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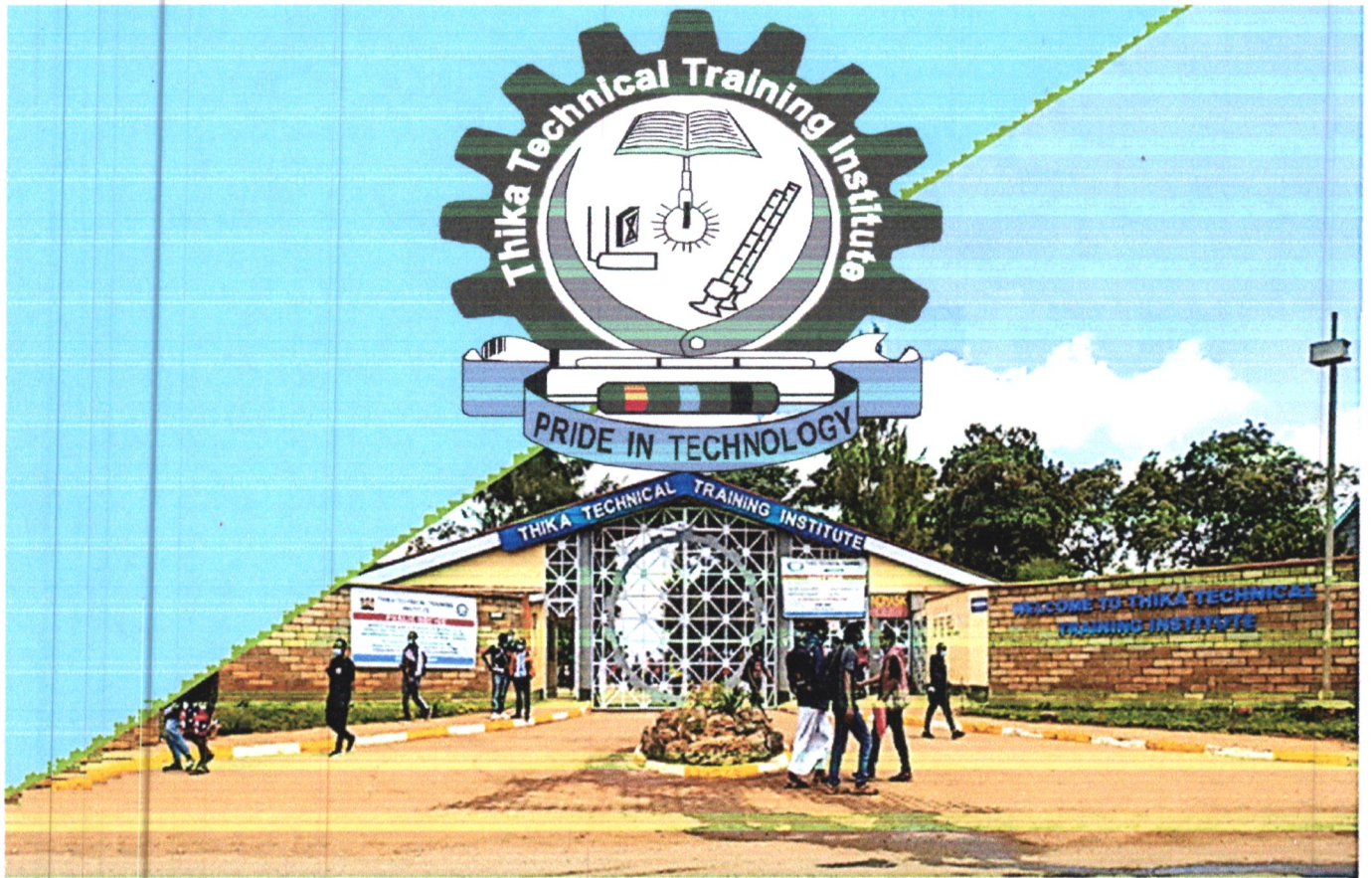
REPORT	
THE NATIONAL ASSEMBLY	
DATE:	09 AUG 2023
	WED
TABLED BY:	Han Owen Bayo MP Deputy leader, majority party
CLERK:	Ahmed Kadhi

