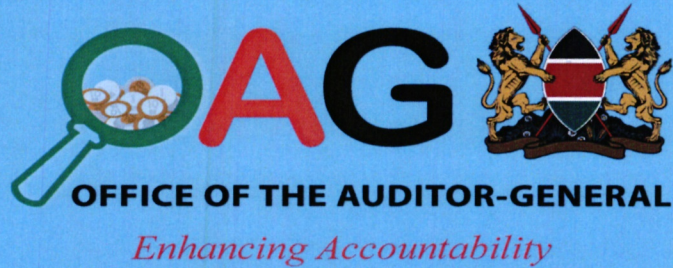


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THE AUDITOR-GENERAL

ON

**MICHUKI TECHNICAL TRAINING
INSTITUTE**

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

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

MICHUKI TECHNICAL TRAINING INSTITUTE

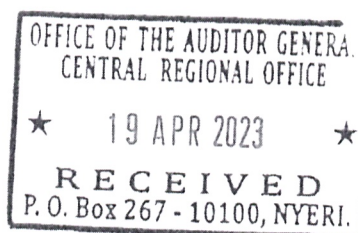
P.O. BOX 4 10202
KANGEMA



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 Standards (IPSAS)



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

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Michuki Technical Training Institute (MTTI) was incorporated/ established under the TVET Act 2013. The entity is domiciled in Kenya and is located in Iyego Location, Kangema Sub-county in Murang'a County. It has no branches. The institute is under the Ministry of Education.

(b) Principal Activities

The Mandate of Michuki Technical Training Institute is to provide Technical, Vocational and Entrepreneurship Training (TVET) using appropriate technology to empower trainees for individual and national development. The Institute provides leadership in designing suitable plans and strategies that contribute to high and sustainable socio-economic development; The Institute has a credible strategic plan and performance contract that delivers the desired goals. It is also our undertaking that we will perform our responsibilities diligently and to the best of our abilities to support the achievement of the agreed performance targets.

Vision

Our vision is "A leader in the provision of Technical, Vocational, and Entrepreneurial Training".

Mission

Our mission is to provide quality technical, vocational and entrepreneurship training (TVET) to empower graduates for individual development and global competitiveness.

(c) Key Management

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

Board of Governors
Accounting officer/Principal
Heads of departments

(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:

Name	Responsibility
TOP MANAGEMENT	
John G Ndirangu	Chief Executive Officer/ Principal
Simon Njoroge	Deputy Principal/ Administration
Newton Shivachi	Deputy Principal/Academic
Gerald Wachira	Registrar
Michael N Muthembwa	Dean
CPA.Odima Bahati	Finance Officer
ACADEMIC MANAGEMENT	
Daniel Muhia	H O D Electrical
Lydia Watheka	H O D Institutional Management

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL
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Leah W Chege	H O D I C T
David Githaiga	H O D Mechanical
John Gakinya	H O D Building
Joseph Ndirangu	H O D Business
William Ndungu	H O D Mathematics
Caroline Anindo	H O D Liberal
NON ACADEMIC	
Gerald Wachira	ISO Management Representative
Hannah Mutiga	Industrial Liaisons' Officer
Hosea Yegon	Sports Office
James Ngechu	Guidance & Counselling
Gibson Kariuki	Procurement Officer
CPA.John Gituku	Internal Auditor
Esther Kinywa	Human Recourse

(e) **Fiduciary Oversight Arrangements**

Name of the Committee	Members	Activities
Finance and Resource Mobilization	1. Dr James Gichana Ongwae 2. Dr. Okoth George Odhiambo 3. Mr. Joseph N. Mwangi	Approve quarterly reports for onward submission to the full board Interview BOG employees
Technical and Infrastructure	1. Eng. Wilson K Bett 2. Mr. Kiptum Kibet Charles	Adopt suggested BQ for implementation Attend scheduled site meetings
Risk and Audit	1. Dr. Kiptum Kibet Charles 2. Veronicah Maina	Receive discuss and approve audit report for onward ratification by full board Develop areas of improvement in risk and audit

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f) Entity Headquarters

P.O. Box 4-10202 Kangema
Muranga County
Kangema Sub County
St. Marys - Iyego road off Karugia Shopping Centre

(g) Entity Contacts

Telephone :(+254)0725-912313
E-mail: michukitech@yahoo.com
Website: www.michukitech.co.ke

(h) Entity Bankers

- i) Kenya Commercial Bank Ltd
Muranga Branch
P.O BOX 112-10200
Muranga Town
- ii) Equity Bank Ltd
Kangema Branch
P.O BOX private bag-102020
Kangema Town
- iii) Amica Savings & Credit
Kangema Branch
P.O BOX 816-10200
Kangema Town

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL
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II. THE BOARD OF GOVERNORS

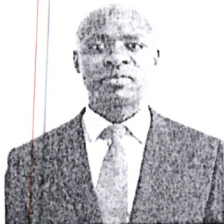
NAME	DETAILS
1. Board of governor (chairman)  Silas Muguongo Profession: Medical Laboratory technologist	Date of birth: 07. 08.1961 Academic Qualifications: Candidate MSc (Micro biology) BSc medical laboratory Science HND Micro biology Dip (medical laboratory Technology) Certificate (medical laboratory Technology) Advanced Dip (Technical Education) Work experience: ▪ Laboratory Technology (1986-1989) ▪ Lecturer KMTC (1990 - 2010) ▪ Lecturer Outspan (2010 – to date) ▪ Dean of student
2. Board member  Dr James Gichana Ongwae Profession: Lecturer	Date of birth: 20/11/1953 Academic qualifications PHD Entrepreneurship MSc Entrepreneurship B.E.D Vocational Education Dip Ed Technical Education (Electrical Engineering) Work experience : ▪ Assistant Director (Retired) ▪ Consultant in education research and training ▪ Lecturer in innovation and development finance
3. Board member  <u>Eng. Wilson K Bett</u> Profession: Mechanical Engineer	Date of birth: 24/12/1981 Academic Qualifications: MSc. Candidate Energy Technology BSc. Mechanical Engineering Dip. Project management and Development Certificate in Hydropower Development and Management Work experience : ▪ Senior Engineer KenGen (Upper Tana Region Operation) ▪ Assistant Factory Manager Eastern Produce Kenya

4. Board member  <u>Dr. Okoth George Odhiambo</u> Profession: ICT Informatics	Date of birth:03/03/1980 Academic Qualifications: PHD (GIS & Remote Sensing) MSC(Health Informatics) BSC(Information Technology) Higher Diploma(Education) Work experience: ▪ Head of ICT department –Kenya Railways Corporation ▪ Senior Lecture –Laikipia University ▪ Lecturer Greatsa University ▪ QMS Auditor-Kenya Railways Corporation ▪ Risk Officer - Kenya Railways Corporation
5. Board member  <u>Mr. Joseph N. Mwangi</u> Profession: Lecturer(Adjunct) and ICT consultant	Date of birth: 06/08/1980 Academic Qualifications: Msc.-Master in Computer Science Computer Systems,Bsc. Diploma in Computer Science CCNA and A+ Work experience : ▪ Adjunct Lecturer at MMU - ICT consultant at Technical University of Kenya
6. Board member  <u>Dr. Kiptum Kibet Charles</u> Profession: Lecturer Academic qualifications	Date of birth:12/12/1965 Academic Qualifications : Academic qualifications PHD Administration &Management MED Administration &Management BED Diploma (KEMI) Work experience : ▪ Lecturer Chuka University ▪ Principal – Kisanana Boys, Sosiyo Sec School , Baringo High ▪ Part time lecturer Kisii University and Mt.Kenya University

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL
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7. Board member(CDTVET)  <u>MR. CHARLES NYOTA</u> Profession: CDTVET	Date of birth: 10/10/1970 Academic Qualifications: Masters in computer Science Work experience: ▪ Quality Assurance office for 20years
--	--

III. TOP MANAGEMENT TEAM

1. Principal/ BOG Secretary  John G Ndirangu Profession :Trainer	Date of birth: 01/04/1959 Qualifications : MBA – Strategic management BBA – Business management Diploma in Education HND E.P.E Work experience : TSC teacher 1990 – 2017 ▪ PSC Trainer 2017 – to date ▪ Principal Michuki TTI since 2005
2. Deputy Principal Administration  Simon M. Njoroge Profession: Trainer	Date of birth: 08/10/1967 Academic qualifications : BBA – Business Administration Higher Diploma in Entrepreneurship Development Kenya Certificate of Education Technical in Craft Certificate in Carpentry and Joinery Work experience ▪ HOD Business Studies-Michuki TTI ▪ HOD Carpentry and Joinery -Michuki TTI ▪ HOD and Trainer-Mawego TTI
3. Deputy Principal Academics  Newton Shivachi Profession: Trainer	Date of birth: 11/02/1983 Academic Qualifications : Master of Science (Electronics and Instrumentation) Post graduate Diploma in Management BED (SCIENCE) – Physics and Mathematics Work experience ▪ PSC Trainer – Michuki TTI ▪ Assistant Sports Officer – Michuki TTI ▪ HOD Mathematics / Science – Michuki TTI ▪ Performance Coordinator Michuki TTI ▪ Registrar – Michuki TTI ▪ DP Academics Affairs – Michuki TTI

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL
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4. Registrar  <u>Gerald Wachira</u> Profession-Trainer	Date of birth: 30/05/1975 Academic qualifications : MBA – Finance BED – Economic and Maths Work experience ▪ Trainer Michuki TTI ▪ Management Representative- Michuki TTI ▪ Registrar Michuki TTI
5. Dean of Students  <u>Michael Muthembwa</u> Profession-Trainer	Date of birth: 30/07/1978 Academic qualifications : BE – Electrical and Electronic Higher Diploma-Electronic Option Diploma in Electrical Engineering(Power Option) Diploma in Technical Education Work experience ▪ Electrician –Dwa Sisal Plantation Estate ▪ Instructor-NYs Mombasa,Ukunda Youth Poly. ▪ Instructor-Ngwata Youth Polytechnic
6 Finance Officer  <u>CPA. Odima Bahati</u> Profession: Finance & Analyst, Trainer	Date of birth: 31/07/1992 Academic qualifications : BCOM – Accounting Option CPA(K) – Accounting Option CIFA(K)-Finance & Investment Analysis Diploma in Technical Education-Accounting Option Work experience ▪ Financial Accountant –Trailink Group Ltd ▪ Senior Accountant-Compassion International ▪ Accountant-Excel Works and Engineering Ltd ▪ Auditor-Ayuga and Associate CPA firm ▪ Trainer at Kabete National Polytechnic

IV. CHAIRMAN'S STATEMENT

On behalf of the BOG, management, staff and students of Michuki TTI I would like to thank the government through the Cabinet Secretary Ministry of Education for giving me the opportunity to serve in this great institution. In the FY2021/2022 the following was achieved under my leadership.

