

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY PAPERS LAID	
REPORT	DATE: 14 JUN 2023
	DAY: WED
TABLED BY:	LONG HONORABLE KIMUNGI, MP
CLERK AT THE TABLE:	ESTHER NG'NYO

THE AUDITOR-GENERAL

ON

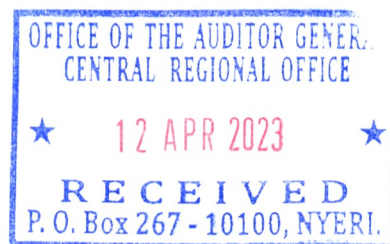
**MUKURWEINI TECHNICAL TRAINING
INSTITUTE**

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



MUKURWEINI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE 2022

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



**MUKURWEINI TECHNICAL TRAINING INSTITUTE
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FOR THE YEAR ENDED 30 JUNE 2022**

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I. Key Institute Information and Management

(a) Background information

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

(b) Principal Activities

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

Our Vision

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

Our Mission

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

Our Values

- Integrity
- Innovation
- Competency
- Accountability
- Transparency
- Social Responsibility
- Team Work
- Equity

(c) Key Management

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

- Board of Governors
- Principal/Accounting Officer
- Key management.

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(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Patrick W. Muchemi
2.	Deputy Principal Administration	Peter Kamau Rubia
3	Deputy Principal Academics	Catherine Gikonyo
4	Registrar	Joseph Kimemia
5	Dean of Students	Milcah Muthama
6	Finance Officer	Esther Karuita
7	Procurement Manager	Francis Ngure

(e) Fiduciary Oversight Arrangements

Finance & General Purposes Committee Activities

The Committee shall exercise all the powers of BOG in financial matters except in relation to items which are reserved to BOG, on which the Committee shall advise the BOG.

Terms of Reference: The role of the Committee shall be to monitor the financial status of the Institute on behalf of the BOG. In addition to advising BOG on those matters referred to above, the Committee's responsibilities shall include:

- (i) To monitor and facilitate the implementation of the Institute's strategy with regard to financial matters;
- (i) To receive reports from the Accounting Officer ensuring that ensuring that financial statements are understandable, transparent and reliable;
- (ii) To consider the adequacy of the Institute estate and proposals for its maintenance and development, including opportunities to dispose of and acquire new projects;
- (iii) To determine the fees and charges made for the institute services and facilities;
- (iv) To supervise the financial administration of the Institute and make recommendations to BOG where appropriate;
- (v) To supervise the arrangements for safeguarding the Institute's assets;
- (vi) To ensure the proper financial evaluation and control of projects;
- (vii) To supervise the arrangements for investing the Institute's funds, including monitoring the performance of investments;
- (viii) To ensure the appropriate exploitation of the Institute's intellectual property;
- (ix) To make recommendations to BOG on the financing of projects; and
- (x) To supervise the effective and efficient procurement and use of resources in accordance with the objectives of the Institute.

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Audit Risk and Governance Committee Activities

The Committee shall exercise all the powers of BOG in audit, governance and risk management matters except in relation to items which are reserved to BOG, on which the Committee shall advise the BOG. The Committee responsibilities shall include:

- (i) Ensuring the risk management process is comprehensive and on-going, rather than partial and periodic;
- (ii) Helping achieve an organization wide commitment to strong and effective internal controls, emanating from the tone at the top;
- (iii) Reviewing corporate policies relating to compliance with laws and regulations, ethics, conflicts of interest, and the investigation of misconduct and fraud;
- (iv) Reviewing current and pending corporate governance related litigation or regulatory proceedings to which the institution is party;
- (v) Continually communicating with senior management regarding status, progress, and new developments, as well as problematic areas;
- (vi) Ensuring the internal auditor's access to the audit committee, encouraging communication beyond scheduled committee meetings;
- (vii) Reviewing internal audit plans, reports and significant findings; and
- (viii) Establishing a direct reporting relationship with the external auditors.

Education, Research and Human Resource Committee Activities

The Committee shall exercise all the powers of BOG in Education, Research and Human Resource matters except in relation to items which are reserved to BOG, on which the Committee shall advise the BOG. The Committee responsibilities shall include:

- (i) Driving the Institute's research agenda in line with the country's Vision;
- (ii) Encourage research culture in the institute;
- (iii) Institutionalize networking, collaboration research and outreach in the Institute;
- (iv) Encourage innovation and handle issues to do with intellectual property rights;
- (v) Ensure dissemination of research findings;
- (vi) Advises the Board of Governors on the strategic direction of the Institute's academic activities, academic risks and the overall effectiveness of services in support of the academic endeavour;
- (vii) **Responsible** for providing assurance to the Board of Governors on the effectiveness of the **Institute's** academic governance arrangements, the student experience, and setting and maintaining standards;
- (viii) Support the development of HR policies, guidelines, procedures, regulations and standard; and
- (ix) Monitor labour administration in the Institute.

Senior Management Activities

The main purpose of the senior management team is to:

- (i) Ensure that MTTI's BOG is able to take strategic decisions relation to the Institute's activities;

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- (ii) Provide leadership in communicating MTTI's mission, vision, strategic goals, core values, plans and achievements effectively and consistently to BOG, Government, and Staff, Clients, community members and the general public and other stakeholders;
- (iii) Be accountable for the development and implementation of the Institute's strategic, corporate and business plans in line with the mission and vision; and
- (iv) Take a strategic overview of performance in all areas of the Institute's activities.

Specifically, the Senior Management Team:

- i) Make recommendations to the BOG on the implementation and achievement of the Board's Strategic Framework;
 - ii) Monitor the Institute's Corporate Plan delivery through appropriate key management and performance information reporting to the Board of Governors appropriately;
 - iii) In light of income projections and forecasts, considers the annual grants and operational expenditures and monitors such expenditures;
 - iv) Determines strategic issues arising from the introduction of new policies or process, including actively managing risks across the Institute and regularly reviewing the corporate risk register;
 - v) Considers the impact of external factors and developments, including specific political initiatives and the response to key consultation documents and where appropriate make recommendations to the Board and/or its relevant Committees; and
 - vi) Leads all managers in motivating and developing the Institute's staff to deliver the highest standards of performance and customer service.
- (f) **Entity Contacts**

P.O. Box: 23-10103
Mukurweini, Nyeri.
Telephone :(+254) 710440944
E-mail: mukurweinitti@gmail.com
Website: www.mukurweinitechnical.ac.ke

- (g) **Entity Bankers**
- Equity Bank
Mukurweini Branch
P.O. Box 450-10103
Mukurweini, Kenya
- Kenya Commercial Bank
Mukurweini Branch
P.O Box 233 - 10103
Mukurweini, Kenya





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



(i) Principal Legal Adviser
The Attorney General
State Law Office
Harambee Avenue
P.O.Box 40112-00200
Nairobi, Kenya.