THE AUDITOR-GENERAL

ON

**THIKA TECHNICAL TRAINING
INSTITUTE**

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

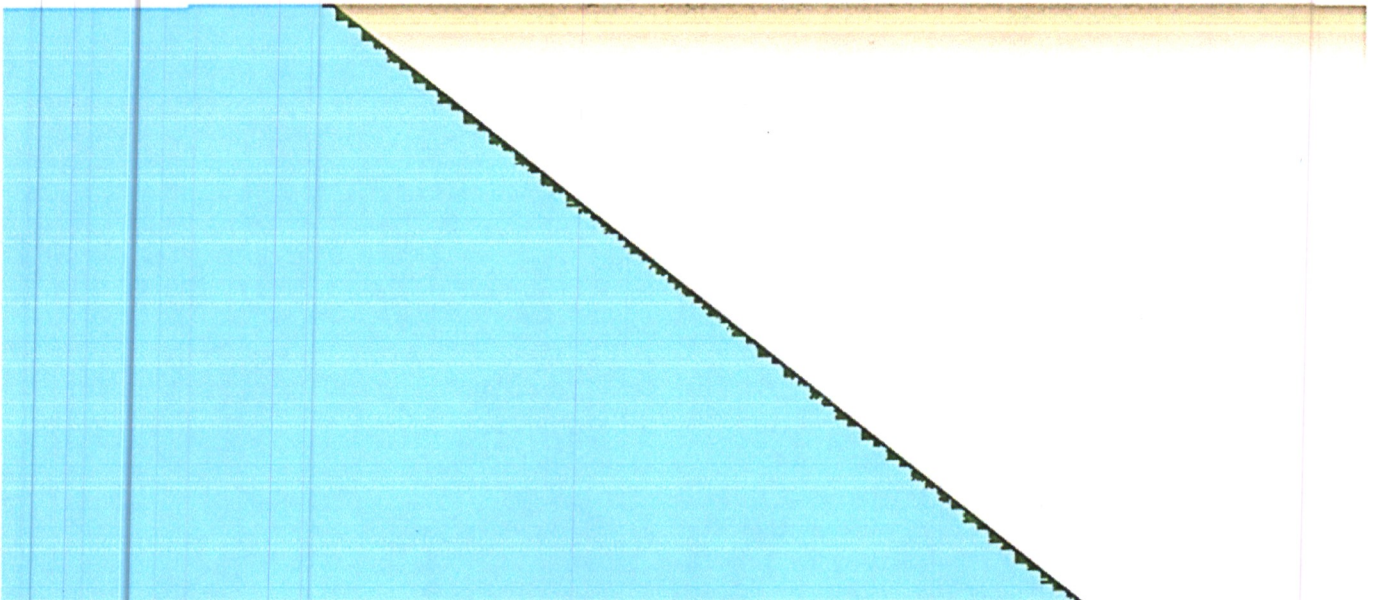


THIKA TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2022

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



THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2022

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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

It stands at 45 acres of land. Its history dates back to 1949 when it was started as a vocational training centre for former World War II servicemen which was then elevated to a Technical high school where primary graduates were admitted for secondary education with a technical base. The Institute is located in Thika Town along General Kago Road next to Thika Level 5 District Hospital.

The Institution has Nine admitting departments with over fifty courses being offered.

(b) Principal Activities

i) Mandate

The principal mandate of the entity is to provide quality training in technical, industrial, vocational and entrepreneurship. The mandate of the institute is through registration under the Ministry of Higher Education Science and Technology under the Education Act Cap 211 under the first schedule. It is also guided through its operations by other Acts of Parliament like KNEC Act, TSC Act, KIE Act KASNEB Act and others.

(Under this section you may also include the entity's vision, mission, and core objectives)

ii) Vision

To be the centre of excellence in Technical, Industrial, Vocational and Entrepreneurship Training.

iii) Mission

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

iv) Core functions

- ✓ To give quality training and services
- ✓ To mould wholesome individuals
- ✓ To uphold teamwork in all our undertakings
- ✓ To enhance linkage with industries
- ✓ To enhance linkage with other institutions
- ✓ To uphold research and development
- ✓ To uphold innovation and creativity.

v) Core values

- ✓ Quality training, Ethical practices
- ✓ Fairness and equity
- ✓ Team work
- ✓ Transparency and accountability
- ✓ Respect of rule of law
- ✓ Cleanliness and orderliness
- ✓ Efficiency and efficacy

(c) Key Management

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

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Hannah N. Mburu
2.	Deputy principal Administration	Gerald N. Kigia
3	Deputy principal Academics	John Njiru
4	Registrar	Joseph. Gachau Muchangi
5	Dean of students	Mary K Mungai
6	Head of Finance	Stephen N. Wairima

(e) Fiduciary Oversight Arrangements

Name of the Committee	Members
Finance & Operations Committee	1. Peris Muniafu - Chairperson 2. Charles Nyota - Member 3. Alex Mwaniki - Member
Audit & Risk Committee	1. Rebecca Mpaayei - Chairperson 2. Dan Ochieng - Member 3. Stephen Chongoti - Member
Academic Committee	1 Eng. George Matoke. - Chairperson 2. Alex Mwaniki - Member 3. Stephen Chongoti - Member

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

Finance & Operations committee activities

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

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

- ✓ To receive reports from the Principal and the Finance Officer on financial matters.
- ✓ To receive reports of the extent and condition of the institute including the efficiency of space utilisation, the consumption of energy and the adequacy of property insurance arrangements.
- ✓ To consider the adequacy of the institute and proposals for its maintenance and development, including opportunities to dispose of and acquire new properties.
- ✓ To determine the fees and charges made for institute services and facilities.
- ✓ To ensure the proper financial evaluation and control of projects.
- ✓ To supervise arrangements of investing Institute's funds and monitoring of investments performance.