In the financial year 202/2022 the board achieved the following:-

1. Established an office career services department
2. Held 4TH Graduation where a total 2249 graduates graduated in various technical and business courses
3. Completed new hostel for the male students at a cost of sh 36,436,610
4. Acquired 15 modern sewing machine for the institutional management for the Fashion and design at cost of sh 1,469,538
5. Acquired library textbooks for the electrical ,mechanical, building and I.M department respectively
6. Acquired workshop equipment for the electrical department worth Ksh. 1,088,068
7. Acquired training materials for the different departments worth Ksh. 26,562,109
8. Acquired 37 desktops for the ICT department for training of the student on ICT related fields.
9. The management held (3) medical camps where screening and free consultation on HIV&AIDS and Non Communicable diseases, and sensitization on COVID-19 was done.
10. Organised in partner with NGAAF Muranga where 641 youths were trained on various short hand courses.
11. Completed the construction of the multi-purpose complex at cost of sh 104,862,950.
12. The management updated data on the existing accommodation spaces within the community.
13. The management engaged in corporate social responsibility of carrying out a town clean up, distributing free tree seedlings and branded dust bins.
14. There was increase in gross enrolment from 3585 to 4152
15. Thirty youths were attached within the Institute
16. The Institute participated in the Mt Kenya region Athletics and we attained position number 2 out of participating institutions where we were awarded 39 medals ,28 were taken to national , two medals were awarded and represented at Kenya athletics championship.
17. Hold world condom day on behalf of the Kenya Government.
15. The BOG implemented the cross cutting issues in compliance with the Performance Contracting requirements i.e.
 - Implementation of Service delivery Charter
 - Resolution of public complaints
 - Disability mainstreaming
 - Prevention of HIV and AIDS and Non Communicable Diseases.

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

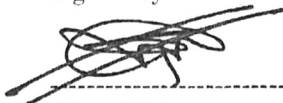
- Continual enhancement of staff competence.
- Corruption Prevention
- ICT Integration in Education
- Asset Management

16. Developed a scheme of service for BOG employees

Future Projected Projects and Status

1. Internal institutional access roads
2. Construct mechanical and building workshop
3. Carry out a tracer study on our graduates
4. Install a hot water system in Muthaiga Hostel
5. Install additional CCTV cameras for security
6. Increase acreage of the college
7. Increase student enrolment to 6000 students
8. Acquire National Polytechnic status

Signed by



Silas G Muguongo
BOG Chairman

V. REPORT OF THE PRINCIPAL

Michuki Technical Training institute is a tertiary institution that is well placed to offer quality and relevant training to her graduates, tailored to ensure they contribute effectively to the attainment of the country's Vision 2030 strategic objectives. In furtherance of our mandate, we have committed ourselves to consistently and regularly review, improve and consolidate our academic programs so as to remain competitive in terms of quality and relevance, and address the needs of the society.

Under the guidance of the Board of Governors, we have set up structures and policies aimed at guiding the institution in the right strategic direction. We have been able to start training on the implementation of integrated management systems based on ISO 9001:2015 (QMS) and ISO/IEC 27001:2013 (ISMS). The training involved top management, process owners and process actors.

Under my leadership and the overall direction of the Institute's Board, we were able to ensure that financial resources were utilized efficiently and effectively for optimum result. Despite the many challenges brought about by economic constraints, the Institute nevertheless continued to discharge its mandate of training, research and outreach programmes.

The institution had a student population of 4,152 and 193 members of staff of which 20 were casual at the end of the financial year. A total of 2,249 students were conferred with various diplomas and certificate during the 4th graduation ceremony held in April 2022

The challenges experienced by the Institution

- i) 4th quarter capitation was not received and this affected the institution operations more so the intended projects
- ii) Some of the resource mobilization initiative have not been generated as much revenue as was anticipated. This resulted to shortfall in funding especially to facilitate research.

Risk Management

The institution has put in place a robust risk management strategy. This involves a quarterly review of the risks the institution faces and developing mechanisms to mitigate them. In addition, the institution has ensured a strict adherence to statutory requirements.

Future Development

- i) Enhancing open and distance learning (ODEl) to build capacity so as to recruit more students

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- ii) Emphasis on the Green Environment Concept so as to incorporate environmental sustainability and efficiency. In addition there will be greater effort in building the capacity of its human resource so as to achieve a sustainable future through training, research, innovation and community outreach.
- iii) Development of new facilities and infrastructure as well equipping them as this will enable conducive serene environment for training, research and staff development.

Highlights of FY 2021/2022 performance

The Financial Year 2021/2022 started when the country was undergoing a tough time of battling the COVID-19 pandemic. The academic calendar had been disrupted and learning institutions closed.

The government has been very supportive to the TVET institutions. This was done by introducing a fees of Ksh. 56,420/= for all students in technical institutions.

Of this, the government pays capitation of Ksh. 30,000/= p.a. to all new and continuing students in Technical Training Institutions. That leaves the students with a balance of Ksh. 26,420/= to pay, of which the needy cases may apply for loans and bursaries through HELB.

Projects Undertaken

During the Financial Year under review:-

- ❖ Construction of multipurpose complex
- ❖ Completion of male hostel
- ❖ Continued equipping of the workshop

In our contribution to the Big 4 Agenda, we held three medical camps in support of Affordable Health Care where we offered screening and sensitization on Non-Communicable Diseases (cancer, BMI, Blood Pressure) and HIV/AIDS. We also offered capacity building in baking and food processing where we trained 60 members of the society.

I believe that our graduates undergo the best training that equips them with the necessary skills that strategically aligns them with opportunities within the country, regionally and globally; while at the same time contributing to the realization of the Big 4 Agenda: (Health, Manufacturing, Affordable Housing and Food Security).

Michuki 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, the Institute requires a lot of support from the Government and other stakeholders in this crucial

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL
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transitional stage to a National polytechnic in terms of funding, material support and other contributions.

On behalf of the Institute Board of Governor and the top 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 stakeholders, 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.

On behalf of Michuki Technical Training Institute and staff. I wish to take this opportunity to thank the government, our development partners and all the stakeholders for their continued support.

Finally, I would like to express my sincere gratitude to the Board of Management for proving policy and strategic guidelines; the entire Institution staff and students community who worked conscientiously to ensure smooth and successful operations of the Institution.

Signed by



John G Ndirangu
Principal/BOG Sec

VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

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

Michuki Technical Training Institute has 6 strategic pillars and objectives within the reviewed strategic plan for FY2017 – 2022. The institute have also used the strategies as Performance Contracts targets. These strategic pillars are as follows:

Strategic Pillar	Objective (s)	Key Performance Indicators	Strategies / Activities	Achievements
Governance	Improve on operational efficiency	Certification of IMS based on ISO9001:2015 and ISO27001:2013	Integrate implementation of management systems based on ISO9001:2015 and ISO27001:2013	IMS procedure Manual
		IMS Manual	Documentation of the IMS Manual	IMS procedures Manual
		Number of trained staff	Training of Trainers	28 trainers trained on IMS – on 23 rd to 25 th September 2020
		Program List of attendance	Staff awareness creation and launch of the IMS based on ISO9001: 2015 and ISO/IEC 27001:2013	Launch done on 2 nd October 2021
		No of internal audits and surveillance audits held	Execution of internal	1 internal audit held in 23 rd and 24 th February 2021
Access and Equity	Expand the physical infrastructure	Infrastructure	Completion library block complex	Completed the construction up to 3 rd floor of the library block
			Completion of electrical/electronic workshop project	Completed the construction of internal and external works of the electrical / electronic workshop
			Construction of a staff quarter (Phase)	- Construction in progress
			Acquire a 16 seater Staff van.	- Acquired a 16 seater staff van
			Drill and operationalize a water bore hole	- Bore hole drilled and is operational
			Construct an ablution block	- For 2021/2022

	To increase students enrolment	- Occupational standards - Request letters - List of students admitted.	Introduction of 3 new courses	- Diploma in Social Work and Community Development - Craft Certificate in Food Science, Processing and Preservation introduced in January 2021 - Craft Certificate in General Agriculture - Artisan in Masonry introduced in Jan 2021
	To enhance customer service delivery	Reviewed Service delivery charter	Conduct a graduation	Done in 2018/2019
	To improve students' academic performance		Review and effectively implement the service delivery charter	To be reviewed in 2021/2022
			Equipping of the electronic workshop and the labs	Equipping continuously done
Resources	Deploy technology in fees collection		Identify an appropriate biometric identification system	For 2021/2022
			Install a biometric identification system to enhance fees collection	For 2021/2022
			Maintain the biometric system	For 2021/2022
	To maintain a motivated workforce	Scheme of service	Develop a scheme of service for BOG staff	BOG Scheme of Service developed. To be implemented in 2021/2022
		Human Resource Procedure Manual	Develop a Human Resource Policy and Procedure Manual	Human Resource Procedure Manual developed and included in the IMS The policy to be developed in 2021/2022
		Working gear	Provision of appropriate working gear to staff	Done in 2020/2021
ICT	Enhance process automation	MIS library module	Procure MIS module for library, accommodation	ERP implemented

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

			Improve internet bandwidth from 40mbps to 60mbps	Increased to 100mbps
	Integrate ICT in training		Purchase additional LCD projectors	Acquired
			Purchase additional laptops	Acquired 7 laptops
Research and Development	Institutionalize Effective Research and Development	Appointment letters	Appointment of the R&D committee members	The R&D committee appointed on 15/10/2019
		Invitation Letter Attendance List Report\patented Projects	Participation in exhibitions and trade fairs	Participated in Mt. Kenya Regional TVET fair held from 19/02/2020 to 22/02/2022 Qualified for National TVET fair
Collaboration and linkages	To enhance collaborations and linkages	C&L policy	Develop the C&L policy	For 2022/2023

VII. CORPORATE GOVERNANCE STATEMENT

During FY 2021/2022, there was 84% eligible attendance at all meetings of the Board.

The following table shows the number of meetings held during 2021/2022, the attendance of each Member;

Name	14 th July 2021	29 th September 2021	14 th October 2021	30 th November 2021	14 th January 2022	18 th March 2022	8 th April 2022	27 TH April 2022	Total meetings attended
Silas Githenji Muguongo (BOG Chairperson)	Present	Present	Present	Present	Present	Present	Present	Present	8/8
John G Ndirangu (Principal)	Present	Present	Present	Present	Present	Present	Present	Present	8/8
Dr James O Gichana (Member)	Present	Present	Present	Present	Present	Present	Present	Present	8/8
Dr. Kiptum Kibet Charles (Member)	Present	Present	Present	Present	Present	Present	Present	Absent	7/8
George Okoth (Member)	Present	Present	Present	Present	Present	Present	Present	Present	8/8
Joseph N Mwangi (Member)	Present	Present	Present	Present	Present	Present	Present	Present	8/8
Eng. Wilson K Bett (Member)	Absent	Present	Absent	Absent	Absent	Present	Absent	Absent	2/8
Charles Nyota (TVET Director)	Present	Present	Present	Present	Absent	Present	Present	Absent	6/8

NOTE

- 1) There 8 full board meetings
- 2) No board charter exists at the moment.
- 3) Succession plan is after 3 years.

On Board of Governors appointment and tenure of office, removal, the process starts from:-

- 1) Establishing the expiry of the current Board of office (6 months before its term of office comes to an end.
- 2) Then a committee is constituted to nominate a new BOG. This panel is chaired by the County Director TVET. Other members to the nomination panel are:-
 - (i) Principal
 - (ii) County Commissioner to represent GOK.
 - (iii) Sponsor in case the Institution is sponsor.
 - (iv) The Area M.P or his Representative.

The above committee nominates a maximum of 21 members, 3 per category as prescribed in the areas of specialization and then the list is sent to the Ministry for verification and appointment of a BOG.

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

The BOG is normally appointed for a term of 3 years, after which to ensure continuity of the Institutional memory 1/3 of the past members are retained.

REMOVAL OF BOG MEMBER/MEMBERS

A Board member may be removed for the following reasons:-

- (1) Failing to attend 3 consecutive meetings without a valid reason.
- (2) Major conflict of Interest
- (3) By tendering his resignation to the appointing authority.
- (4) Failing to take up his position as an appointed BOG.
- (5) Being declared Bankrupt by a Court of law.

RULES AND FUNCTION OF BOARD OF GOVERNORS

The Board of Governors is normally appointed for a term of 3 years after which the Board expires. However, in constituting a new BOG a 1/3 of the members are retained for the sole purpose of Institution memory.