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II. The Board of Governors

Photo and name of the BOG Members	Description of each BOG's date of birth, key qualifications and work experience
 1. Anthony Maina Mithanga	Qualifications; Bachelor of science and M.A health pastoral care. Date of birth: 1968 Currently Director Biometric Ltd
 2. Fr. Evaristus Maranga	Qualifications; Masters in Philosophy. Date of birth: 1968 A Catholic Priest.
 3. Eng .Erick Auma Omondi	Qualifications; PHD in Civil Engineering. Date of birth: 27/06/1982 Currently as a Technical Manager
 4. Jackline Munyoki	Qualifications; B.SC Information Science. Date of birth: 1971 Currently as ICT consultant

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Photo and name of the BOG Members	Description of each BOG's date of birth, key qualifications and work experience
 5. Dorcas Mwari	<p>Qualifications; Bachelor of Science in Agricultural Economics and Resource Management.</p> <p>Date of birth: 13/9/1983</p> <p>Currently a Branch Manager</p>
 6. Lilian Bonareri Maisiba	<p>Qualifications; M.A Communication & Media Studies</p> <p>Date of birth: 1991</p> <p>Currently the Chief Information & Public Communication Officer</p>
 7. Ruchuiya Kimani	<p>Qualifications; Bachelor of Law.</p> <p>Date of birth: 1992</p> <p>Currently the County Attorney</p>
 8. Patrick W Muchemi Principal/Secretary BOG	<p>Qualifications: MED Building Construction Engineering</p> <p>Date of Birth: 1969</p> <p>Work Experience: 27 years</p>
 9. Symon Kamore	<p>Qualifications; M.B.A Strategic Management & Finance, BED Science, CPA (K), C.I.S.A Member IOD</p> <p>Date of birth: 1973</p> <p>Currently the Chief Executive Officer SMEP Microfinance Bank Ltd</p>

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<p>Photo and name of the BOG Members</p>	<p>Description of each BOG's date of birth, key qualifications and work experience</p>
<p> 10. Charles Nyota</p>	<p>Qualifications: Master of Science in Computer Science Date of birth: 1969 Experience: TVET Administration, County Director TVET Nyeri County</p>

BOARD COMMITTEES

Name of the Committee	Members
Finance and Infrastructure	<p>1. Symon Kamore - Chairperson 2. Patrick Muchemi - Member 3. Dorcas Mwari - Member 4. Esther Karuita - Finance officer</p>
Risks and Audit Committee	<p>1. Rucuiya Kimani - Chairperson 2. Fr. Evaristus Maranga - Member 3. Lilian Bonareri - Member 4. Bernard Ng'ang'a - Secretary</p>
Academic & Human Resource	<p>1. Jackline Munyoki - Chairperson 2. Erick Ouma - Member 3. Charles Nyota - Member</p>

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III. Management Team

Photo and name of the Management	Description of each key profession/academics qualification
 1 Patrick Muchemi-Principal	Qualifications: MED Building Construction Engineering Date of Birth: 1969 Experience: 27 years
 2. Peter Rubia-Deputy-Principal Administration	Qualifications: MSC Human Resource Management Date of Birth: 1969 Experience: 28 years
3. Catherine Kingori-Deputy principal academics 	Qualifications: BED Arts Date of Birth: 1973 Experience: 24 years
 4. Esther Karuita-Finance officer	Qualifications: Bachelor's degree in Business Administration. & (Finance) CPA (K)

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5. Francis Ngure-Procurement

Qualifications: Diploma in Purchasing & Supplies Management

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IV. Chairman's Statement

I am pleased to report that Mukurweini Technical Training Institute (MTTI) has continued to perform well in returning exemplary examination results of the Kenya National Examinations Board (KNEC). I take this opportunity to share with you my views on the key initiatives and achievements we have had over the year on economic performance, Education sector changes, financial performance and operations and risks associated with the Institution, and our future outlook.

Economic Focus

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

In the recent past, the institute has experienced an increase in trainee's enrolment from 1277 in FY 2020/2021 to 1474 in the year 2021/2022. We have projected our annual growth to an average of 50% in the financial year 2022/2023.

We thank the Government of Kenya for providing the institution with training equipment, capitation and employment of Trainers through the devolved system by the Public Service Commission that has greatly contributed towards increased trainees' enrolment and improved quality of training to enable the institute align her graduates with regional and global trends and innovation. We also thank our sponsor the Catholic Church for donating the land we sit on and continued spiritual support.

Review of the Sector

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

Risk Management

The technical training sector presents plenty of opportunities as well as risks, both of which need to be analyzed in order to deliver sustainable long-term returns, without compromising training outcomes. Mukurweini TTI has appointed a risk and Audit committee to ensure that our activities are aligned with our strategic plan objectives. The Board of Governors regularly reviews risks identified - such as competition, information & communications technology and credit and operations; and how the risks involved can be mitigated by various risk owners.

Outlook

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

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



**CHAIRMAN, BOARD OF GOVERNORS
16th September, 2022**



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V. Report of the Principal

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

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

HIGHLIGHTS OF FY 2021/2022 PERFORMANCE

The Financial Year 2021/2022 started on a high note with the Government keen to ensure TVET Institutions absorbs as many form four leavers as possible.

Previously, in a move to boost student enrolment the Government had introduced Capitation to the tune of Ksh. 30,000/= per annum to all joining and current students in all Technical Training Institutions. The total student's fees is capped at Ksh. 56,420/= per annum with the Government subsidizing Kshs 30,000 in form of government capitation while the balance OF Kshs 26,420 is paid by the parents, guardians and sponsors including The Higher Education Loans Board (HELB).

Students Enrolment;

During the year 2021/2022, there was an increase of learners from 1277 to 1474 by the close of the financial year ended 30 June 2022.