Audit & Risk Committee activities

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

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

- ✓ To monitor and facilitate the implementation of the institute's strategy with regard to financial matters.
- ✓ To supervise the arrangements for safeguarding the Institute's assets.
- ✓ To submit an annual statement on its activities to BoG.
- ✓ To keep under review, the activities of the Institute's various departments.
- ✓ To supervise the financial administration of the institute and make recommendations to BoG where appropriate.

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

Academic Committee activities

The Committee exercise the powers of BoG in academic matters on which the Committee advise BoG.

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

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

Government oversight activities

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

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

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

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

(h) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya
2. Absa Bank of Kenya
Thika branch
P.O Box 219 - 0100
Kenyatta Highway - Thika
3. Equity Bank
Thika Equity Plaza branch
P.O.Box 253-01000
Thika
4. NCBA Bank
NCBA Building, Uhuru Street,
P.O. Box 44599-00100
Nairobi
5. Family Bank
Thika town
P.O Box 74145-00200,

(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

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II. THE BOARD OF GOVERNORS

No.	Member/ Director	Details
1.	 <p>Dr. Joseph Muguthu - Chairman of the Board - Ph.D. in Mech manufacture & Automation -Master of Philosophy in Technological Education -BED – Technology Education</p>	<ul style="list-style-type: none"> - Date of Birth 14th Dec 1972 - Lecturer Kenyatta university with over 7 years - Lecturer at Technical institutions for 11 years - Maths Physic teacher – Hekima Girls - 2 years - Has published many journals and papers. - He is an Independent member
2.	 <p>Peris Muniafu - BoG Member - MBA-Strategic Management - BSC – Strategic Management</p>	<ul style="list-style-type: none"> - Date of Birth ... 1967 - Certified Custodian from IFF (UK) - Bank Manager - NBK - Trustee NBK Staff Pension Fund - Executive Career coach and RMT chairperson - She is an Independent member
3.	 <p>Stephen Chongoti - BoG Member - BSc(Maths) - B. University Canada - Diploma – Farm Machinery Mechanics Canada</p>	<ul style="list-style-type: none"> - Date of Birth 16th Dec 1963 - Director & Founder – Contour Construction & Engineering Ltd - Director & Founder -Mtandao ltd - Manager/Systems administration – Telkom. - He is an Independent member
4.	 <p>George M.K Matoke - BoG Member -Pursuing PHD - Renewal energy -MSc– Engineering systems & mgt -Bachelor of Industrial Technology</p>	<ul style="list-style-type: none"> - Date of Birth 7th July 1959 - Long serving Engineering Asst in public service - Strategic Development programme - Performance management - Project implementation programme - He is an Independent member
5.	 <p>Daniel Ochieng Ogola - BoG Member - Masters –Community health & development - BSc – (Hons) KU</p>	<ul style="list-style-type: none"> - Date of Birth 6th April 1967 - Project technical advisor – HIV/AIDS program - Consultancy – National Agriculture Sector Growth and Transformation Strategy (ASGTS) - Project officer – Skilled care initiative project. - He is an Independent member
6.	 <p>Alex Mwaniki - BoG Member - BSC Computer Science</p>	<ul style="list-style-type: none"> - Date of Birth 12th Sept 1972 - Management courses – British Council - Microsoft Certified professional – Data Canter - Project management and Senior data analyst - He is an Independent member
7.	 <p>Rebecca Rayon Mpaayei - BoG Member - Master of Science – Usiu - Bachelor of Science - Usiu</p>	<ul style="list-style-type: none"> - Date of Birth 9th August 1971 - Chairs Academic Committee - 23 years of experience in management, leadership, capacity building and exporting - Manager, Gender Mainstreaming & Women dev - She is an Independent member

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8.		<p>Ms. Hannah N. Mburu –</p> <ul style="list-style-type: none"> - Principal/Secretary BOG -MSC -Applied Mathematics -Ongoing – PHD in applied mathematics 	<ul style="list-style-type: none"> - Date of Birth: 29/01/1967 - She has a vast of experience as a mathematics teacher of over 25 years. - Took over on 23rd Sept 2020 as The Principal in Thika TTI - Not a member of ICS
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III. MANAGEMENT TEAM

No.	Member/ Director	Details
1.	 <p style="text-align: center;">Ms. Hannah N. Mburu</p> <p style="text-align: center;">Masters in Applied Mathematics Ongoing – PHD applied mathematics</p>	Principal/BoG Secretary
2.	 <p style="text-align: center;">Gerald Kigia</p> <ul style="list-style-type: none"> - Degree in Mechanical Engineering 	Deputy Principal – Administration
3.	 <p style="text-align: center;">John Njiru</p> <ul style="list-style-type: none"> -Master in Information Technology 	Deputy Principal – Academics Affairs
4.	 <p style="text-align: center;">Joseph Gachau Muchangi</p> <ul style="list-style-type: none"> - Degree in Mechanical Engineering 	Registrar
5.	 <p style="text-align: center;">Mary Mungai</p> <ul style="list-style-type: none"> - Masters in business Administration - Degree in Psychology & Counselling - Higher Diploma in Tech Education 	Dean of Students
6.	 <p style="text-align: center;">Stephen N. Wairima</p> <ul style="list-style-type: none"> - MBA (Finance), B.com (Finance) - CPA Final - Certificate in Forensic Audit – Contract and Procurement Fraud –ICPAK 	Finance Officer