The role and function of the Board of Governors are therefore:-

- 1) Attend to all scheduled BOG meetings.
- 2) Discuss and formulate institutional policies on staff recruitment and promotion.
- 3) Identify in consultation with the Principal the recruitment of all PSC trainers and BOG employees and therefore recruit them.
- 4) Reprimand or recommend for interdiction of non performing PSC & BOG Employees.
- 5) Formulate policies on revenue generation, utility and account for it to the Public through the Auditor General.
- 6) Link with all relevant ministries, agents and stakeholders to promote the importing of relevant and technological skills.
- 7) Link with industries for the purpose of attaching the students.
- 8) Maintaining proper inventory of its property and assets through a Register/inventory.
- 9) Performing supervision role or oversight role on the management of the Institution and advising appropriately.
- 10) Maintaining a motivated workforce as well as a secure environment to work in.

INDUCTION OF THE BOARD OF GOVERNORS

Once a BOG has been appointed, it's the responsibility of the Principal to liaise with the County Director and the Ministry to ensure that the BOG is inaugurated and inducted on its core mandate. In conjunction with the Principal and the Ministry, the Board is supposed to be trained on the current trends in the training, Industry to make it relevant and vibrant.

BOARD OF GOVERNORS REMURATION

The Board of Governors is paid some sitting allowances and other allowances depending on the strength or financial ability of the Institution to sustain the payments. It's purely based on realistic and affordable rates.

The payments also vary from Institution to another base on their financial resources.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

Michuki Technical Training Institute operational and financial performance.

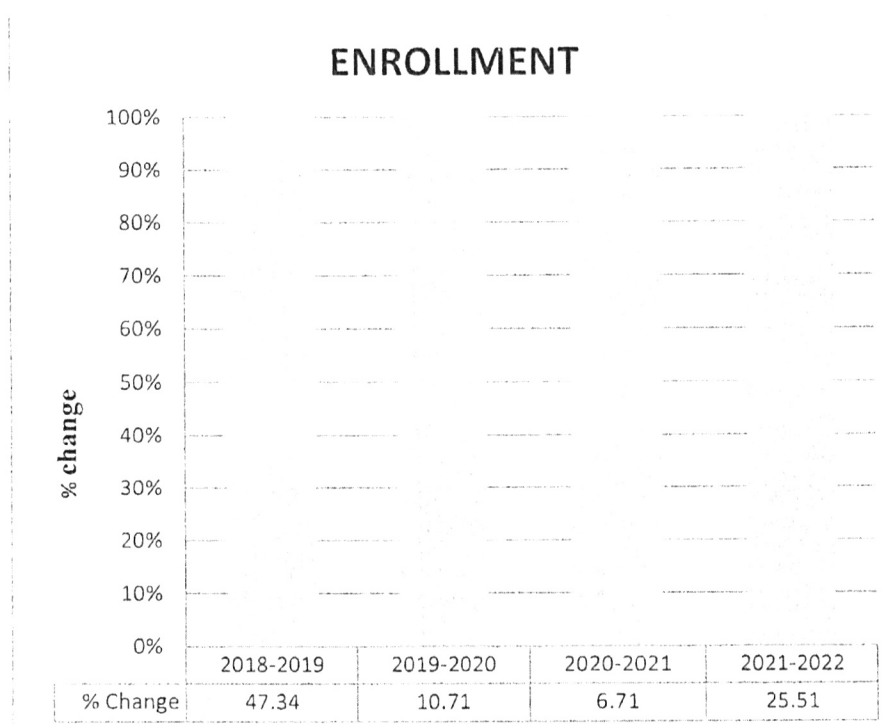
Michuki Technical Training Institute reported a net profit of Ksh **18.99M** as at 30TH June 2022. This is a slight increase **5.926M** being a tight measure of revenue collection of school fees and minimize on the cost per unit of the material for the trainings from a surplus of SH **13.064 M** for the FY 2020-2021. The performance recorded is as a result of economic recovery after previous COVID 19 pandemic. The institute projects that its cash flows will improve further because the country is expected to experience exponential growth furthermore the institute expects to have an increase in the student enrolment in the subsequent intakes which will form a solid base of growth.

Pertaining to trends within the Education sector, University, Tertiary and secondary school are recovering from the disruptions in the academic calendars as results of COVID 19 pandemic. This may affect the number of students who will enrol for Technical education training in the tertiary institution exponential.

As a key driver to the attainment of the BIG 4 agenda, Michuki TTI offers the best courses that are streamlined to address the technical needs of the economy; and available business opportunities for global competitiveness. The Institute has developed world class infrastructure and facilities and strives to improve so as to provide quality technical education. Moreover, the institute is implementing resource mobilization strategies' so as to enhance its A.I.A

During the year ended June 2022, the Institution had **4,152** students compared to **3,308** in year 2020-2021. The increased number of students resulted in improved revenue. Enrolment for the institute is as below:-

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Michuki TTI is experiencing tremendous growth and the management is vigorously pursuing additional funding and technical support from Government agencies and development partners. In the Institution level, program-based budgeting is effective as financial control. This serves to ensure that the Institution allocates resources based on planned and prioritized activity. This means that the cost of each activity will be traced to the product or service as per the Institution plan. To further enhance service delivery through effective financial management, the Institute will concentrate on eliminating wastages.

In this regard, the Institution will lobby and mobilize financial resources for Technical Training, innovation and creativity.

i. Government Funding

During the financial year 2021-2022, the operations of the institution both current and development were done effectively although the fourth quarter was not received as at 30th June 2022.

ii. Student fees

The interruption of the institution by the COVID Pandemic affected the fees expected from the parents on the first and second quarter since some of the students did not report in the institution.

SECTION B

Compliance With Statutory Requirements

During the reporting period the Institute complied with all statutory deduction requirements. The Institute does not have non-compliance issues that may expose it to potential contingent liabilities. On the other hand, the institute has no litigation cases made against it.

SECTION C

Statutory and Financial Obligations

The institute does not have any financial obligation that might have a significant effect on its financial position

SECTION D

The Entity's Financial Probity and Serious Governance Issues

During the reporting period the institute underwent internal audit reviews and there was no cases of financial improbity reported. The management members had cordial working relationship and no governance issues were raised.

SECTION F

Major Issues facing the Institute

The institute activities are exposed to a variety of financial risks including credit and liquidity risk and changes in market price risks. The overall risk management framework focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risk on its performance by setting acceptable level of risk. The specific details of each risk component and their management have been discussed on page 28.

SECTION G

Key Project and Investment Decision

The management constructed a multi-complex tuition block at a cost of KSH 104,862,950 that has been completed and handed over to the institute by the contractor as this block is able to hold 1400 students at once this has facilitate conducive environment for the students furthermore the construction was done through institution savings.

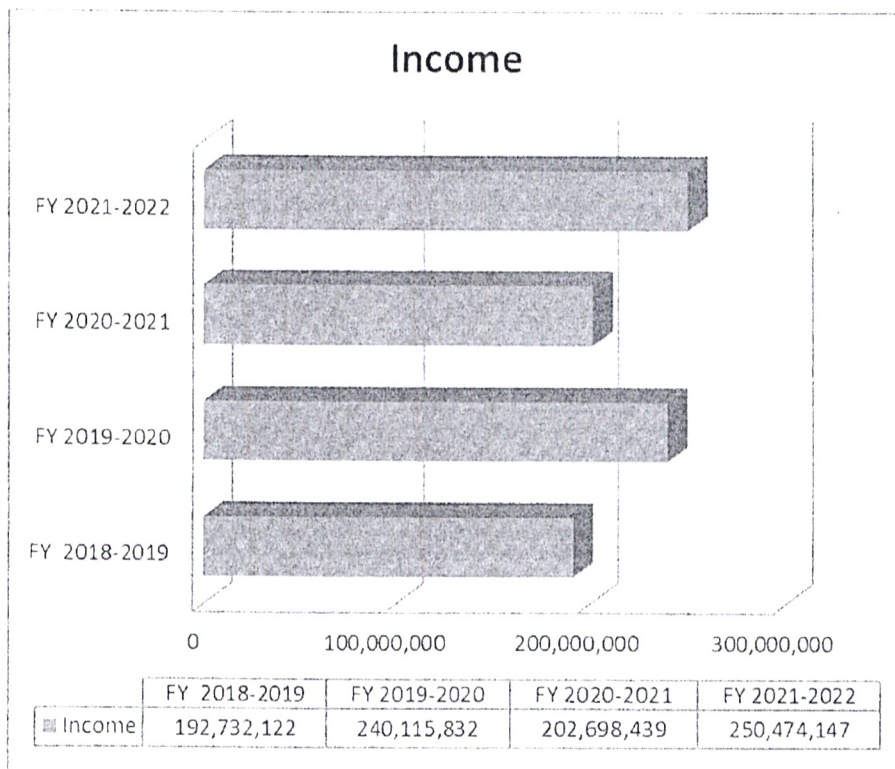
SECTION H

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Trend analysis of the Institute Financial Performance

From figure 1, the performance of the institute has been moving up over the years which has been brought by the increase in the students' enrollment over the period. The analysis show the performance from FY 2018-2019 to FY 2021-2022

Trend of Income



MANAGEMENT DISCUSSION AND ANALYSIS(Continued)

GENERAL ADMINISTRATION RISKS						
TOP MANAGEMENT						
Risk No.	Name Of The Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
1. 1	Funding risks	3	4	12	➤ Enhance fees collection ➤ Income generating project ➤ HELB/NGCDF funding	Principal, Registrar, Dean of Students Finance Officer
2. 2	Loss of funds	4	4	16	➤ Use of biometric ➤ Exam cards ➤ Class attendance register ➤ Use of approved budget	Principal,HoDs, FO, PO HOD
3.	Political risk	3	4	12	➤ Consultative meeting ➤ Recruitment on regional balance ➤ Engage them on projects	Principal,HR, FO, Building committee
4.	Reputational Risk	4	4	16	➤ Quality Assurance (External results) ➤ Maintain of discipline ➤ Relationship with media	Principal,HoDs, QA
5.	Litigation Risk	3	4	12	➤ Comply to regulatory and statutory rules ➤ Use of qualified personnel ➤ Use of established mechanism	Principal, Finance Officer HoDs, Legal experts
INTERNAL AUDIT						
OBJECTIVE: To ensure that organization risk management, governance and internal control processes are operating effectively						
Risk No.	Name of the Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
6.	Weak organization controls	3	4	12	➤ Designing tests to obtain reasonable assurance that controls are operating effectively	Internal auditor

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7.	Failure to detect misstatements	2	2	4	➤ Designing tests to obtain more evidence based on risk analysis	Internal auditor
8.	Inherent Risk	4	5	20	➤ increasing the sample size during audit	Internal auditor
9.	Noncompliance with statutory and regulatory requirements	5	5	25	➤ Continuous Professional Development ➤ Aligning & adhering to statutory and regulatory requirements	Internal auditor

HUMAN RESOURCE RISKS.

OBJECTIVE: TO PLAN, ORGANISE, CONTROL, CO-ORDINATE AND DIRECT ACTIVITIES AND ACTIONS OF EMPLOYEES.