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

Mukurweini Technical Training Institute being a Tertiary institution desires to enhance its visibility, performance, and competitiveness in the tertiary education sector in the face of stiff competition. To do so, however the Institute requires a lot of support from the Government and other stakeholders in this crucial transitional stage to a National Institute in terms of funding, material support and enhancement of Income Generating Activities to reinforce external support.

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

I also appreciate the financial, material and moral support of our collaborators, partners and friends during the year. It is because of the understanding and guidance of the Chairman of the Board as well as the cooperation of the Management team, all staff and our trainees that we ended the year within an environment of peace and stability. I wish to register my sincere gratitude to them all.

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



**PATRICK W. MUCHEMI
PRINCIPAL/SECRETARY TO THE BOARD OF GOVERNORS**



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VI. Statement of Performance against Predetermined Objectives

Mukurweini Technical Training Institute has nine strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY2017- FY2022. These strategic pillars are as follows:
Mukurweini Technical Training Institute develops its annual work plans based on the above nine pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Institute achieved its performance targets set for the FY 2021/2022 period for its nine strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: INFRASTRUCTURE	Improving and increasing physical facilities	-Completion of buildings under construction, -Successfully complete the projects for institutions being mentored	-Develop a framework for improving and increasing physical facilities -Improve TVET equipment, information and communication systems	-Various blocks have been constructed including classrooms and ICT and Library complex, Main Gate, Student Canteen and workshops
Pillar2: TECHNOLOGY AND ICT INFRASTRUCTURE	Promote effective application of ICT	-Complete ICT infrastructures, Installation of Management Information System ICT courses	-Develop adequate ICT capacity and infrastructure -Institutionalized Management Information System (MIS) -Promote the use of ICT in Curriculum delivery and management systems	-ICT courses are being offered in the institution -MIS is in the process of being installed
	Enhance Equipment and Technology	Institution incubator and use of modern equipment and Technology.	-Develop institution incubator -Promote use of modern equipment and Technology	To be implemented
Pillar 3: Research and Development (R&D)	Institutionalize effective research and development	Research and development infrastructure	-Develop mechanisms for R&D collaboration among TVET institutions. -Promote the use of research results in technology development and transfer-Develop R&D infrastructure.	To be implemented

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Pillar4: COLLABORATION AND LINKAGES	Enhance collaboration and linkages	Development partners on board Mentorship	-Establish collaborations and linkages -Strengthen existing collaboration and linkages -Establish benchmarks and joint cooperation networks with international TVET institutions	Collaboration with NYS and Equity Bank in sponsoring students.
Pillar 5: Competitiveness	Enhance competitiveness	Increased students' numbers	-Strengthen existing competitiveness benchmarks -Establish new competitiveness benchmarks	-Student numbers have continued to increase.
Pillar 6: INSTITUTIONAL GOVERNANCE	-Improve institutional corporate governance -Develop and Implement M&E Systems	-Constant review of courses offered. -Improved result-based management in the training system -Improved budget accuracy level.	-Develop and implement institutional policies, strategies, and programmes. (E.g. HIV/AIDS, -Alcohol and drug abuse and health and safety, and environment) -Embrace results based management in the training system -Develop and implement M&E systems -Fast track institutional expenditure review.	-New programs mounted -Improved budget accuracy
Pillar 7: HUMAN RESOURCE	Harness Human resource	Increased number of staff to match the increasing number of students.	-Increase staff at PSC and BoG levels -Develop competencies in staff	New BoG and PSC trainers have been employed.
	Improve and sustain relevance of skills.		-Ensure quality assurance and standards -Promote innovativeness in ST&I	

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			<ul style="list-style-type: none"> -Establish the Center of excellence -Improve the quality of work culture Strategy -Encourage investment in the development and commercialization of TVET products and services including ICT. 	
Pillar 8: FINANCIAL RESOURCES	Diversify sources and increase funding	<ul style="list-style-type: none"> -New development partners -Enhanced existing partners' relationship -Increase in government development funds 	<ul style="list-style-type: none"> -Increase GoK funding -Exploit external funding possibilities through developed criteria -Expand income generation at institutional level 	<ul style="list-style-type: none"> -There are development partners funding development projects. -The institution continues to receive development funds from the government.
Pillar 9: COMMUNICATION AND PUBLIC RELATIONS (RECOGNITION)	To develop an effective and efficient communication system internally and externally at all levels and to enhance the image and visibility of Mukurweini TTI.	Improved institution	Improve the image of TVET.	Objective achieved
Pillar 10: ACCESS AND EQUITY	Enhance Access and equity	<ul style="list-style-type: none"> Improved training programmes in MSE sector. Expansion of facilities 	<ul style="list-style-type: none"> Expand facilities based on government priorities Support TVET trainees Promote affirmative action for TVET trainees Reform and enhance education, training, and guidance services. Improve training programmes in MSE sector. Offer higher level programmes 	Expansion of facilities achieved

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VII. Corporate Governance Statement

The statement outlines the key aspects of the Institute's corporate governance framework. Corporate governance is the process by which the Institute is directed, controlled and held to account. It provides the structure through which the strategic objectives of the Institute are set, and the means of attaining of them as well as monitoring performance. Corporate Governance dictates the engagement between the Institute Board of Governors, Management, Regulators and all Stakeholders.

The Institute in its decision-making processes observes the highest ethical standards and benchmarks on global best practices in compliance with the applicable legal principles, its vision, and mission and core values for sustainability of the Institute.

(i) The Board charter/Mwongozo.

The Board is guided by the Mwongozo which defines the governance procedures within which the Board exists and operate and clearly states the respective roles, responsibilities and the authorities of the Board and its Committees.

(ii) Board Appointment and Composition.

In accordance with the TVET Act, 2013, the Board of Governors consists of nine persons appointed by the Cabinet Secretary for a period for of three years and who are eligible for re-appointment for a further one term.

The membership of the Board of Governors comprises of;

- (a) The Chairperson;
- (b) The principal who is the Secretary to the Board of Governors.
- (c) Representative of the Principal Secretary in the Ministry of Education Science and Technology, State Department of TVET
- (d) Representative of the Governor of County Government of Nyeri
- (e) Five other members appointed on the basis of their knowledge and experience in— (i) leadership and management; (ii) financial management; (iii) technology; (iv) industry; (v) engineering; (vi) information communication technology

Some of the roles of the board of governors include:

- (a) Approve the policies of the Institute
- (b) Employ staff
- (c) Approve the Annual Budget
- (d) Cause the Accounts to be kept and financial statement to be prepared and presented for audit.
- (e) Undertake other functions set out in the TVET Act, 2013.