IV. CHAIRMAN'S STATEMENT

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

Economic Focus

In order to ensure efficient and effective provision of Technical Vocational Training, we have developed necessary policies and institutional framework to direct the running of the Institution in line with vision 2030, the Big 4 Agenda and Sustainable Development Goals. In the recent past, the institute has experienced tremendous growth in student enrolment from which we have projected an average of 28% annual growth for 2022, based on the current 10,300 in 2021/2022 from that of 7,300 students in 2020/2021.

We thank the Government of Kenya for providing state-of-the-art training equipment, capitation and employment of Trainers through the devolved system by the Public Service Commission that has greatly contributed towards increased student enrolment and improved quality of training to enable the institute align her graduates with regional and global trends and innovation.

Successes

During the year, we have witnessed a positive growth in student enrolment owing to reduction in fees payable as a result of Government Capitation approach to ensure affordable Technical Vocational Training to every high school graduate who has not met the required threshold to join university education. This initiative of transition by the government has so far been successful, and the future looks quite bright indeed.

Other major projects are:

- Construction of Automotive Engineering workshop
- Cabro Works, Paving slabs & drainage
- Fabrication of 10 reading sheds
- Solar lighting on the lower field
- Construction of 9 Precast classrooms
- Purchase of a new bus

In the spirit to excel, we endeavour to be a centre of Excellence in scientific, technological, training and innovation so as to produce competent graduates who are capable of integrating the acquired skills in nation building in line with Vision 2030 and the Big4 Agenda (i.e. food security, affordable housing, universal health and manufacturing).

Challenges Faced

The Technical Training sector presents plenty of opportunities as well as risks, both of which need to be analysed in order to deliver sustainable long-term returns, without compromising training outcomes. During the year, the number of reporting students increased unexpectedly and our classroom were not enough however, we faced the challenge positively and addressed the issues at hand.

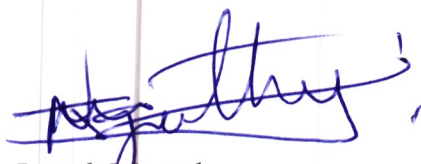
Disparities in salaries among BoG staff in the institute. This has over the years created disharmony and general low morale. This has been objectively address which has improved performance.

Thika T.T.I has developed an enterprise risk management policy and framework to ensure that our activities are aligned with our strategic plan objectives. The Board of Governors regularly reviews risks identified - such as competition, information & communications technology and credit and operations; and how the risks involved can be mitigated by various risk owners.

Outlook

I am indeed deeply indebted to the members of the Board of Governors for their unwavering support, commitment and futuristic outlook towards realising the institute's objectives in line with its strategic plan and core mandate of training market-driven technical manpower. Noteworthy is the Board's diverse qualifications and experience. I unreservedly assure all our Stakeholders we at Thika T.T.I, shall remain focussed, committed and consistent in the delivery of opportunities and accountably availing of resources to both trainers and trainees within the Government framework of accountability, corporate governance and ethical sustainability. Going forward Thika T.T.I is committed to working closely in collaboration with other like-minded entities, institutions, agencies and any other bi-lateral & multi-lateral agencies involved in technical and vocational training to ensure that our trainees continue to receive Competency Based Training.

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



Dr Joseph Muguthu
CHAIRMAN, BOARD OF GOVERNORS
24th April, 2023.

V. REPORT OF THE PRINCIPAL

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

With the guidance of the Governing Board, we worked hard in setting up structures and policies aimed at guiding the institution in the right strategic direction. We were able to transition from ISO 9001-2008 to ISO 9001:2015 certification during the year. Under my leadership and the overall direction of the Institute's Board we were able also to be in the forefront in ensuring that financial resources were utilized efficiently and effectively for optimum output. Despite the challenges that led to economic constraints, the Institute nevertheless continued to discharge its mandate of training, research and outreach.

During the year a master plan has been developed to allow for the institution to become a centre of excellence and of national impact through; defining a vision for its future growth for the next 25 years, providing an integrated spatial growth framework as a basis for coordinated programming of capital projects as well as development of physical infrastructure to improve efficiency in service delivery and training.

The Institution has also maintained its linkages with GiZ cooperative training and industries.

HIGHLIGHTS OF FY 2021/2022 PERFORMANCE

Students Enrolment;

The Financial Year 2021/2022 started on a high note with the Government keen to ensure TVET Institutions absorb as many Form 4 leavers as possible.

In a move to boost student enrolment the Government has sustained Capitation to all joining and current students. Annual students fee remained as capped in all Technical Institutions & National Polytechnics at Ksh. 56,420/= while the institution has set support system for the needy students to apply for HELB.