Risk No.	Name of the Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
10.	Ineffective recruitment and retention strategies	3	4	12	➤ Sound recruitment policy ➤ Skills development strategies. ➤ Staff reward and motivation incentives	HR
11.	Inadequate Training and development	3	4	12	➤ Engage an external Training Needs Assessment consultant ➤ Incorporate skills development into regular performance appraisal process ➤ Encourage learning and organize for staff to learn and develop in their skills. ➤ Provide opportunities for growth through training and skills development	HR
	De-motivated workforce leading to high staff turnovers Reduced productivity High turnover rate Non achievement of organizational goals	4	4	16	➤ Keep compensation and benefits packages as simple and fair. ➤ Build employee reward programs. ➤ Avoid staff discrimination and ensure compensation is based on performance and contribution to the business goal.	HR
12.	Non-compliance of Employment statutory regulatory requirements	2	1	2	➤ Sound internal and external legal advice ➤ HR processes and procedures in place ➤ Compliance of the occupational health and safety act ➤ Ensure safe workplace area. ➤ Ensure proper working procedures	HR

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13.	Data and information insecurity due to: malware, power failure and cyber attack	1	4	4	➤ Acquire UPS ➤ Regular Backup of payroll & personnel information ➤ Use of password ➤ Firewall	HR/SA
14.	Poor Workplace culture	4	3	12	➤ Adherence of the HR policies ➤ Code of conduct ➤ Sensitization of work place culture and diversity	HR
SECURITY						
OBJECTIVE: <i>To ensure security of Michuki Technical Training Institute is maintained at all times.</i>						
Risk No.	Name of the Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
15.	Theft of properties in the institute	4	4	16	➤ CCTV surveillance ➤ Perimeter fence ➤ Hire and maintain security officers ➤ Where necessary put items under lock and key ➤ Burglar proof offices	PRINCIPAL DP.ADMIN FINANCE OFFICER HODS
16.	Terrorists attack	3	5	15	➤ Screening at the gate ➤ Security checks of persons and vehicles ➤ Use of biometric system ➤ Reporting of suspicious characters for interrogation	PRINCIPAL DP.ADMIN HODS
17.	Business disruption	4	5	20	➤ In case of covid 19, adhere to MOH protocols, closure of institution. In case of fire, we shall install firefighting equipment and firefighting practices and fire drills. ➤ In case of strike, we involve government security personnel, closure of school and create awareness of consequences. ➤ In case of an epidemic, we collaborate with MOH	PRINCIPAL DP.ADMIN HODS
18.	Loss of Information security	4	4	16	➤ Use clear screen and desk practice ➤ Use password on computers ➤ Use lockable cabinets	PRINCIPAL DP.ADMIN HODS

					➤ Inculcate personal discipline	
TRANSPORT OBJECTIVE: <i>To ensure transport management is carried out effectively and efficiently</i>						
Risk No.	Name of the Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
19.	Accident occurrence	3	4	12	➤ Comprehensive insurance for all institute vehicles ➤ Capacity building to institute drivers	PRINCIPAL HOD
20.	Non compliance to NTSA rules and regulations	3	2	6	➤ Adhere to NTSA rules and regulations ➤ Ensure work ticket are filled and signed appropriately	HOD D/P ADMIN
21.	Malicious damage institute vehicles	3	4	12	➤ Guard institute vehicles at all times ➤ Install CCTV in the institute vehicles vicinity	PRINCIPAL HOD
22.	Deterioration of vehicle condition	4	2	8	➤ Provide proper housing to all institute vehicles ➤ Designate parking for MTTI vehicles ➤ Maintain a schedule for vehicle maintenance	PRINCIPAL DP.ADMIN
23.	Vehicle breakdown	3	4	12	➤ Maintenance of institute vehicles as per the schedule ➤ Collaborate with maintenance suppliers' for spare parts and emergency repairs.	PRINCIPAL DP.ADMIN
HIRING OF INSTITUTE FACILITIES OBJECTIVE: <i>To provide institute facilities for hire when required by customers</i>						
Risk No.	Name of the Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
24.	Loss of customers	3	3	9	➤ Do proper marketing ➤ Use competitive pricing on hired goods ➤ Assign personnel any time goods or services are hired to ensure safety and security of items.	PRINCIPAL DP.ADMIN FINANCE OFFICER

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25.	Theft of hired goods	3	4	12	➤ Make a bidding contract with the customer, who will bear the consequences in case of theft.	-PRINCIPAL -DP.ADMIN -FINANCE OFFICER -P.O
26.	Overuse of hired goods	3	2	6	➤ Make a bidding contract with the customer on duration of use and stipulate measures to recover by surcharging.	-PRINCIPAL -DP.ADMIN -FINANCE OFFICER
FINANCE DEPARTMENT:						
OBJECTIVE: Ensure prudent management of institute's financial resources by 30th June 2022						
Risk No.	Name of the Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
27.	Delay in payment of supplies	2	2	4	-Segregation of duties -Ensure invoices are submitted upon delivery of good	P.O F.O
28.	Delay in payment of salary	2	2	4	-Ensure payment of salary is done before 3 RD of proceeding month	F.O
29.	Delay in submission of statutory deduction	1	3	3	-Ensure payment of statutory deduction is done as stipulated	F.O
30.	Uncollected revenue	3	3	9	-Lobby with government bodies -Use of exam cards -Use of biometric -New admission upon 100%fee payment	F.O
31.	Intrusion into system	1	5	5	-Creation of user accounts -Use of password	FO System Admn
Deans office						
Objective: To effectively handle issues of students welfare in Michuki Technical Technical training institute						
Risk No.	Name of the Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
32.	Students unrest due to poor students' governance	3	3	9	➤ Training of leaders ➤ Free and fair election process(involve	Dean of students

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					IEBC in students' elections)	
33.	Negative reputation on the dean's office due lack of confidentiality	3	2	6	➤ implement access control policy ➤ Sensitize office staff on confidentiality.	Dean of students
34.	Loss of revenue due to alteration of accommodation documents.	4	3	12	➤ Sensitize office staff on integrity ➤ Implement password policy	Dean of students
35.	Medical emergency occurring at night	4	5	20	➤ Sensitize the students on health issues ➤ train staff and students on basic first aid. ➤ have stand by driver handle emergencies at night	Dean of students
36.	Lack of cohesion among students	3	3	9	➤ Sensitization of students on national cohesion ➤ Intensify sporting activities	Dean of students

HOUSE KEEPER

Objective: To provide clean, safe and comfortable environment effectively and efficiently to the student and staff of M.T.T.I at all times.

Risk No.	Name of the Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
37.	Outbreak of Fire in hostels	3	4	12	➤ Regular service of fire-fighting equipment ➤ Conduct fire drills ➤ sensitize students on illegal electricity connections	House keeper/ Security personnel /Principal
38.	Illegal accommodation of students in hostels	2	3	6	➤ proper use of accommodation register to verify hostel occupants	Dean of students/ House keeper Finance officer
39.	Chemical burns from cleaning agents	2	3	6	➤ Train on proper use and handling of chemicals ➤ proper labelling of chemicals	House keeper
40.	High cleaning staff turn over	3	3	9	➤ Provide good working tools and equipment ➤ Provide good personal protective equipment ➤ conducive /good staff welfare	House keeper HR

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41.	Negative image (due to dirty floor and surfaces)	3	4	12	➤ Duty allocation- ➤ Develop a time plan for cleaners ➤ Have a check list for supervision	House keeper/Deputy principal Adm.
SPORTS AND RECREATION						
Objective: To identify and nature talented students in sports and games.						
Risk No.	Name of the Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
42.	Lose of sports equipment	2	2	4	➤ Maintaining key registers ➤ Stores office under lock and key always ➤ Lockable boxes ➤ Issuance register ➤ Sensitization	-Sports officer -P.O
43.	Injuries during games	2	2	4	➤ Sensitization on safety during games	Sports officer
44.	Lack of playing fields	4	4	16	➤ Request for alternative playground ➤ Hire playgrounds when need arise	Sports officer DP ADMIN
45.	Incompetent coaches	4	4	16	➤ Capacity building of coaches through training ➤ Expose the coaches in practical aspects	Sports officer DP ADMIN
46.	In adequate sporting equipment	3	3	9	➤ Budget for acquisition of sports equipment ➤ Seek for partnership and sponsorship from stakeholders	Sports officer DP ADMIN
GUIDANCE AND COUNSELLING						
OBJECTIVE: Provision of guidance and counseling services to students.						
Risk No.	Name of the Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
47.	Conflict of interest due to Dual relation	4	3	12	➤ Segregation of duties ➤ Scheduled counseling forum ➤ Peer counselors sensitization forum	G&C Coordinator
48.	Inadequate G&C skills	2	2	4	➤ Capacity building on trainers and peer counselors	G&C coordinator
49.	Inadequate funding	3	3	9	➤ Adequate budget	Principal

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50.	Unauthorized access to confidential information	1	4	4	➤ Coding of clients ➤ Key management	G&C Coordinator
51.	Inadequate funding	3	3	9	➤ Adequate budget	Principal Finance Officer

ICT SUPPORT

OBJECTIVE: To support effective ICT operations within the institute.

Risk No.	Name of the Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
52.	Attack by malware such as computer viruses, worm	3	3	9	➤ Install updated antivirus ➤ Limit software installation to ICT personnel only	HOD ICT Support ICT Technician
53.	Loss of departmental data.	4	2	8	➤ Backup of critical data ➤ Controlled access to server/ main office computers. ➤ Use of firewall	HOD ICT Support ICT Technician
54.	Unauthorized access to the institute systems	4	3	12	➤ Use of username and password for all users accounts ➤ Train user on how to safe guide critical login data ➤ Use of firewall	HOD ICT Support ICT Technician System end Users
55.	Out-dated software's and hardware's	2	4	8	➤ Continues upgrading of software/ hardware	HOD ICT support Principal
56.	Computer damage due to human/ electrical problems.	3	3	9	Proper cabling of computing devices Use of power guards and surge protectors Use backup battery for server computer Limit hardware repair to ICT personnel only. Repair and maintenance schedule per term for all computing devices	HOD ICT Support ICT Technician

PROCUREMENT

OBJECTIVE: Ensure that procurement of public goods and services is done as per the compliance laws and regulation and also in accordance with a system which is fair, competitive, transparent, equitable and cost effective.

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Risk No.	Name of the Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
57.	Delay in timely provision of essential services due to late approvals and delayed supplies	2	3	6	Timely approval	P.O FINANCE OFFICER
58.	Substandard or poor quality services	2	3	6	Inspection and acceptance committee put in place project supervision Supplier reviews	PRINCIPAL P.O
59.	Compliance risk	2	3	6	Adherence to laws and regulation in procurement	PRINCIPAL P.O
60.	Overstatement or understatement of the need	3	3	6	Preparation of proper budgeting	H.O.D'S
61.	Lack of procurement plan	1	5	5	Preparation of proper procurement plan	H.O.D'S P.O FINANCE OFFICER
ISO OBJECTIVE: To ensure that organization risk management, governance and internal control processes are operating effectively						
Risk No.	Name of the Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
62.	IMS non-compliance due to inadequate understanding of requirements by new staff	4	3	12	QMS as an agenda at departmental meetings Induction of new staff on QMS by HODs.	MR
63.	Non adherence to the audit programme	2	2	4	Circulation of the programme at the beginning of the year Support by the Top management	MR
64.	Failure to maintain ISO certification	3	3	9	Documented processes Monitoring and evaluation Internal audits Management reviews Payments for requisite fees Liaising with certification body	MR