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(iii) Board Diversity

The Board members possess a broad range of skills, expertise, experience and knowledge essential to undertake the Institute's mandate. The Institute endeavors to and remains compliant with the one third (1/3) gender balance.

(iv) Separation of Powers

The Chairman of the Board's responsibilities include the operation, leadership and governance of the Board, ensuring its effectiveness and setting its agenda. The Institute Principal's roles and responsibilities include the day-to-day management of the Institute's business and overseeing the implementation of strategies, policies approved by the Board.

(v) Board's Effectiveness

In order to ensure that the Board members are effective in their contribution to the management of the Institute, the members undergo regular training to enable them to fulfill their responsibilities. The Board members undergo a comprehensive induction and capacity building program upon their inauguration.

(vi) Board Evaluation

The Board has put in place evaluation system to ensure that the Board achieves its objective. The Board evaluation is scheduled to take place in the year 2023/2024.

(vii) Sitting Allowances of the Board

The Board members are remunerated for their service in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant authority. The remuneration includes sitting allowances per sitting to the Chairman and members. In addition, sitting allowances may be payable when on official duty in and outside the country.

(viii) Conflict Of Interest

The Institute conflict of interest policy outlines the circumstances under which a conflict of interest may arise. Board members are required to avoid conflict of interest and deal at arms-length in any matter that relates to the organization. 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. A register of interests is maintained and declarations of any conflicts of interests are made at the start of each committee and board meetings.

(ix) Committees of the Board:

The Institute has a total of three committees which are;

- (i) The Audit, Risk and Governance Committee
- (ii) Finance and Resource Mobilization Committee
- (iii) Education, Research and Human Resource Committee.

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VIII. Management Discussion and Analysis

(a) The Institute’s Performance

Revenue

The Institute’s sources of funds during the year under review includes;

- (i) Government Grants – Capitation
- (ii) Internally generated funds – Tuition and other related charges
- (iii) Transfers from the Ministry of Gender and Youth affairs for NYS students.

During the year, revenue of Kes. 35,685,000 was expected from the national government as capitation, Kcs 25,037,150 from the Ministry of Gender and Youth Affairs for NYS students, Kes. 38,119,940 from Tuition and other fees for rendering of services, Kes 1,585,200 from other incomes. The Institute’s revenue increased by 75% from Kes. 57,139,057 to Kes. 100,427,290. The increase was attributed to capitation and fees collection from students for increased enrolment and the research grant.

FY2021-2022 REVENUE ANALYSIS



Fig. 1. The Institute’s Revenue source for FY2021/2022

Expenditure

The institute’s expenditure comprises of the use of goods and services, employee costs, repairs and maintenance, the board of governor’s costs, and general expenses.

The overall expenditure for the period increased by 29% from Ksh 56,915,096 to Ksh. 73,576,250.

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FOR THE YEAR ENDED 30 JUNE 2022**

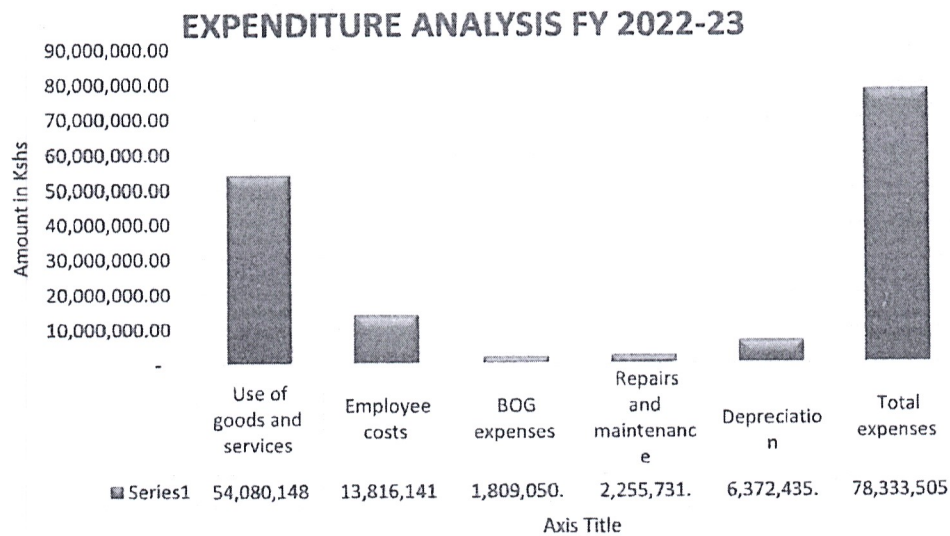


Fig. 2. The Institute's Expenditure Analysis for FY2021/2022

(b) The Institute's Compliance with Statutory Requirements

The Institute complies with statutory requirements and has remitted payroll statutory deductions over the years.

(c) Material Arrears in Statutory/Financial Obligations.

The Institute does not have any loan default, pending bills, tax default, outstanding staff and pension obligation/actuarial deficit.

(d) Key Projects and Investment Decisions the Institute is Planning/Implementing.

During the year under review the Institute undertook the following projects some of which are works in progress

(e) The proposed projects are provided in the table below:

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(f) Major Challenges and Risks Facing the Institute

The following are the major challenges facing the Institute.

No.	Challenge	Mitigation
1	Interruption of the Institute's academic program by the COVID-19 pandemic	Offering online learning.
2	Delayed disbursement of capitation funds from the Government	Making formal follow-ups including, writing letters and visiting the Ministry of Education Offices
3	Delayed disbursement of sponsorship fee for NYS servicemen/women.	Making formal follow-ups including, writing letters and visiting the NYS Regional Offices
4	Infrastructure limitation due increased student population.	Constructed temporary lecture halls, writing and submitting proposals to the Ministry of Education for Development Grants and encouraging the locals to construct accommodation facilities for the trainees.

(g) The Entity's Financial Probity and serious Governance Issues

There are were no financial probity and serious governance issues during the year under review.

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IX.Environmental and Sustainability Reporting Statement

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

Sustainability strategy and profile

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

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

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

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

Environmental performance

Use of softcopy material has been encouraged and thereby reduced on the use of paper. Training sessions are conducted with the use of white boards instead of chalk board thereby reducing dust and related effects.

