Kshs.52,131,051.</p>	<p>The Management received all the beneficiaries of KUCCPS and HELB which had not been received, awaiting lists of beneficiaries. All beneficiaries have been received.</p>	Resolved	Finance officer/ Registrar	15/06/2021

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Focal person	Timeframe: (Put a date when you expect the issue to be resolved)
2.2	<p>Unsupported Balance on Student Debtors As disclosed in Note 18 to the financial statements, the statement of financial position reflects receivables from exchange transactions balance of Kshs.11,792,200 which includes an amount of Kshs.10,691,357 in respect of student's debtors. However, it was noted that the students' debtors balance of Kshs.10,691,357 differ with the system generated ledger records balance of Kshs.18,405,037 resulting to unreconciled variance amounting to Kshs.69,713,680.</p> <p>In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.</p> <p>The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Matili Technical Training Institute Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the</p>	<p>The Management worked out on the student data to get the correct position by eliminating students who had exited and students who were captured more than once in the system. All system issues are being addressed.</p>	Resolved	Finance officer/ Registry	15/06/2021

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Focal person	Timeframe: (Put a date when you expect the issue to be resolved)
	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 Adverse opinion.				
	<p>Other Matter</p> <p>Unresolved Prior Year Matters</p> <p>In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref: No. AG.4/16/3 Vol.1(9) dated 24 June, 2020.</p>	The management has always responded to the audit issues raised within a reasonable period of time and will endeavour work hand in hand with auditors to ensure that all issues are settled.		Chief Principal/ Internal Auditor /Finance Officer.	Continuous

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Focal person	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</p> <p>Conclusion</p> <p>As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that public resources have not been applied lawfully and in an effective way.</p>				
1	<p>Basis for conclusion</p> <p>1. Over Expenditure</p> <p>During the year under Review, Matili Technical Training Institute budgeted to spend an amount of Kshs.96,309,469.00 under various vote heads, but had actual expenditure amounting to Kshs.115,252,047 leading to an over expenditure amounting to Kshs.19,904,884 or 21%. Huge budget variances are a sign of weak budgetary</p>	<p>The expenditures were done with proper authority from the Board of Management</p>	Resolved	Finance Officer	30/09/2021

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Focal person	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>processes.</p> <p>Over expenditure beyond budgetary ceiling contradicts section 51(2) of the Public Finance</p>				
2	<p>Unbudgeted Expenditure The Institution made payments towards pay as you eat or catering, caution money, examinations, NITA, production unit and tender in the year 2019-2020 amounting to Kshs.18,645,837. However, the expenditure items were not provided for in the approved budget for the year.</p> <p>Consequently, budget and budgetary controls were not adhered to.</p>	<p>The management noted and since then all expenditures are done within the budget.</p>	Resolved	Finance Officer	30/06/2021
3	<p>Non-Compliance with Legal Provisions on Ethnic Diversity As disclosed under Note 12 to the financial statements, the statement of financial performance reflects an amount of Kshs.12,616,563 on employee costs. However, it was noted that the Institute is not in compliance with the</p>	<p>The management has observed and has put in place Proper human resource policies to ensure compliances.</p>	Resolved	Chief Principal/ Human Resource Officer	25/7/2020

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Focal person	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>provisions of Section 7 (1&2) of the National Cohesion and Integration Act No.12, which requires that no public establishment shall have more than one third of its staff from the same ethnic community.</p> <p>The institutions staff establishment revealed that, under the teaching staff category, one ethnic community accounted for 74% of the total staff establishment. While for non-teaching staff category, the same one community had an ethnic representation of 92%.</p> <p>Consequently, the institution is in breach of the law on ethnic representation in public institutions</p>				
4.	<p>Un Approved Salary Structure and Incomplete Payroll</p> <p>As disclosed in Note 12 to the financial statements, the statement of financial performance reflects an amount of Kshs.12,616,563 on employee costs. Review of the payroll revealed that the institute</p>	<p>The management has developed proper salary structures which are validated by the board.</p>	Resolved	Chief Principal/ Human Resource Officer	25/7/2020

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Focal person	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>operated without an approved salary structure during the year under review. It was also noted that the institute does not have a remuneration policy, therefore the basis the institution uses to pay its staff salaries could not be established. The payroll also did not capture staff Personal data that includes Identification number; Personal employment number; Date of Birth, Dates of Employment, Job group or grade, salary increment date; KRA PIN number, expected retirement date; employee bank account numbers; NSSF and NHIF Numbers.</p> <p>In the absence of correct KRA PIN numbers, NSSF and NHIF numbers it remains unclear whether the management remits the deduction to the relevant statutory authorities as required.</p> <p>The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain</p>				

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Focal person	Timeline: (Put a date when you expect the issue to be resolved)
	<p>assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.</p>				
	<p>REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE Conclusion</p> <p>As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, because of the significance of the matter discussed in the Basis for Adverse Opinion section of my report, I confirm that internal controls, risk management and governance were not effective.</p>				

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

Reference No. on the Annual Audit Report	Issue/Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Focal person	Date when you expect the issue will be resolved)
	<p>Basis for conclusion</p> <p>Lack of Institutional Policies and Guidelines</p> <p>The following policies and guidelines have not been developed and approved for implementation;</p> <ul style="list-style-type: none"> i. Strategic Plan ii. Finance Manual iii. Human Resource manual. iv. Risk Management Policy v. Internship Policy and Guidelines vi. Service Charter vii. ICT Policy viii. Asset Management Policy ix. Internal Audit Charter x. Departmental Operational Manuals xi. Training Policies and Guidelines <p>Lack of approved policy guidelines may compromise effective and efficient management of the institutions resources.</p>	<p>The management has developed the policies which are validated by the board of management.</p>	Resolved	Chief Principal	10/12/2021

Accounting Officer

Name JOSEPH SANDR

Signature 

Date 29/09/2021

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

APPENDIX II: PROJECTS IMPLEMENTATION BY MATILI TECHNICAL

Projects implemented by the State Corporation/ SAGA Funded by development partners and/ or the Government.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Installation of ERP	3,250,666	3,250,666	100		3,250,666	Fees
2	Construction of Student centre	4,500,000	4,500,000	100		4,500,000	Fees
3	Construction of Ablution Blocks	2,000,000	2,000,000	100		2,000,000	Fees

APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME: MATILI TECHNICAL TRAINING INSTITUTE				
Break down of Transfers from the State Department of Technical and Vocational Training				
FY 2020/2021				
a.	Recurrent Grants			
		Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		6/11/2020	21,217,500	2020/2021
		10/2/2021	21,217,500	2020/2021
		29/3/2021	12,540,000	2020/2021
		30/6/2021	23,512,500	2020/2021
		Total	78,487,500	

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

Finance Manager

Chief Principal

Matili Technical Training Institute

Matili Technical

Sign.....*Baniel*.....

Sign.....*Chim*.....

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2021

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/ Development /Others	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized			Total Transfers during the Year
					Capital Fund	Deferred Income	Others - must be specific	
Ministry of Basic Education, Technical and Vocational Training	30/6/2021	Recurrent	78,487,500	78,487,500	-	-	-	78,487,500
Total			78,487,500	78,487,500	-	-	-	78,487,500