DEPUTY PRINCIPAL ACADEMICS						
Risk No.	Name of the Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
65.	Poor lecture attendance by trainers	3	4	12	Enhance on trainers' daily attendance register. Enhance use of lecture attendance forms Enhance monitoring through spot checks	DPAA Academic HODS Class Reps
66.	Constant changes in the institutional timetable	4	2	8	Timely replacement& recruitment of trainers Properly prepared and validated workload. Appoint and train adequate timetableers	DPAA HOD'S HR
67.	Delay in recruitment of trainers	4	4	16	Enhance timely requisition of trainers. Enforce early recruitment. Maintain a data base for potential trainers	HOD HR
68.	Unauthorized interference with the institutional timetable	3	4	12	Enhance use of password policy to limit unauthorized access. Have lockable timetable noticeboards.	DPAA
69.	Failure to achieve the set performance target.	3	4	12	Enhance monitoring Follow up on exam analysis recommendations Conduct regular Academic meetings. Introduction of Departmental Academic Excellence trophy.	DPAA
MATHEMATICS AND SCIENCE DEPARTMENT						
Risk No.	Name of the Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
70.	Failure of maths trainers to attend to their duties on time	3	3	9	Monitoring lecturer attendance register Make-up lessons Sensitizing and addressing concerns in department meetings Make up lessons Escalating the matter if it persists	HOD Maths
71.	Failure/truancy of trainees to attend lectures	3	3	9	Conduct roll calls for every lesson Sensitization on the effects of absenteeism	HOD Maths

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72.	Unauthorized access to departmental sensitive printed and electronic data	4	2	8	Lockable cabinets Change password on departmental computer Sensitize the department staff on password policy	HOD Maths System admin
73.	Inadequate training resources e.g. department laptop, backup gadgets	2	4	8	Requisition of the gadgets and teaching materials	HOD Maths
74.	Ineffectiveness of trainers due to teaching overload	3	4	12	Request for adequate trainers	Principal HOD Maths
LIBERAL STUDIES						
Risk No.	Name of the Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
75.	Failure of teaching staff to attend to their duties	3	3	9	Monitoring lecturer attendance Sensitizing and addressing concerns in meetings Make up lessons Escalating the matter if it persists	HOD Liberal
76.	Failure of students to attend classes	3	3	9	Roll calls every lesson Sensitization on the effects of absenteeism	HOD Liberal Trainers
77.	Unauthorized access to sensitive unlikely and electronic data	4	2	8	Lockable cabinets Password on departmental computer Sensitize office staff	HOD Liberal System admin
78.	Inadequate resources e.g. laptop when needed.	2	4	8	Using available resources e.g. phone Requisition of the gadgets	Head of Department Trainers
79.	Ineffectiveness of trainers due to burnout	3	4	12	Request for staff	Head of Department
BUSINESS DEPARTMENT						

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Risk No.	Name of the Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
80.	Low enrollment	2	2	4	-Marketing Of departmental courses	-Process owner -Members/ trainers
81.	Poor Performance	2	2	4	-Timely Syllabus coverage	-Process owner -Members/ trainers
82.	Drop out Cases	3	3	9	-Counseling -Class attendance register	-Process owner -Class teachers -Members/ trainers
83.	Trainee Indiscipline	2	2	4	-Counseling -Institution's Rules and regulations	-Process owner -Class teachers -Members/ trainers
84.	Absenteeism By trainers	3	3	9	-Class attendance register -Teaching monitoring reports	-Process owner -Dps -Principal

ELECTRICAL DEPARTMENT

Risk No.	Name of the Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
85.	Electric shock & burns from contact with live wire	5	4	20	Covering of naked wires Earthing all metallic parts	H.O.D
86.	Injury from exposure faulty electrical equipments	5	4	20	Clear, clean gang ways Posters Use of PPEs	H.O.D
87.	Loss of tools and materials	4	4	16	CCTV REGISTERS TAGGING OF TOOLS	H.O.D Trainers
88.	Poor performance.	3	4	12	-Syllabus coverage -Sensitizing trainers On attendance -Lobbying for trainers.	HOD trainers

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89.	Trainers indisciplin	3	4	12	-Rules and regulation. Attendance register Counseling.	HOD trainers
INSTITUTIONAL MANAGEMENT DEPARTMENT						
Risk No.	Name of the Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
90.	Poor performance due to trainee absenteeism & truancy	4	4	16	➤ Sensitization ➤ class registers ➤ lesson attendance registers ➤ Disciplinary Actions register.	H.O.D INSTITUTIONA L MGT
91.	Poor performance due to high turnover of B.O.G Staff.	3	3	9	➤ Induction, ➤ Team teaching, ➤ Motivation, ➤ Improved working environment,	H.O.D INSTITUTIONA L MGT
92.	Theft of workshop equipment	4	3	12	➤ Tagging of equipment ➤ Issuance register ➤ Access control ➤ Induction a technicians	H.O.D INSTITUTIONA L MGT
93.	Injury during training	2	2	4	➤ Sensitization meetings, ➤ Workshop safety precautions, ➤ Provision of first aid kit	H.O.D INSTITUTIONA L MGT
94.	Destruction of property due to Fire Outbreaks	4	2	8	➤ Sensitizationmeetings, Install firefighting equipment, ➤ Carry out fire drills.	H.O.D INSTITUTIONA L MGT
ICT DEPARTMENT						
Risk No.	Name of the Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
95.	Inadequate teaching staff	3	3	9	-Requisition of additional trainers -Online teaching	-H.O.D
96.	Class Attendance Absenteeism	3	3	9	-Class attendance Register -Sensitization meetings	H.O.D

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97.	Assessment Absenteeism	3	3	9	-Awareness --Sensitization meetings	H.O.D
98.	Late preparation/submissions of teaching documents	3	3	9	-Effective communication --Sensitization meetings	H.O.D
99.	Low enrolment	3	3	9	-Marketing -Publicity	H.O.D

BUILDING DEPARTMENT

Risk No.	Name of the Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
100.	Unattended classes	3	3	9	➤ Monitoring lecturer attendance register ➤ Close monitoring of lectures attendance	HOD
101.	Inadequate skills in some trainers	2	2	4	➤ Capacity building sessions for trainers	HOD
102.	Inadequate staff(trainers)	3	3	9	➤ Lobbying for more trainers	HOD System admin
103.	Pilferage in the workshops	3	3	9	➤ Install surveillance cameras ➤ Additional technician ➤ Surcharging the culprits	HOD
104.	Inadequate learning equipment in the workshop	3	3	9	➤ Arranging the learners in groups when in the workshop ➤ Lobbying for more learning equipment	HOD

ODeL

OBJECTIVE: Evaluation of the curriculum

Risk No.	Name of the Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
105.	Unavailability of standard online content	3	3	9	➤ Motivation to content developers ➤ Ensure adherence to TVET ODeL standard ➤ Moderate/approve online content	-H.O.D -ODeLcommitee
106.	Low uptake of on online classes	2	2	4	➤ Creation of awareness ➤ Training	H.O.D

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107.	Absenteeism for residential sessions	3	3	9	➤ Induction of trainees at the start of the programme ➤ Effective communication	H.O.D
108.	Non adherence to timelines in online submission for assignment	3	3	9	➤ Control in the LMS platforms ➤ Induction of trainees at the start of the programme ➤ Effective communication	H.O.D
109.	Plagiarism of content	3	3	9	➤ Use of anti-plagiarism software ➤ Encourage use of open education resources	H.O.D
EXAMINATION OFFICE						
OBJECTIVE: Evaluation of the curriculum						
Risk No.	Name of the Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
110.	Exams malpractice	3	3	9	➤ Invigilation ➤ Structural Arrangements in the Exams Rooms ➤ Punishing the Offenders ➤ Enough Revision ➤ Adequate Syllabus Coverage ➤ Training in Ethics and Integrity ➤ Holding Rehearsal Days	• Principal • Examination s Officer • Supervisors • Invigilators
111.	Invigilator does not turn-up or lack of invigilator	4	3	12	➤ Automate Timetabling of Internal Exams ➤ Create Invigilator Timetables ➤ Employ Emergency Invigilator(s) ➤ Examinations Office to Cover ➤ Discipline the Offenders	• Principal • Examination s Officer
112.	Wrong registration of candidates for national examinations	2	3	6	➤ Candidates Signs the Nominal Roll after Verifying the Correctness of their Registration Details ➤ Candidates Write Exams as Under –Protest ➤ Write an Official Letter to KNEC informing them of the Wrong Registration ➤ Candidates indicate their Course and Module on The KNEC Result Slip Being	• Principal • Examination s Officer • Academic HODs

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					Used For Registration	
113.	Receiving inaccurate entry of information and non-adherence to examinations timelines	4	3	12	➤ Subject Teachers/HODS ensure Entry Check-Lists are Correct and are submitted on Time. ➤ Discipline The Offenders	• Principal • Examination s Officer • Academic HODs
114.	Access of exam information by unauthorized users	3	2	6	➤ Acquire enough door keys for every Authorized User ➤ Create Passwords when Booting Computers ➤ Create Passwords on every Folder/File created ➤ Create, Fill and File Record Control Sheets as is Appropriate	• Principal • Examinations Officer
INDUSTRIAL LIAISON OFFICE						
OBJECTIVE: To ensure quality training through industrial attachment.						
Risk No.	Name of the Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
115.	Lack of placements for trainees.	3	3	9	➤ Collaboration with industries ➤ Create awareness ➤ Database for industrial contacts	ILO
116.	Failure to assess some students on attachment.	3	3	9	➤ Sensitization of trainees	ILO
117.	Indiscipline of students on attachment.	3	2	6	➤ Sensitization of students ➤ Introduce commitment form	ILO
118.	Accidents on the trainees while on attachment.	2	2	4	➤ Awareness on safety precautions ➤ Provide insurance covers to trainees	
119.	Unauthorized access for office files (hard copies of information).	2	2	4	➤ Provide lockable door ➤ Provide lockable cabinets ➤ Clear the desk, clear the screen	

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LIBRARY.						
OBJECTIVE: To ensure access of quality and up-to-date academic course and reference materials in the institute						
Risk No.	Name of the Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
120.	Theft of library materials	4	3	12	➤ Installation of CCTV Cameras ➤ Installation of security systems ➤ User sensitization ➤ Stamping	Librarian FO
121.	Wearing and tearing of library materials	2	2	4	➤ Putting book covers ➤ Maintain cleanliness ➤ Dusting	Librarian
122.	Obsolete materials	2	2	4	➤ Frequent acquiring of materials ➤ Use of E-Books	Librarian HODs
123.	Misplacing/Mis-shelving of library materials	2	2	4	➤ Proper shelving ➤ Proper marking of shelves	Librarian
124.	Mutilation of library materials	3	2	6	➤ Fine the offenders ➤ Replacement of book if badly mutilated ➤ User sensitization	Librarian
QUALITY ASSURANCE						
Risk No.	Name of the Risk	Likelihood	Consequences	Weight/ Risk Level	Mitigation Control	Responsibility
125.	Carrying out audits	4	2	8	➤ Control register attendance ➤ Copy of audited tool ➤ Circulars	Principal,QA

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					➤ Memos	
126.	Lateness of the trainers and support staff on work	4	2	8	➤ Clock in register ➤ Regular spot checks ➤ Biometric entrance	Principal HR QA
127.	Negligence of duty	5	3	15	➤ Warning letter ➤ Audit reports	Principal QA
128.	Capacity building of DIQAR	3	2	6	➤ Request from the Principal	Principal QA
129.	Registration of trainers	5	3	15	➤ Register with TVETA ➤ HR policy ➤ Staff meeting	Principal QA

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Michuki Technical Training Institute exists to transform lives. This is our purpose; the driving force behind everything that we do. It's what guides us to deliver our strategy: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

a. 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 benefited greatly through the financial Support received from national government through NGCDF, NGAAF, HELB, grants and capitation. This has led to improved and expanded infrastructure thus resulting in increased student enrolment.

Social:Devolution system of Government has contributed to the increased demand for skills at the county level hence increased student enrolment. This has a direct positive impact to the community around the institution.