Employee welfare

The Institute values her employees and the many stakeholders, including the wider community where the training of our students has the potential to bring positive social and environmental change. We value the contribution that individuals and external entities make to our Institute through community consultation process. Capacity building trainings were conducted during the year to improve on the staff competency and planning for retirement.

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

Activity	Description
Better training	<ul style="list-style-type: none">• Optimizing training operations to meet ongoing social and sustainability objectives.• Providing opportunities for growth as the Institute by becoming involved in our local community.

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- Enhanced community**
- Focusing on good urban design and empowered members for healthy, happy and resilient community.
- Supported Staff**
- Promoting initiatives that support staff and their families, beyond the provision of employment.
 - Promoting initiatives that recognize the contribution of the students to the community.

Policies Guiding the Institute’s Hiring Process

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

Market place practices-

Responsible Supply Chain and Supplier relations

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

All procurement activities have continuously been carried out where Supply Chain ensured that there are sufficient funds to meet the obligations of the resulting contract and are reflected in the approved budget estimates. Knowledge of available funds acts as a guide in knowing what to procure and when to procure.

The organization has maintained and continuously updated list of registered suppliers, contractors and consultants in various specific categories of goods, works or services according to its procurement needs.

Mukurweini Technical Training Institute has at all-time ensured responsible treatment of the suppliers in various ways as featured below;

- Ensuring proper communication channels e.g. Telephone lines and emails are open so as to make sure information is passed across efficiently and effectively between the procurement department and the suppliers.

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

Corporate Social Responsibility / Community Engagements

During the year under review, the institute carried out various CSR activities to impact the society such as tree planting, road safety awareness and helping the less fortunate in our community.

Employee welfare

The Institute values employees and all stakeholders, including the wider community where the training of our students has the potential to bring positive social and environmental change. We value the contribution that individuals and external entities make to our Institute through community consultation process. Capacity building trainings were conducted during the year to improve on the staff competency and planning for retirement.

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

Activity	Description
Better training	<ul style="list-style-type: none"> • Optimizing training operations to meet ongoing social and sustainability objectives. • Providing opportunities for growth as the Institute by becoming involved in our local community.
Enhanced community Supported Staff	<ul style="list-style-type: none"> • Focusing on good urban design and empowered members for healthy, happy and resilient community. • Promoting initiatives that support staff and their families, beyond the provision of employment. • Promoting initiatives that recognize the contribution of the students to the community.

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Corporate Social Responsibility / Community Engagements

During the year under review, the institute carried out various CSR activities to impact the society such as tree planting, road safety awareness and helping the less fortunate in our community.

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X. Report of the Board/Board of Governors

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

Principal activities

The principal activities of the institute are is to provide high quality Technical and Vocational Education and Training and Research that promote Creativity and Innovations to meet global challenges

Results

The results of the Institute for the year ended June 30 are set out on page 1 to 7.

Board/Board of Governors

The members of the Board /Board who served during the year are shown on page viii-ix

Auditors

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

By Order of the Board



**Secretary of the Board/Board
MTTI
Date: 16th September, 2022**



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XI. Statement of Board of Governors' Responsibilities

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

The board members are responsible for the preparation and presentation of Mukurweini Technical Training Institute financial statements, which give a true and fair view of the state of affairs of Mukurweini Technical Training Institute for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the institute; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Mukurweini Technical Training Institute (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for the Mukurweini Technical Training Institute financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the TVET Act). The board members are of the opinion that the Mukurweini Technical Training Institute's financial statements give a true and fair view of the state of Mukurweini Technical Training Institute's transactions during the financial year ended June 30, 2021, and of the Mukurweini Technical Training Institute's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the Mukurweini Technical Training Institute, which have been relied upon in the preparation of the Mukurweini Technical Training Institute's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Mukurweini Technical Training Institute's financial statements were approved by the Board on 16/9/2022 and signed on its behalf by:

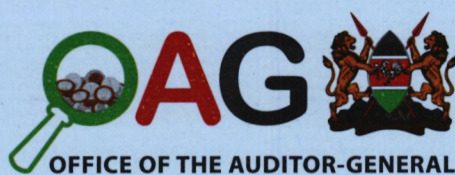
Chairperson of the Board/Board

Accounting Officer/Principal



REPUBLIC OF KENYA

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



Enhancing Accountability

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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mukurweini Technical Training Institute set out on pages 1 to 30, which comprise of the statement of financial position

as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Qualified Opinion

1. Unsupported Fuel Expenditure

The statement of financial performance and as disclosed under Note 10 to the financial statements reflects an amount of Kshs.54,080,148 in respect to use of goods and services, which includes Kshs.1,218,000 paid to a firm for the supply of fuel to the institute. However, framework agreement between the Institute and the fuel supplier, fuel register and detail orders to indicate authority to draw fuel were not provided for audit. Further, motor vehicles work tickets did not reflect details of fuel drawn including voucher numbers and litres drawn.

In the circumstances, the accuracy and regularity of fuel expenditure of Kshs.1,218,000 during the year under review could not be confirmed.

2. Inaccurate Statement of Changes in Net Assets

The financial statements for the year ended 30 June, 2022 as presented for audit do not include the movements for comparative balances in respect of statement of changes in net assets for the year ended 30 June, 2021, in line with Paragraph 53 of the International Public Sector Accounting Standards (IPSAS Accrual Basis) 1, which requires that except when an IPSAS permits or requires otherwise, comparative information shall be disclosed in respect of the previous period for all amounts reported in the financial statements.

In the circumstances, the accuracy and completeness of the statement of changes in net assets for the year ended 30 June, 2022 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

The audit report for the year ended 30 June, 2021 highlighted several unsatisfactory matters. The Management has indicated that several issues had been resolved as at 30 June, 2022 as disclosed in Appendix 1 to the financial statements on progress on follow up of auditor recommendations. However, no information was provided to indicate if the issues were resolved or not as at 30 June, 2022. This is contrary to Section 149(2) (l) of the Public Finance Management Act, 2012, which requires that in carrying out a responsibility imposed by Subsection (1), an accounting officer shall, in respect of the entity concerned try to resolve any issues resulting from an audit that remain outstanding.

In the circumstances, the audit issues remained unresolved.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for 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

1. Lack of Ethnic Staff Diversity

Personnel records provided for audit indicated that the Institute had a staff population of seventy-nine (79) staff. However, sixty-five (65) members of staff or 82% of staff were from the dominant community contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which states 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.