FY 2021/2022 enrolment was tremendous since the students had been kept waiting due to challenge of the Covid – 19 pandemics that led to untimely closure of the Institutions.

Projects Undertaken

During the Financial Year under review, The Board was able to successfully complete Kiharu TVC which was under her mentorship and continues to mentor Gichugu TVC. This institution was over 78% completion by the end of the financial year.

Departmental Equipment:

Thika T.T.I is sincerely grateful to the Government for considering our institute through equipping our B.C.E, Mechanical and Automotive department with State of the Art Training equipment. The Board of Governors has as well continued to equip departments with agricultural Engineering acquiring a new tractor, boom sprayer, disc plough and others.

Contribution to the Big 4 Agenda

The institution continues to equip our students with the relevant competency and skills, as Artisans, Crafts and Diplomas. I have confidence that our students are well equipped with the necessary skills that strategically aligns them with opportunities within the country, regionally and globally at the same time contributing to the realization of the Big 4 Agenda: Health, Manufacturing, Affordable Housing and Food security.

Thika Technical Training Institute being a Tertiary institution desires to enhance its visibility, performance, and competitiveness in the tertiary education sector in the face of stiff competition. To do so, however the Institute requires a lot of support from the Government and other stakeholders in this crucial transitional stage to a National Institute in terms of funding, material support and other contributions. We shall continue to appeal for such support for several years to come.

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

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

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

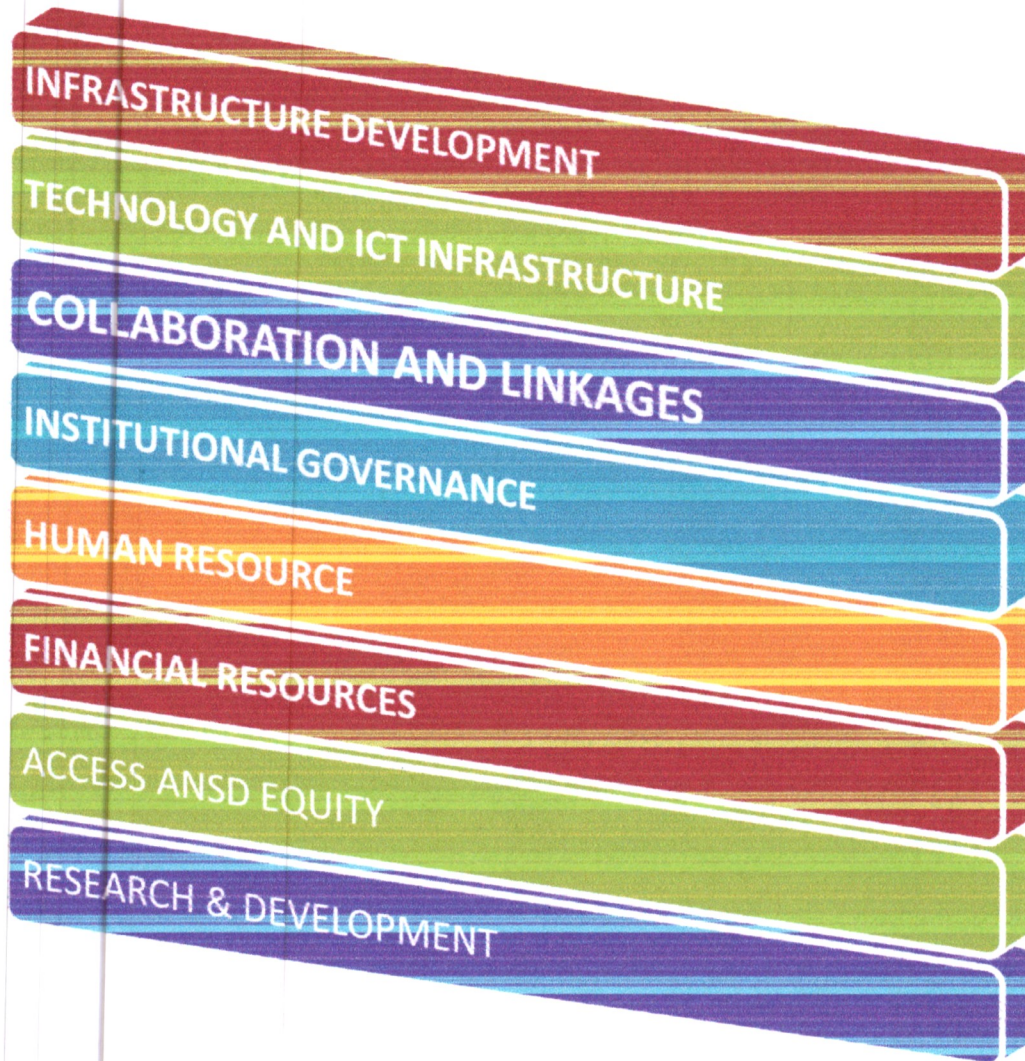


HANNAH N. MBURU
PRINCIPAL/SECRETARY TO THE BOARD OF GOVERNORS

Date: 24th April, 2023.

VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Thika Technical Training Institute has 8 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2021/2022. These strategic pillars are as follows:



Thika Technical Training Institute develops its annual work plans based on the above 8 pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Institute achieved its performance targets set for the FY 2021/2022 period for its 8 strategic pillars, as indicated in the diagram below:

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Strategic Pillar	Objective	Key performance indicators	Activities	Achievements
Pillar 1: Infrastructure development	<ul style="list-style-type: none"> ✓ Improving and increasing physical facilities 	<ul style="list-style-type: none"> ✓ Completion of buildings under construction, ✓ Complete the projects for institutions being mentored 	<ul style="list-style-type: none"> ✓ Develop a framework for improving and increasing physical facilities ✓ Improve TVET equipment, information & communication systems 	<ul style="list-style-type: none"> ✓ Automotive workshop, ✓ Reading sheds ✓ Tuition classes ✓ Resource Centre ✓ Multipurpose Pavilion ✓ Electric fence
Pillar 2: Technology and Ict infrastructure	<ul style="list-style-type: none"> ✓ Use of modern technologies and equipment 	<ul style="list-style-type: none"> ✓ Complete ICT infrastructures, ✓ Installation of Management Information System ✓ ICT courses 	<ul style="list-style-type: none"> ✓ Develop adequate ICT capacity and infrastructure ✓ Institutionalized Management Information System ✓ Promote the use of ICT in Curriculum delivery & management systems 	-Improved ICT infrastructure – more routers and computers
	<ul style="list-style-type: none"> ✓ Improve Management Information System 			<ul style="list-style-type: none"> -Installation of ERP MIS - Moodle platform for online learning that has enhanced blended learning
Pillar 3: Collaboration and Linkages	<ul style="list-style-type: none"> ✓ Enhance collaboration and linkages 	<ul style="list-style-type: none"> ✓ Development partners on board ✓ Mentorship 	<ul style="list-style-type: none"> ✓ Establish collaborations and linkages ✓ Strengthen existing collaboration and linkages ✓ Establish benchmarks and joint cooperation networks with international TVET institutions 	The Institute has the following collaborations and linkages. (i) Commonwealth of Learning (C.O.L) (ii) Housing Finance Foundation Kenya Vehicle Manufactures (iii) GiZ cooperative training
Pillar 4: Institutional Governance	<ul style="list-style-type: none"> Improve institutional corporate governance 	<ul style="list-style-type: none"> ✓ Constant review of courses offered ✓ Improved result based management in the training system ✓ Improved budget accuracy level 	<ul style="list-style-type: none"> ✓ Develop and implement institutional policies, strategies, and programmes (E.g. HIV/AIDS) ✓ Embrace results based management in the training system ✓ Develop and implement M&E systems 	<ul style="list-style-type: none"> ✓ Establishment of M & E Office ✓ Establishment of career services office ✓ Aligning the institute structure with the ministry recommendations ✓ Implementation of Greening, Gender, ADA and HIV policy
	<ul style="list-style-type: none"> Develop and Implement M &E Systems 		<ul style="list-style-type: none"> ✓ Fast track institutional expenditure review 	

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Pillar 5: Human Resource	HR development and management	<ul style="list-style-type: none"> ✓ Increased number of staff to match the increasing number of students 	<ul style="list-style-type: none"> ✓ Increase staff at TSC and BoG levels ✓ Develop competencies in staff 	<ul style="list-style-type: none"> ✓ Implementation of HR manual. ✓ Development of Staff Appraisal System
	Improve and sustain relevance of skills			
Pillar 6: Financial Resources	<ul style="list-style-type: none"> ✓ Diversify sources and increase funding 	<ul style="list-style-type: none"> ✓ New development partners ✓ Enhanced existing partners' relationship ✓ Increase in government development funds 	<ul style="list-style-type: none"> ✓ Increase GoK funding ✓ Exploit external funding possibilities through developed criteria ✓ Expand income generation at institutional level 	<ul style="list-style-type: none"> ✓ Implementation of the Budget and procurement plan as a Control tool
Pillar 7: Access and Equity	<ul style="list-style-type: none"> ✓ Expand educational programmes and increase access ✓ Enhance publicity and marketing 	<ul style="list-style-type: none"> ✓ Improved training programmes in MSE sector. ✓ Expansion of facilities 	<ul style="list-style-type: none"> ✓ Expand facilities based on government priorities ✓ Support TVET trainees ✓ Promote affirmative action for TVET trainees ✓ Reform and enhance education, training, and guidance services. ✓ Improve training programmes in MSE sector. ✓ Offer higher level programmes 	<ul style="list-style-type: none"> ✓ Promoted affirmative action for TVET trainees ✓ Reformed and enhanced guidance and counselling services. ✓ Admitted cohort 1 of ABT level 6 through cooperative training
Pillar 8: Research and development	Institutionalize effective research and development	<ul style="list-style-type: none"> ✓ Appointed research committee ✓ Attempt to hold internal conference and regional knowledge sharing forums 	<ul style="list-style-type: none"> ✓ Develop mechanisms for R&D collaboration among TVET institutions. ✓ Promote the use of research results in technology development and transfer ✓ Develop R&D infrastructure 	<ul style="list-style-type: none"> ✓ Creation of research and development section. ✓ Development of research and development policy ✓ Participated in TVET Fairs and exhibitions and career fairs. ✓ Participated in international conferences