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

Category	Issue(s)	Description of effect	Action to mitigate
Political	Favourable Political situation	➤ Increased student enrolment ➤ Conducive learning environment	➤ Surveillance and intelligence on potential risks
	Devolution system of Government	➤ Demand for skills at the county level hence increased student enrolment	➤ Lobby/ Create linkages with the County Governments.
	Financial Support from national government through NGCDF, NGAAF, HELB, grants and capitation.	➤ Improved and expanded infrastructure ➤ Increased students enrolment	➤ Prudent use of government funds ➤ Accountability in the use of available resources

b.Environmental Sustainability

The institute has an environmental policy that provides an framework for: reducing negative environmental impacts such as such energy or water consumption, waste management or impacts on natural systems. Michuki Technical Training Institute has adopted the following.

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- a) Waste segregation bins for ease disposal and further treatment / processing. This has resulted in an effective and sustainable waste management system and reduction of pollution
- b) Having an annual environmental awareness week and participation in college environmental activities spearheaded by the Nature Club. The year under report environmental awareness week culminated in planting trees within the communities surrounding the institution.
- c) Energy conservation by use of "Turn off lights stickers " being mounted on switches all around the institution. The stickers were sensitize the institute community on energy saving

C). Economic and Financial Sustainability

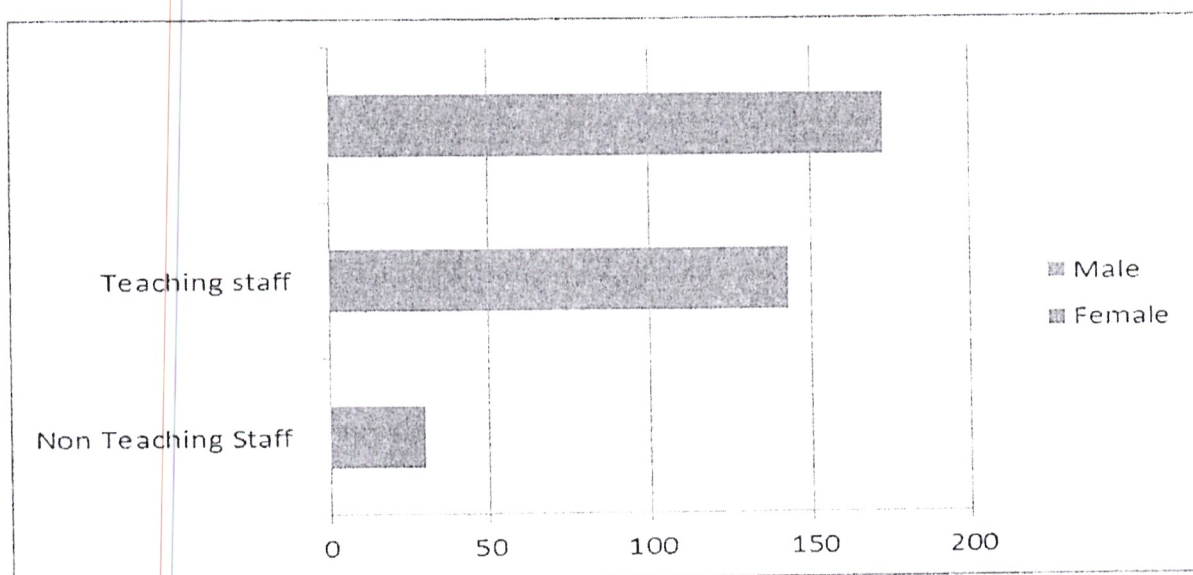
Michuki Technical Training Institute is largely financed by the Government of Kenya to undertake its core mandate. This is supplemented with internally generated funds from tuition fees charged to students. Furthermore, the institute has rationalized its activities to fit within existing budgetary allocations. This is done to enhance financial sustainability.

c. Employee welfare

At Michuki Technical Training Institute, we integrate the principles of social responsibility into our core mandate internally by exhibiting the behaviours of good corporate governance, ethical decision making, and providing our personnel with opportunities to develop and excel. We also seek to minimize our environmental impact and seek to enhance the amenity of residential communities.

We value our employees who are directly or indirectly involved in training of our students and contribute to their 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.

The Institutes Human Resource Manual guides on hiring and appraisal of the staff. Staff training and development has been factored in the annual budget to ensure that our staff are trained and equipped in regard to emerging issues. Michuki Technical Training Institute has total of 173 employees of which 97 are male and 76 are female as show by the graph below



d. Market place practices

Responsible Supply Chain and Supplier relations

As per the government policy and Section 227 of The Constitution of Kenya, the institute has ensured that it complies with procurement regulations.

1. All procurement activities are 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.
2. The Institute has maintained and continuously updated a list of registered suppliers, contractors and consultants in various specific categories of goods, works or services according to its procurement needs

Michuki Technical Training Institute ensures that;

- i) Customers are provided with support when and where required. This entails listening keenly to suppliers, contractors and consultants and responding appropriately.
- ii) 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.
- iii) When doing procurement planning, the institute has complied with preference and reservation requirements.

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- 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.
- vi) The institute participated in the Regional Athletic held at Kigumo Teachers College and emerged position one (1).
- vii) The Institute has marketing policy for its programmes that guides on the safety of the consumers rights and interest with an objective of enhancing visibility of the Institute and its programmes and as well as positioning Michuki Technical Training Institute of choice.

e. Corporate Social Responsibility/ Community Engagements

The Institute carried out various CSR activities during the year under review. These activities include:

- Providing tree seedlings
- Tree planting within the community shopping centres
- Cleaning the environment amongst others
- Provide free dustbins to the community within the county (Kangema and Kiria-ini)
- Under the same financial year 2021/2022, the community around the Institute managed to increase students 'accommodation spaces from 4,500 to 4,800.

a) School Environmental Awareness Programmes

The institute has embraced school environment programmes as tool of enhancing awareness creation on environmental conservation. The programme entailed creating awareness on environmental conservation among school children and community members. The students are taught how to plant trees seedlings to ensure higher survival rates and also to take care of them till maturity. They ultimately plant on the importance of trees on enhancing ecological balances thus sustaining livelihoods as depicted by below photo.



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X. REPORT OF THE COUNCIL/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 *Michuki Technical Training Institute* affairs.

Principal activities

The principal activity of the entity to provide Technical, Vocational and Entrepreneurship Training (TVET) using appropriate technology to empower trainees for individual and national development

Results

The results of the entity for the year ended June 30 are set out on page 1-5.

COUNCIL/BOARD OF GOVERNORS

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

Auditors

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

By Order of the Board



.....
Institute Secretary

Date: 19/04/2023

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL
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XI. STATEMENT OF BOARD OF GOVERNORS/COUNCIL MEMBERS' RESPONSIBILITIES

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

The Board members are responsible for the preparation and presentation of the *entity* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *entity*; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *entity*; (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 *entity* 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. The Board members are of the opinion that the *entity's* financial statements give a true and fair view of the state of *entity's* transactions during the financial year ended June 30, 2022, and of the *entity* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the *entity*, which have been relied upon in the preparation of the *entity* 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 *entity* 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 financial *entity's* statements were approved by the Board on 27th September, 2022 and signed on its behalf by:

Name SILAS G. MUCUONGO

Signature 

Chairperson of the Board/Council

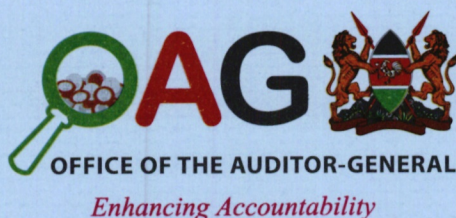
Name J. G. NDIRANGU

Signature 

Accounting Officer/Principal

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON MICHUKI 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 Michuki 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 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 Michuki 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 Public Finance Management Act, 2012 and The Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1. Property, Plant and Equipment

The statement of financial position and as disclosed in Note 31(b) reflects a balance of Kshs.722,970,473 in respect of property, plant and equipment. However, included in the balance are eight (8) motor vehicles registered in the name of Michuki Technical High School or jointly registered under Michuki Technical High School and a commercial bank.

In addition, one (1) motor vehicle under the driving school department had private registration plate instead of the required parastatal plates. There was no documentary evidence exempting the motor vehicle from registration as a parastatal vehicle. Further, review of the property, plant and equipment movement schedule indicated that the institution acquired assets totalling Kshs.20,341,347 which have not been recorded in the asset register or tagged for ease of identification.

In the circumstances, the accuracy, completeness and ownership of the property, plant and equipment valued at Kshs.722,970,473 could not be confirmed.

2. Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions amount of Kshs.22,484,118 which, as disclosed in Note 27 to the financial statements includes student debtors amount of Kshs.19,690,079. However, an amount of Kshs.18,524,239 or 94% of student debtors was outstanding for more than ninety days contrary to the Institute's credit control and debts management policy. Further, debts owed by Tetu TVC and Kigumo TVC amounting to Kshs.2,639,364 and Kshs.548,477 respectively had been outstanding for long without any action being taken to recover them.

In circumstances, the accuracy and recoverability of the receivables from exchange transactions of Kshs.22,484,118 could not be confirmed.

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

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects a revenue budget of Kshs.337,504,000 against an actual on comparable basis of Kshs.244,622,588 resulting in unrealized revenue of Kshs.92,881,412 or 28% of the budget.

The underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

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. Employees Costs

The statement of financial performance reflects employees' costs amount of Kshs.29,046,473 which, as disclosed in Note 16 to the financial statements includes Kshs.1,864,000 being casuals' wages for the year under review. However, Management did not maintain a muster roll to record the casuals and days worked. Instead, details of casuals contracted were extracted manually from temporary sheets. In addition, there was no attendance register.

Further, the salary structure applicable in the Institute was proposed and approved by the Board of Governors. However, to ensure standardization of the employees' salaries and benefits, the Institute did not seek approval or concurrence from the Technical and Vocational Education and Training Authority contrary to Section 29(m) of the Technical and Vocational Education Training Act, 2013, which provides for "consultancy between the Authority and Board when setting the schemes of services which defines the salary structure.

In the circumstances, value for money may not have been realized on the expenditure of Kshs.1,864,000 on employee costs. In addition, Management was in breach of the law.

2. Lack of Staff Ethnic Diversity

Examination and analysis of personnel records revealed that the Institute has two hundred and four (204) staff members out of whom one hundred and thirty-six (136) or 66.7% of the staff members are from the dominant ethnic 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 law.

3. Incomplete Composition of Board of Directors

During the year under review, the board held eight (8) meetings. However, one (1) board member only attended two (2) sessions. There was no evidence that the member's appointment was revoked contrary to Section 9(g) of the Technical and Vocational Education and Training Act, 2013 which states that the appointment of a member of the Board shall cease if the member is absent from three consecutive meetings of the Board without the permission of the chairman. Further, one (1) board member passed on in the year 2020 and is yet to be replaced thus incapacitating the operations.

In the circumstances, Management was in breach of law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Failure to Insure the Institute Assets

Review of the Internal controls at the Institute and the loss of property mitigation measures in the event of a disaster revealed that the Management had not taken any Insurance cover to safeguard its properties against fire, burglary and theft or any other calamity. Further, employees were also not covered in case of any injury in the course of their duty.

In the circumstances, the effectiveness of the internal control mechanisms and risk mitigation measures in case of unforeseen calamities could not be confirmed.

2. Lack of an Information Technology (IT) Internal Controls Policy and Information and Communication Technology (ICT) Strategic Committee

Audit of the Institute revealed the following;

- i. That there was no IT policy in place.
- ii. The Institute lacked an IT strategic committee.
- iii. There were no burglar doors or restriction to the computer rooms thus leading to insecurity to the institutes' information.
- iv. There were no air conditioning systems in the computer room.