2. Failure to Provide Internal Audit Records and Reports

During the year under audit, the institution did not provide any internal audit work plans, internal audit charter, internal audit reports and audit committee deliberations. This is contrary to Section 73(1) of the Public Finance Management Act, 2012, which states that every national government entity shall ensure that it complies with this Act and has appropriate arrangements in place for conducting internal audit according to the guidelines of the Public Sector Accounting Standards Board.

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, except for the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of a Risk Management Policy, Disaster Recovery and Business Continuity Plans

As at the time of audit, the Institute did not have a risk management policy, a disaster recovery and business continuity plan. Further, the management did not carry out risk assessments during the year under review neither was there in place a risk register. This is in breach of Section 165(1) of the Public Finance Management (National Government) Regulations, 2015 that requires an Accounting Officer to ensure that the entity develops a risk management strategy which includes fraud prevention mechanism, and a system of risk management and internal control that builds robust business operations.

In the circumstances, the Institute is not prepared in case of unforeseen eventualities and in the event of any disaster, operations may have been adversely affected.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Institute's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of 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 overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not

reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

18 May, 2023

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

	Notes	FY2021-2022	FY2020-2021
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6 (a)	35,685,000	30,427,500
Transfers from other levels of government	6 (b)	25,037,150	10,220,000
Total Revenue from non-exchange transactions		60,722,150	40,647,500
Revenue from exchange transactions			
Other incomes IGA	7	1,555,200	421,935
Rental income	8	30,000	-
Rendering of services- Fees from students	9	38,119,940	16,069,622
Revenue from exchange transactions		39,705,140	16,491,557
Total revenue		100,427,290	57,139,057
Expenses			
Use of goods and services	10	54,080,148	30,731,839
Employee costs	11	13,816,141	7,990,043
BOG expenses	12	1,809,050	1,077,006
Repairs and maintenance	13	2,255,731	4,218,851
Depreciation	14	6,372,436	12,897,357
Total expenses		78,333,506.	56,915,096
Surplus for the year		22,093,784	223,961

(The notes set out on pages 8 to 30 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 30 were signed by:



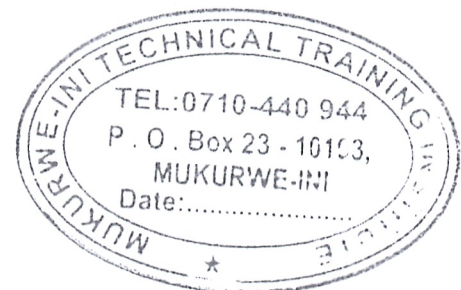
Chairman of Board/Board



Finance Officer
ICPAK No 25031



Principal



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

	Notes	FY2021-FY2022	FY2020-2021
			Kshs
Assets			
Current assets			
Cash and cash equivalents	15	35,568,615	22,741,290
Receivables from exchange transactions	16	21,952,568	24,248,630
Receivables from non-exchange transactions	17	9,922,500	-
Total Current Assets		67,443,683	46,989,920
Non-current assets			
Property, plant and equipment	20	400,928,026	255,621,544
Intangible Assets	21	1,800,000	-
Total Non-current Assets		402,728,026	255,621,544
Total assets		470,171,709	302,611,464
Liabilities			
Current liabilities.			
Trade and other payables from exchange transactions	18	20,907,370	14,959,944
Refundable deposits from customers	19	2,217,168	766,500
Total Current Liabilities		23,124,538	15,726,444
Total liabilities		23,124,538	15,726,444
Capital and Reserves			
Reserves		385,031,274	246,969,443
Accumulated surplus		62,015,896	39,915,577
Total Reserves		447,047,171	286,885,020
Total Liabilities and Reserves		470,171,709	302,611,464

The Financial Statements set out on pages 1 to 6 were signed by:



Chairman of Board/Board

Date: 16/9/2022



Finance Officer
ICPAK No 25031

Date: 16/9/2022



Principal

Date: 16/9/2022



**MUKURWEINI TECHNICAL TRAINING INSTITUTE
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XV. Statement of Changes in Net Asset for the year ended 30 June 2022

For the Year ended 30 June 2022	Accumulated surplus	Capital Reserves	Total
Balance brought forward as at 1 July 2021	39,922,112	246,969,443	286,891,555
Surplus for the year	22,093,784	-	22,093,784
Revaluation gain	-	138,061,831	138,061,831
Balance carried forward as at 30 June 2022	62,015,896	385,031,274	447,047,171

**MUKURWEINI TECHNICAL TRAINING INSTITUTE
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XVI. Statement of Cash Flows for the year ended 30 June 2022

Cash flows from operating activities	Notes	30-Jun-22	30-Jun-21
Receipts			
Transfers from Government entities/Govt. grants	6 (a)	35,685,000	30,427,500
Transfers from other Government entities/Govt. grants	6 (b)	25,037,150	10,220,000
Other incomes IGA	7	1,555,200	16,069,622
Rental income	8	30,000	-
Rendering of services- Fees from students	9	38,119,940	-
Other income- IGA and rental income		-	421,935
Total Receipts		100,427,290	57,139,057
Payments			
Compensation of employees	11	13,816,141	7,990,043
Use of goods and services	10	54,080,148	30,731,839
BOG remuneration	12	1,809,050	1,077,006
Repairs and maintenance	13	2,255,731	4,218,851
Total Payments		71,961,070	44,017,739
Net cash flows from operating activities		28,466,220	13,121,318
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	20 & 21	(15,410,552)	(23,743,806)
Proceeds from sale of property, plant and equipment		-	-
Decrease in non-current receivables	16 & 17	(7,626,437)	(471,786)
Increase in payables	18	7,398,094	(9,689,616)
Net cash flows used in investing activities		(15,638,896)	(33,905,208)
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		12,827,325	(20,783,890)
Cash and cash equivalents at 1 July		22,741,290	43,525,180
Cash and cash equivalents at 30 June		35,568,615	22,741,290

The Financial Statements set out on pages 1 to 6 were signed by:

Chairman of Board/Board

Date: 16/9/2022

Finance Officer
ICPAK No 25031

Date: 16/9/2022

Principal

Date: 16/9/2022



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

	Original annual Budget	Adjust- ments	Final Annual Budget	Actual Cumulative to date	Perform- ance	% of Utilizati- on	Explana- tion
	Kshs	Kshs	Kshs	Kshs		Kshs	
Revenue							
Transfers from National Government- capitation	33,810,000	-	33,810,000	35,685,000	(1,875,000)	-6%	(a)
Transfers from other Government entities	21,573,100	-	21,573,100	25,037,150	(3,464,050)	-16%	(b)
Rendering of services- Fees from students	28,666,632	-	28,666,632	38,119,940	(9,453,308)	-33%	(c)
Other income- IGA and rental income	2,376,000	-	2,376,000	1,585,200	790,800	33%	
Total Receipts	86,425,732	-	86,425,732	100,427,290			
Payments							
Employee Cost	13,361,244	-	13,361,244	13,816,141	(454,897)	-3%	
Use of goods and services	52,038,568	-	52,038,568	54,080,148	(2,041,580)	-4%	
BOG remuneration	1,714,200	-	1,714,200	1,809,050	(94,850)	-6%	
Repairs and maintenance	2,138,500	-	2,138,500	2,255,731	(117,231)	-5%	
Development expenditure	17,173,220	-	17,173,220	15,185,552	1,987,668	12%	(d)
Total expenditure	86,425,732	-	86,425,732	87,146,622			
Surplus for the period				13,280,668			

Explanation of material variance (Above 10%)

(a) The movement was due to increased enrolment than what was budgeted for hence more disbursements from National Youth Services

(b) The movement was due to increased number of trainees hence more fees collectable

(c) The decrease in revenue collection was due to decrease in IGA productions

XVIII. Notes to the Financial Statements

1. General Information

Mukurweini Technical Institute is established by and derives its authority and accountability from TVET Act 2013. The Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institute's principal activity is to provide high quality Technical and Vocational Education and Training and Research that promote Creativity and Innovations to meet global challenges

2. Statement of Compliance and Basis of Preparation

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

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, (include any other applicable legislation), 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. Relevant new standards and amendments to published standards effective for the year ended 30 June 2022.

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

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>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 Institute’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • 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 Institute’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.

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Standard	Effective date and impact:
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Institute 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 Institute; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Institute's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<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>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • IPSAS 22 Disclosure of Financial Information about the General Government Sector. <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • IPSAS 39: Employee Benefits <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement

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Standard	Effective date and impact:
	Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1 st January 2023.
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Institute.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. Early adoption of standards

(The Institute) did not early-adopt any new or amended standards in year 2022.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

4 Summary of Significant Accounting Policies (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2021/2022 was approved by the Board on 30th March 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 Institute upon receiving the respective approvals in order to conclude the final budget.

The Institute's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using 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 **XVII** of these financial statements.

c) Taxes

Current income tax

The Institute is exempt from paying taxes as per schedule 1 of the Income Tax Act.

Sales tax/ Value Added Tax

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

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

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

Notes to the Financial Statements (Continued)

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 27.5 years.

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

e) Property, plant and equipment

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Institute. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The 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 the 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 Institute. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

h) Research and development costs

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

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

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

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the 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.

Impairment of financial assets

The Institute assesses at each reporting date whether there is objective evidence that a financial asset or an Institute of financial assets is impaired. A financial asset or an Institute 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 Institute of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The 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.

j) Inventories

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

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

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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

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

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

k) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

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Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

l) Nature and purpose of reserves

The Institute creates and maintains reserves in terms of specific requirements. (Institute to state the reserves maintained and appropriate policies adopted).

m) Changes in accounting policies and estimates

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

n) Employee benefits

Retirement benefit plans

The Institute provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Institute pays fixed contributions into a separate Institute (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.

o) Foreign currency transactions

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

p) Borrowing costs

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

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

q) Related parties

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

r) Service concession arrangements

The Institute 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 Institute 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 Institute also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

s) Cash and cash equivalents

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

t) Comparative figures

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

u) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Institute 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 Institute. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions

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

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.

(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

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Notes to the Financial Statements (Continued)

		FY2021-2022	FY2020-2021
6 (a)	Transfers from National Government Ministries	Kshs	Kshs
	Unconditional grants		
	Operational grant/Capitation	35,685,000	30,427,500
	Development grants	-	-
	Total Government grants and subsidies	35,685,000	30,427,500

6 (b)	Transfers from other levels of government	Kshs	Kshs
	NYS-National Youth Service	25,037,150	10,220,000
	Total transfers from other levels of government	25,037,150	10,220,000

7	Other incomes	Kshs	Kshs
	IGA- Income Generating Activities	1,555,200	421,935
	Total Other Incomes	1,555,200	421,935

8	Rental income	Kshs	Kshs
	Hire of facilities	30,000	-
	Total revenue from rental of facilities	30,000	-

9	Rendering of Services	Kshs	Kshs
	Tuition	16,916,010	6,733,501
	Personal Emoluments	6,393,453	2,545,210
	Local Travel & Transport	1,656,637	659,326
	Repair Maintenance & Improvement	912,954	363,502
	Electricity Water & Conservancy	1,809,258	720,727
	Activity Fund	1,859,207	739,559
	Examination fees	6,985,823	3,516,130
	Industrial Attachment, insurance	1,340,598	663,517
	Student ID	142,500	58,250
	Registration fees	103,500	69,900
	Total Rendering of Services	38,119,940	15,941,472

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10. Use of goods and services	Kshs	Kshs
Admin fees	8,407,128	4,908,156
Activities	4,248,935	1,000,943
Electricity and water	2,670,699	1,556,845
Student welfare	931,358	293,880
Teaching materials	7,251,820	2,842,695
Industrial attachment	1,621,466	3,508,659
Examination	6,208,489	3,694,790
ICT integration	2,766,563	492,238
IGA - Income Generating Activities	2,211,794	1,525,924
Registration	57,000	-
Local travel	3,703,053	2,352,989
Student ID	45,510	80,524
Bank charges	26,065	41,380
School equipment and store expenses	4,367,138	3,722,506
Meals and Accommodation	9,409,770	4,710,310
Legal Expenses	153,360	-
Total general expenses	54,080,148.	30,731,839

11	Employee Cost	Kshs	Kshs
	Salaries and wages	13,816,141	7,990,043
	Total Employee Cost	13,816,141	7,990,043

12	BOG Expenses	Kshs	Kshs
	BOG expenses	1,809,050	1,077,006
	Total BOG Expenses	1,809,050	1,077,006

13	Property repairs and maintenance and improvement	Kshs	Kshs
	Repair, maintenance and improvement	2,255,731	4,218,851
	Total repair, maintenance and improvement	2,255,731	4,218,851