VII. CORPORATE GOVERNANCE STATEMENT

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

Attendance of board meetings

During FY 2021/2022, there was 98% eligible attendance in all meetings of the Board and Committees. The following table shows the number of full board meetings held during 2021/2022, the attendance of each Member;

Member	20th August 2021	2nd Sept 2021	9th Dec 2021	27th Jan 2022	24th Feb 2022	10th March 2022	28th June 2022	Total meetings attended	Sitting allowance per day
DR. Joseph Muguthu (BOG Chairman)	Present	Present	Present	Present	Present	Present	Present	7/7	21,500
Hannah Mburu (Principal)	Present	Present	Present	Present	Present	Present	Present	7/7	N/A
Peris Muniafu (Member)	Present	Present	Present	Present	Present	Present	Present	7/7	18,000
Stephen Chongoti (Member)	Present	Present	Present	Present	Present	Present	Present	7/7	18,000
George M.K Matoke (Member)	Present	Present	Present	Present	Present	Present	Present	7/7	18,000
Dan Ochieng Ogola (Member)	Present	Present	Present	Present	Present	Present	Present	7/7	18,000
Alex Mwaniki (Member)	Present	Present	Present	Present	Present	Present	Present	7/7	18,000
Rebecca Rayon Mpaayei (Member)	Absent	Present	Present	Present	Present	Present	Absent	5/7	18,000
Irene W Kamau	N/A	N/A	Present	Present	Present	Present	Absent	5/7	18,000

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

There were 7 full board meetings during the year.

Prior to the beginning of each year, Board meetings are scheduled in line with the key financial reporting dates. A more detailed agenda together with the Board papers are distributed in a timely manner before each Board meeting. All Members receive sufficient relevant information on financial, Academics and development issues to enable informed decisions to be taken by them during meetings.

CORPORATE GOVERNANCE STATEMENT (Continued)

Appointment and removal of board members

The Board is appointed by the Government of Kenya through the Cabinet Secretary, Ministry of Education, science and technology to oversee their interest in the long-term health and the overall success of the business and its financial strength in order to discharge its mandate in training.

The membership of the Board of Governors comprises of—

- (a) a chairperson;
- (b) a representative of the Principal Secretary in the Ministry responsible for TVET
- (c) a representative of the county Governor of the county within which the institution is located; and
- (d) six other persons appointed on the basis of their knowledge and experience in—
 - (i) leadership and management
 - (ii) Financial management
 - (iii) technology
 - (iv) industry
 - (v) engineering
 - (vi) Information communication technology.

A member of a Board of Governors may at any time resign by giving notice in writing to the cabinet Secretary.

Board Remuneration

No board remuneration but board members are reimbursed transport and accommodation costs whenever they attend board meetings.

Conflict of Interest

A member who has a direct or indirect interest in a matter being considered or to be considered by the Board shall, as soon as the relevant facts regarding the matter come to knowledge of the member, disclose the nature of such interest, and shall not be present during

Any specific resolution arising during meetings are followed-up procedurally and monitored to their completion. Monthly financial and operational reviews are distributed to the Board, irrespective of whether a scheduled meeting is to take place. This assists the Board to keep informed of developments on a regular basis.

Succession plan

A board of Governors has a succession plan of three years and a member can serve for a maximum of two term.

The Role and Functioning of the Board

The Board has established Corporate Governance Guidelines which provide a framework for the effective governance of the Institute. The guidelines address matters such as the Governing Board's Vision and mission, overall strategy, members' responsibilities, Board committee structure, recommendation of the Chief Executive Officer, Over-sighting the performance and evaluation of management. This Guidelines are regularly reviewed and updated when its deemed necessary and appropriate.

CORPORATE GOVERNANCE STATEMENT (Continued)

The Institute's corporate governance materials, including the Corporate Governance Guidelines, the Institute's legal order, the terms and reference for each Board committee, the Institute's Codes of Business Conduct, communication channel and the Institute's public policy engagement and technological contributions policy.

The Members have a balance and depth of skills and experience, together with knowledge of the Institute's operations, which enables them to discharge their respective duties and responsibilities effectively.

The Board Chairperson's primary role is to ensure the effective running of the Board and that as a whole it plays a full and constructive part in the development and determination of the Group's strategy and overall commercial objectives.

The Board is collectively responsible for the long-term success of the Institute.