In the circumstances, the effectiveness of the IT governance and internal controls could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit 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 control, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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 noncompliance. 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 sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

13 June, 2023

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL
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XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2022

	Notes	FY 2021-2022	FY 2020-2021
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government–grants	6	66,997,500	121,790,000
Total Revenue from non-exchange transactions		66,997,500	121,790,000
Revenue from exchange transactions			
Rendering of services- Fees from students	10	168,725,226	76,082,404
Rental revenue from facilities and equipment	12	306,650	291,160
Other income	14	8,593,212	2,379,577
Revenue from exchange transactions		177,625,088	78,753,141
Total revenue		244,622,588	202,698,439
Expenses			
Use of goods and services	15	138,257,428	93,196,339
Employee costs	16	29,046,473	14,446,865
BOG Emoluments	17	1,785,000	3,312,300
Depreciation and amortization expense	18	36,302,036	32,926,382
Repairs and maintenance	19	20,238,577	27,878,064
Government Transferred to Mentored Institution		-	17,874,165
Total expenses		225,183,445	189,634,324
Net (deficit)/surplus for the year		18,993,074	13,064,324

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XIV. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022

	Notes	FY2021- 2022	FY 2020/2021
			Kshs
Assets			
Current assets			
Cash and cash equivalents	26	69,771,393	160,849,340
Receivables from exchange transactions	27	22,484,118	14,650,658
Helb & bursary		(4,903,200)	
Total Current Assets		87,352,311	175,499,998
Non-current assets			
Biological assets	31a	568,750	650,000
Property ,plant and equipment	31b	722,970,473	627,699,033
Intangible Asset-Computer software	32	1,784,275	2,787,930
Total Non-Current Assets		725,323,498	631,136,963
Total assets		812,675,809	806,636,961
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	34	24,295,654	20,807,835
Total Current Liabilities			
Total liabilities		24,295,654	20,807,835
Reserves			
Capital reserve		566,714,000	566,714,000
Revenue Reserve		146,627,469	137,067,597
Revaluation Reserve		74,588,686	81,597,529
Fair value adjustment		450,000	450,000
Total Capital and Reserves		788,380,155	785,829,126
Total Liabilities and Capital & Reserves		812,675,809	806,636,961

Chairman of Council/Board of Governors

Finance Officer
ICPAK No22979

Principal

Date...19/04/2023

Date...19/04/2023

Date...19/04/2023

XV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30TH JUNE 2022

	Notes	Revaluation reserve	Revenue Reserve	Capital reserves	Fair value adjustment reserve	Total
Balance c/d as at June 30, 2019		-	75,969,875	524,614,000	-	600,583,875
Balances as at 1st July, 2019		-	75,969,875	524,614,000		600,583,875
Additional capital reserve (land at market price)				42,100,000		42,100,000
Revaluation reserve		74,588,686	-			74,588,686
Fair value gain					450,000	450,000
Surplus for the year		-	(44,807,102)	-	-	(44,807,102)
Balance c/d as at June 30, 2020 as previously stated		74,588,686	31,162,773	566,714,000	450,000	679,924,302
Prior year adjustment						
NYS receivables			92,840,500			92,840,500
Balance c/d as at June 30, 2020 as restated		74,588,686	124,003,273	566,714,000	450,000	798,628,461
Surplus for the period		-	13,064,324	-		13,064,324
Balance c/d as at 30 TH , June 2021		74,588,686	137,067,597	566,714,000	450,000	778,820,283
Surplus for the year June 2022			18,993,074			18,993,074
Increase in Provision for bad debts & doubtful debts			(393,802)			(393,802)
Prior year adjustment -NYS			(9,039,400)			(9,039,400)
Balance as at June 30,2022		74,588,686	146,627,469	566,714,000	450,000	788,380,155

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XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2022

		2021/2022	2020/2021
		Amount (KSH)	
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants		66,997,500	139,664,165
Rendering of services- Fees from students		168,725,226	60,363,537
Rental revenue from facilities and equipment		306,650	291,160
Other income		8,593,212	2,379,577
Total Receipts		244,622,588	202,698,439
Payments			
Use of goods and services		138,257,428	91,963,083
Employee cost		29,046,473	14,446,865
Repair and maintenance		20,238,577	27,878,064
BOG Emoluments		1,785,000	3,312,300
Other payments			22,325,800
Total Payments		189,327,478	156,011,040
Net cash flows from operating activities		55,295,110	
Cash flows from investing activities			
Purchase of property, plant, equipment		146,373,057	77,485,494
Net cash flows used investing activities		(91,077,947)	77,485,494
Cash flows from financing activities			
Proceeds from borrowings		-	
Repayment of borrowings		-	
Increase in deposits		-	
Net cash flows used in financing activities			
Net(decrease) in cash and cash equivalents		(91,077,947)	78,525,546
Cash and cash equivalents as at 1 st July 2021		160,849,340	82,323,794
Cash and cash equivalents as at 30TH JUNE 2022		69,771,393	160,849,340

XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2022

	Original budget	Adjustments	Final budget	Actual	Performance difference
	FY 2021-2022	FY 2021-2022	FY 2021-2022	FY 2021-2022	FY 2021-2022
	a	b	c=a+b	d	e=d/c %
	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue					
Transfers from other Govt entities Govt grants	105,000,000		105,000,000	66,997,500	-36%
Rendering of services- Fees from students	217,280,000		217,280,000	168,725,226	-20%
Rental revenue	444,000		444,000	306,650	-31%
Other income	14,780,000		14,780,000	8,593,212	-42%
Total income	337,504,000		337,504,000	244,622,588	
Expenses					
Use of Goods and services	137,192,200		137,192,200	138,257,428	-1%
Employee cost	31,036,000		31,036,000	29,046,473	6%
Repair and maintenance	20,000,000		20,000,000	20,238,577	-1%
Remuneration of Directors	1,666,600		1,666,600	1,785,000	-7%
Development	147,609,200		147,609,200	145,063,641	2%
Total expenditure	337,504,000		337,504,000	334,391,119	

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Notes to the statement of comparison of budget and actual amounts

a. Transfers from other Government entities & Government grants -36%

In the financial year 2021-2022 the institute received Funding from the Ministry for capitation but did not receive quarter four allocation

b. Rendering of services -20%

The parents were affected by the hard economic hence less fees payment and some students defers their studies

c. Rental revenue -31%

The year under review some of the staffs houses were under repair hence were not occupied.

d. Other incomes -42%

There was less sales of farm produce, printing and photocopy services

XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Michuki Technical Training Institute is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide Technical Vocational and entrepreneurship Training (TVET).

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: •Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; •Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and •Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: 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

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Standard	Effective date and impact:
	financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
IPSAS 43 Leases	Applicable: 1st January 2025 The new standard requires entities to recognize, measure and present information on right of use of assets and lease liabilities. The objective of the standard is to ensure that leases and lessor provides relevant information in manner that faithfully represents that transaction. The information will give basis for which users of financial statements assess the effect the leases have on the financial position, financial performance and cash flows of an entity.
IPSAS 44 No-Current Assets Held for sale and Discontinued Operation	Applicable: 1st January 2025 The new standard requires entities with assets that meet the criteria of being classified as held for sale ;to be measured at lower of carrying amount and fair value less cost to sell and the depreciation of such assets to cease and Assents that meet the criteria of being classified as held for sale to be presented separately in the statement of financial position and results of discontinued operations to be presented separately in the statement of financial performance.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2021.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions-IPSAS 23

Transfers from other government entities

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

ii) Revenue from exchange transactions –IPSAS 9

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 –IPSAS 24

The original budget for FY 2021/2022 was approved by the Council or Board on 30th June 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity did not record additional appropriations on the FY 2021/2022 budget following the Council/ Board's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. 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.

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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 page 5 of these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per first schedule of the Income Tax Act.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

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.

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 50 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 –IPSAS 17

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

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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.

Freehold land is not depreciated as it is deemed to have an infinite life

The annual depreciation rates of assets in use are as follows:-

<u>Assets</u>	<u>Rate (p.a)</u>
Buildings	2%
Furniture, plant and equipment	12.5%
Motor vehicles	25 %
Computers	33.3 %
Software	20%

Fixed assets are stated at cost or valuation, less accumulated depreciation. Depreciation is on reducing balance basis.

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 Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

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

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

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

g) Intangible assets –IPSAS 31

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. The assets are subjected to a full years depreciation except those acquired within the last three months of the year at rate of 20%

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h) Research and development costs

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

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

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

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 Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Loss arising from impairment is 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 Entity 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 Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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 a entity 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 Entity 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.

i) Inventories –IPSAS 12

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.

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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)

i) 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 Entity.

j) Provisions –IPSAS 19

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

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

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

Contingent liabilities

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

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments

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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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

n) 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.

o) 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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

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

q) Service concession arrangements

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

r) 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 imp- rest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

s) Comparative figures

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

t) 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.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

During the year under review the institution received funds from the Ministry of Education as tabulated below; capitation grants was distributed to the students and the other grants were transferred to the relevant institutions.

Description	FY2021-2022	FY 2020-2021
	KShs	KShs
Unconditional grants		
Capitation grants	66,997,500	121,790,000
Capitation grant -Kandara	5,535,000	6,254,998
Operation grant-Kandara		1,000,000
Operational grant -Tetu		1,500,000
Capitation grant –Tetu		4,025,000
Capitation grant Mathioya		1,627,500
Conditional grants		
Library grant		
Hostels grant		
Administration block grant		
Learning facilities grant –(Kieni TVC)	15,750,000	
Learning facilities grant –(Kigumo TVC)	19,014,188.00	
Total Transferred	34,764,188.00	3,466,667
Total government grants and subsidies	107,296,688	139,664,165

(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2020-2021
	KShs	KShs	KShs	KShs	KShs
Ministry/State Department	66,997,500	-	-	107,296,688	139,853,265
Ministry					
Total	66,997,500	-	-	107,296,688	139,853,265

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. RENDERING OF SERVICES

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Tuition fees	103,022,986	56,074,353
P/Emolument teaching staff	16,727,303	19,555,467
Repair and maintenance	5,098,693	5,422,500
Local transport & travel	9,146,965	9,797,562
Activity fees	10,161,968	11,756,422
Electricity Water & Conservation	10,125,846	10,744,038
Insurance	982,350	1,017,002
Administration	32,369,606	22,102,153
Student Welfare	3,053,590	3,074,655
Gratuity	1,511,203	1,538,760
P/Emolument Casual	4,729,200	2,822,345
Capacity Building	978,668	997,851
Practical	17,022,607	15,796,373
Arrears	340,504	
P/Emolument non -teaching staff	10,089,053	11,460,941
Industrial attachment fees	7,174,343	9,993,115
Receivable from National Youth Service	-	9,039,400
Receivable from Mentoring institution	3,187,841	
Sub-Total	232,534,885	171,206,041
Less :Capitation	(66,997,500)	(121,790,000)
Total revenue from the rendering of services	168,725,226	49,416,041

This is the revenue from student's fees which has been guided by student fee structure to various vote heads.

12. RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
House Rent	306,650	291,160
Total	306,650	291,160

The institute has rental houses and also receive rent from hire of kitchen

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. OTHER INCOME

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
College ID cards	1,493,000	15,250
Hostel fees	3,573,782	811,220
Computer packages	162,500	115,205
Driving Course	1,986,666	1,058,298
T-Shirts	-	1,463
Farm Account	68,000	50,527
Bus hire	616,888	126,850
Library card	380	1,234
Miscellaneous(photocopy ,printing &sale of absolute assets)	691,996	199,530
Total other income	8,593,212	2,379,577

15. USE OF GOODS AND SERVICES

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Teaching and learning materials	26,562,109	7,975,281
Transport and travelling	505,473.38	655,025
Insurance expense	1,170,764	1,112,268
Administration cost	43,103,761	30,223,401
Electricity, Water &conservation	6,948,317	9,268,430
Activity & sport	3,254,228	1,119,491
Nita Expenses	22,850	23,550
Fuel & gas	3,658,933	1,988,370
Pay as you Eat Expenses	21,590,525	13,712,807
Capacity Building expense	2,543,084	1,511,380
Caution Expenses	13,000.00	58,400
Practical materials	25,158,053	20,477,504
Industrial attachment costs	955,081	302,400
Student Welfare	714,501	1,780,700
Hostel Expenses	-	165,995
Prepaid fees refund	892,181	2,250,567
Bank charges	8,920	5,436
Sub -Total	137,101,780	91,963,083
Others		
Driving course expense	387,125	367,531
Farm expense	302,695	165,403
T-Shirts	436,344	
Computer package expenses	29,484	32,400
Total use of good and services	138,257,428	93,196,339

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

16. EMPLOYEE COSTS

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
P/E Non- teaching staff	7,770,734	5,174,486
P/E teaching staff	18,550,599	6,058,285
Casual	1,864,000	1,719,600
Gratuity	861,140	1,494,494
Employee costs	29,046,473	14,446,865

17. REMUNERATION OF DIRECTORS

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
BOG Emoluments	1,785,000	3,312,300
Total director emoluments	1,785,000	3,312,300

18. DEPRECIATION AND AMORTIZATION EXPENSE

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Property ,plant and equipment	35,855,967	32,368,796
Amortization of Intangible Assets-ERP	446,069	557,586
Total depreciation and amortization	36,302,036	32,926,382

19. REPAIRS AND MAINTENANCE

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Repair and maintenance	20,238,577	51,381,063
Total repairs and maintenance	20,238,577	51,381,063

26. CASH AND CASH EQUIVALENTS

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
KCB Current Account	48,229,382	95,686,307
Equity Bank	6,454,310	50,569,741
Amica saving&credit	2,646,306	2,155,197
KCB Saving Account	12,437,579.00	12,437,579
Cash at Hand	3,816	516
Total cash and cash equivalents	69,771,393	160,849,340

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL
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26(a).DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Description	FY 2021-2022	FY 2020-2021
KCB Current Account	48,229,382	95,686,307
Equity Bank	6,454,310	50,569,741
Amica saving&credit	2,646,306	2,155,197
KCB Saving Account	12,437,579.00	12,437,579
Cash at Hand	3,816	516
Total cash and cash equivalents	69,771,393	160,849,340

Cash and cash equivalent comprises of cash at bank and cash at hand

27. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	FY 201-2022	FY 2020-2021
	KShs	KShs
Current receivables		
Student debtors	19,690,079	2,971,894
Receivable from National Youth Service	-	9,039,400
Receivable from Tetu Tvc	2,639,364.00	2,639,364
Receivable from Kigumo Tvc	548,477	-
Total current receivables	22,877,920	14,650,658.00
Provision for bad & doubtful debts	393,802	-
	22,484,118	14,640,658

HELB & BURSARY

Description	FY 2021-2022	FY2020-2021
	KShs	KShs
HELB	3,500,754	
BURSARY	1,402,446	
TOTAL	4,903,200	

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL
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31a. Biological Assets

Description	FY 201-2022	FY 2020-2021
	KShs	KShs
At the start of year	650,000	2,787,930
Addition	-	-
Fair Value gain	-	-
At the end of year	568,750	650,000

The institute has bearer biological assets in respect of cows. In addition the institution has five cows (3 heifer and 2 Calves)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

31b. PROPERTY, PLANT AND EQUIPMENT

<i>PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION</i>								
	LAND	BUILDINGS	MACHINERY	MOTOR VEHICLES	COMP EQUIP	FURNITURE & FITTINGS	Library books	TOTAL
	-	2%	12.5%	25%	33%	12.5%	12.5%	
Cost	Shs	Shs	Shs	Shs	Shs	Shs		Shs
		0	0	0	0	0	0	
At 30 th June 2018		313,000,000	157,000,000	15,000,000	9,350,000	15,064,000	15,000,000	524,414,000
Additions		7,002,042	-	-	-	928,000	-	7,930,042
At 30 th June 2019		320,002,042	157,000,000	15,000,000	9,350,000	15,992,000	15,000,000	532,344,042
Additions	-	2,420,215		14,803,120	2,484,950	2,409,500		22,117,785
Valuation	42,100,000	57,887,958	52,835,012	150,000	690,800	7,606,180		161,269,950
At 30 th June 2020	42,100,000	380,310,215	104,164,988	29,953,120	12,525,750	26,007,680	15,000,000	610,061,753
								0
Depreciation and impairment								0
At 30 June 2019	-	6,400,041	19,625,000	3,750,000	3,113,550	1,999,000	-	34,887,591
Reversal upon valuation	-		19,625,000	3,750,000	3,113,550	1,999,000	-	28,487,550
Depreciation	-	7,606,204	13,020,624	7,488,280	4,171,075	3,250,960	-	35,537,143
At 30 th June 2020	-	7,606,204	13,020,624	7,488,280	4,171,075	3,250,960	-	35,537,143
Net book values								0
At 30 th June 2020	42,100,000	372,704,011	91,144,364	22,464,840	8,354,675	22,756,720	15,000,000	574,524,610
At 30 th June 2019	-	313,602,001	137,375,000	11,250,000	6,236,450	13,993,000	15,000,000	497,456,451
At 30 th June 2020	42,100,000	372,704,011	91,144,364	22,464,840	8,354,675	22,756,720	15,000,000	574,524,610
Transfer from work in progress		9,492,364						9,492,364
Additions		27,425,891	827,810	4,530,526	1,625,947	2,563,494		36,973,668
Amendments		24,510,905				368,436		24,879,341

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

At 30th June 2021	42,100,000	434,133,171	91,972,174	26,995,366	9,980,622	25,688,650	15,000,000	645,869,983
Depreciation		8,682,663	11,496,522	6,748,842	3,323,547	3,165,027		33,416,601
Net book value as at 30th June 2021	42,100,000	425,450,508	80,475,652	20,246,525	6,657,075	22,523,623	15,000,000	612,453,383
Additions	0	130,170,949	2,244,526	0	3,462,923	9,959,799	534,860	146,373,057
Total as 30th June 2022	42,100,000	555,621,457	82,720,178	20,246,525	10,119,998	32,483,422	15,534,860	758,826,440
Depreciation	0	11,112,429.14	10,340,022.25	5,061,631.25	3,339,599.34	4,060,427.75	1,941,857.5	35,855,967
Net book value as at 30th June 2022	42,100,000	544,509,028	72,380,156	15,184,894	6,780,399	28,422,994	13,593,003	722,970,473

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

**31 (b) Property, Plant and Equipment at Cost
Valuation**

Land and buildings were valued by ICON Valuers an independent valuer on 22nd June 2020 on market Value basis of valuation. These amounts were adopted on 30th June 2020.

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land			
Buildings	359,340,512	15,798,649	343,541,863
Plant and machinery	157,827,810	24,517,146	133,310,664
Motor vehicles, including motorcycles	34,333,646	14,237,122	20,096,525
Computers and related equipment	13,460,897	5,797,022	7,663,875
Office equipment, furniture, and fittings	20,964,994	6,415,987	14,549,007
Total	585,927,859	66,765,926	519,161,934

32. Intangible Assets-Computer Software

Description	FY 2021-2022	FY 2020/201
	Kshs	KShs
ERP	2,230,344	2,787,930
Addition	-	-
Depreciation	446,069	557,586
Net Amount	1,784,275	2,230,344

34. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	FY 2021-2022	FY 2020-2021
	KShs	KShs
Trade payables	240,706	-
Fees paid in advance	1,718,181	1,636,659
Caution money	7,855	-
NITA Exam	1,254,112	154,084
KNEC Exam Fee	10,565,226	13,582,957
Contractors Retention	10,484,574	2,610,690
TSC Muranga	25,000	-

**MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL
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Payable to mentees		
Payable to Tetu Tvc	-	1,117,500
Payable to Mathioya Tvc	-	1,627,500
Total trade and other payables	24,295,654	20,807,835

44. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2022				
Receivables from exchange transactions	19,690,079.25	19,296,278		393,802
Receivables from non-exchange transactions	-	-		
Bank balances	59,964,720	-		
Total At 30 June 202	79,654,799.25	19,296,278		
Receivables from exchange transactions	19,690,079.25	19,296,278		
Receivables from non-exchange transactions	-	-		
Bank balances	59,964,720	19,296,278		
Total	79,654,799.25	19,296,278		

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL
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44. FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (continued)

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

The entity has no significant concentration of credit risk on amounts

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

(ii) Liquidity risk management

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Payables to Tetu&Mathioya	2,745,000	-	-	2,745,000
Prepaid fee	-	1,636,659	-	1,636,659
Total	2,745,000	1,636,659	-	4,381,659
At 30 June 2022				
Trade payables		240,706		240,706
Fees paid in advance			1,718,181	1,718,181
Caution money			7,855	7,855
NITA Exam		1,254,112		1,254,112
KNEC Exam Fee		10,565,226		10,565,226
Contractors Retention		10,484,574		10,484,574
TSC Muranga		25,000		25,000
Total AS At June 2022	-	22,569,618	1,726,036	24,295,654

NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

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

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

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL
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return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The entity'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 entity's exposure to market risks or the manner in which it manages and measures the risk.

45. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Students
- iv) Parents/Guardians/ Sponsors
- v) Community
- vi) Government
- vii) Staff
- viii) External Providers (Suppliers)
- ix) Key management;
- x) Board of Governors ;

NOTES TO THE FINANCIAL STATEMENTS (Continued)

46. SEGMENT INFORMATION

The institution operates only in one geographical regions or in departments, and thus IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments does not apply.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

50. EVENTS AFTER THE REPORTING PERIOD

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

51. ULTIMATE AND HOLDING ENTITY

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

52. CURRENCY

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

MICHUKI TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL
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APPENDIX I : PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Lack of audit committee and internal audit	The management recruited the internal auditor to enable the audit committee became functional	Resolved	-
	Lack of ownership documents for one parcel of land.	LOC12/4/138 is held in trust by Muranga county government and the management have initiated the process of acquiring title deed	Not Resolved	June 2023

Accounting Officer

Name J. G. NDIRANGU

Michuki Technical Training Institute

Signature.....

Date.....19/04/2023.....

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the institute Funded by A-A

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	PROPOSED CONSTRUCTION OF HOSTEL BLOCK	36,436,610	31,941,521	100%	40,000,000	36,436,610	A-A
2	PROPOSED CONSTRUCTION OF TUITION BLOCK	104,862,950	55,413,171	100%	105,000,000	104,862,950	A-A

APPENDIX III: INTER-ENTITY TRANSFERS

APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:		MICHUKI TECHNICAL TRAINING INSTITUTE	
Break down of Transfers from the State Department of vocational and technical training			
FY 2021/2022			
a.	Recurrent Grants		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
	Kandara TVC	30/06/2022	5,535,000
		Total	5,535,000
b.	Development Grants		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
	Kigumo Tvc	30/09/2021	8,736,360
	Kigumo Tvc	17/03/2022	10,277,828
	Kieni Tvc	30/09/2021	15,750,000
		Total	34,764,188
		Transferred	(34,764,188)
c.	Capitation Grants		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
	Michuki TTI	18/11/2021	24,330,000
		02/03/2022	22,745,500
		03/06/2022	24,330,000
		Total	71,405,500
d.	Donor Receipts		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
		Total	

The above amounts have been communicated to and reconciled with the parent Ministry
Finance Manager
Michuki TTI

Sign



Head of Accounting Unit
Ministry Of Education

Sign



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