14	Depreciation	Kshs	Kshs
	Property and equipment	6,372,436	12,897,357
	Total depreciation	6,372,436	12,897,357

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15	Cash and Cash Equivalents	Kshs	Kshs
	KCB Development	8,594,324	16,004
	KCB Bank-Operation	14,971,085	20,759,917
	Equity Bank- Tuition	8,824,770	1,523,296
	Equity Bank- Exam	3,099,126	73,375
	Cash on hand	79,310	375,233
	Total cash and cash equivalents	35,568,615	22,747,825

16	Receivables from Exchange Transactions	Kshs	Kshs
	Current receivables		
	Student debtors	21,952,569	24,093,630
	staff advances	-	155,000
	Total Receivables from Exchange Transactions	21,952,569	24,248,630

17	Receivables from Non-Exchange transactions	Kshs	Kshs
	Government capitation	9,922,500	-
	Receivables from non-exchange Transactions	9,922,500	-

18	Trade and other Payables from Exchange Transactions	Kshs	Kshs
	Trade payables	884,720	660,884
	National Youth Service	11,427,650	13,845,100
	Development grants payables	8,595,000	-
	Higher Education Loans Board	-	453,960
	Total trade and other payables	20,907,370	14,959,944

19	Refundable deposits from customers/students	Kshs	Kshs
	Caution money	1,041,000	650,000
	Fees paid in Advance	978,045	-
	Retention money	198,123	116,500
	Balance at end of year	2,217,168	766,500

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20. Property, Plant and Equipment

ASSET MOVEMENT
SCHEDULE

As at 30 June 2021	Land	Buildings	Motor Vehicles	Furniture and fittings	Computers	Plant, Machinery and Equipment	TOTAL
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
COST							
	25,500,000	132,978,157	2,012,344	4,427,691	3,438,144	85,915,209	254,271,545
Additions	-	8,902,086	6,290,000	-	-	-	15,185,552
Revaluation gain (loss)	67,700,000	93,514,757	3,987,656	3,418,411	2,018,976	(32,802,969)	137,836,831
At 30 June 2022	93,200,000	235,395,000	12,290,000	7,846,102	5,457,120	53,112,240	407,300,462
ACCUMULATED DEPRECIATION							
At 1 July 2021	-	-	-	-	-	-	-
Depreciation	-	4,707,900	893,125	81,730	136,428	553,253	6,372,436
At 30 June 2022	-	4,707,900	893,125	81,730	136,428	553,253	6,372,436
Net book values							
At 30 JUNE 2022	93,200,000	230,687,100	11,396,875	7,764,372	5,320,692	52,558,988	400,928,026
At 30 JUNE 2021	25,500,000	132,978,157	2,012,344	4,427,691	3,438,144	85,915,209	255,621,545

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Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). These amounts were adopted in the financial statements on 30 June 2022

21. Intangible Assets

INTANGIBLE ASSETS- SOFTWARE	FY2021-2022	FY2020-2021
Description		
Cost		
At beginning of the 2020	1,350,000	1,350,000
Additions	225,000	-
At end of the year 2021	1,575,000	1,350,000
Valuation gain	225,000	-
At end of the year 2022	1,800,000	1,350,000
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year 2022	1,800,000	1,350,000
Impairment loss	-	-
At end of the year 2022		
NBV	1,800,000	1,350,000

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22. Financial Risk Management

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

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

(i) Credit risk

The 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 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.

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Notes to the Financial Statements (Continued)

the institute management based on prior experience and their assessment of the current economic environment.

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2021				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-
At 30 June 2022				
Receivables from exchange transactions	-	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	-	-	-	-
Total	-	-	-	-

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

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

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred Income	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-
At 30 June 2022	-	-	-	-
Trade Payables	-	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred Income	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	-	-	-

(iii) Market risk

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

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

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

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

24. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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

25. Events After The Reporting Period

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

26. Ultimate And Holding Institute

The Institute is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

27. Currency

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

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XIX. Appendices
Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.1	Non-adherence to National Cohesion and Integration Commission Act 2008 Revised 2012 on staff recruitment	Observation agreed with and will be complied with forthwith.	Resolved	
4.2	Misclassification of Security Services expense	Observation well noted and we have passed necessary entries to correct the entry and financials amended accordingly.	Resolved	
4.3	Misstatement of General Expenses	Observation noted. The variances have been reconciled and financial statements amended	Resolved	
4.4	Lack of a risk management policy	The management has already initiated the process of formulation of Risk management Policy in order for the institute to be compliant with relevant requirements	Not Resolved	31 st December 2022

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
4.7	Board Charter	The Board shall initiate the preparation in the FY 2021/2022.	Not Resolved	30 th April 2023
4.10	Non-Establishment of Audit Committee	There is an audit committee already set in place since.	Resolved	

Guidance Notes:

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



Patrick Muchemi
Accounting Officer
(Mukurweini Technical Training Institute)
Date: 16/9/2022



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Appendix II: Projects Implemented by (Mukurweini Technical Training Institute)

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

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

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1 Fencing Institute Land	5,999,841	5,999,841	100	6,000,000	5,999,841	Fees
2 Motor Vehicle	6,290,000	6,290,000	100	6,500,000	6,290,000	Fees
3 Additional Plumbing Workshop	667,242	667,242	100	700,000	667,242	Fees
4 Notice board and an office	1,981,234	1,783,111.00	100	2,000,000.00	1,981,234	Fees

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Appendix III- Inter-Institute Confirmation Letter

[Insert your Letterhead]

[Insert name of beneficiary Institute]

[Insert Address]

The [insert SC/SAGA/Fund name here] wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Institute] as at 30 th June 2022						
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2022			Amount Received by [beneficiary Institute] (KShs) as at 30 th June 2021 (E)	Differences (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)		
Total						

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

Head of Accountants department of beneficiary Institute:

Name Sign Date

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Appendix IV: Reporting of Climate Relevant Expenditures

Name of the Organization
 Telephone Number
 Email Address
 Name of CEO/MD/Head

Name and contact details of contact person (in case of any clarifications)

Project Name	Project Description	Project Objectives	Project Activities	Project				Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

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Appendix V: Disaster Expenditure Reporting Template

Date:		Year		Quarter		
Institute						
Period to which this report refers (FY)						
Name of Reporting Officer						
Contact details of the reporting officer:	Email				Telephone	
Column I	Column II	Column III	Column IV	Column V	Column VI	
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	
					Column VII	
					Comments	