There is a formal schedule of matters reserved for consideration by the Board, which include responsibility for the following:

- i) approval of overall Institute strategy and objectives.
- ii) approval of the annual budget and monitoring progress towards its achievement.
- iii) review and approval of the annual financial statements.
- iv) approval of Institute's financing arrangements from donors and other government agencies.
- v) approval of major unbudgeted expenditure.

These reserved matters are reviewed by the Board, at least annually, to ensure they remain appropriate and complete. The board Members are Non-executive.

Board performance

Performance evaluations identify and record achievements, training requirements and areas for improvement in relation to annual objectives and performance of their respective roles, in order to consider effectiveness. Objectives for the forthcoming year are defined along with identification of how achievements will be met, target dates and details of resource constraints or issues to ensure that actions are planned and taken as a result of the evaluation process.

We strive to provide the highest quality of training to our students by;

- i) Being courteous, fair, ethical and professional.
- ii) Being positive and helpful and provide reasons for any decisions we make.
- iii) Providing assistance when required.
- iv) Answering enquiries or requests accurately and in a timely manner
- v) Treating our staff, Contractors and Suppliers honestly and with respect.
- vi) Keeping the Institute clean, tidy and free from any damage.

Board charter

There is a board charter existence at the moment.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

Thika Technical Training Institute being a Key driver to the attainment of the BIG 4 agenda ensures that it is consistently delivering maximum value to her trainees through; Competency Based Curriculum, Innovations and Linkages to the job market strategically aligning them with opportunities nationally, regionally and globally.

The Institution has unrelenting focus on improving and maintaining excellent Technical and Vocational Training across her specialties.

Operational and financial Performance

During the financial year 2021/2022, the operations of the institution both current and development were only affected by changes in inflation rate. However, the capitation received up to the third quarter was of great boost in budget implementation

The revenue collected per quarter in comparison to the previous year was as follows:

The expenditure per quarter in comparison to the previous year was as follows:

EXPENSES PER QUOTA						
S/N	Year	First Quota	Second Quota	Third Quota	Fourth Quota	TOTAL
A	2020/2021	32,057,032	97,684,414	97,897,680	95,809,689	323,448,815
B	2021/2022	162,596,469	104,620,794	108,890,470	100,307,245	476,414,978
	B - A	(130,539,437)	(6,936,380)	(10,992,790)	(4,497,556)	(152,966,163)

THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2022

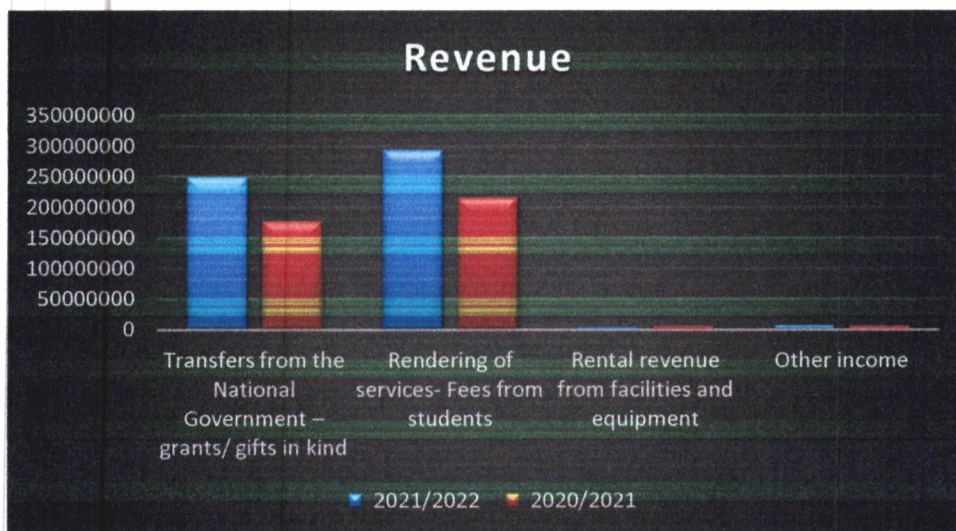
MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

During the financial year 2021/2022, the institution undertook several projects and implemented
 These projects include:

S/N	PROJECT	contract Amount
A	New projects as per the budget	
1	Construction of Automotive Engineering workshop	18,965,192
2	Cabro Works, Paving slabs & drainage	8,698,000
3	Fabrication of 10 reading sheds	1,395,260
4	Board room executive seats	526,000
5	Solar Lighting on the lower field	2,857,718
6	Fencing of staff houses	2,136,820
7	Lecture chairs	3,809,000
8	Construction of Tuition block	73,467,335
9	Construction of Multipurpose Pavilion	4,693,050
10	Construction of 9 Precast classrooms	9,590,309
11	Erection of Electric fence and razor wire	3,649,000
12	Purchase of institute bus	13,821,300
13	Relocation of Sewer line	1,733,650
14	Construction of Access roads within staff quarters extending to gate B	2,505,830
	Total	147,848,464
B	RMI - Projects	
15	Replacement of bricks roof with iron sheets - Mechanical Workshop	4,193,520
16	Replacement of bricks roof with iron sheets - Comp lab	1,758,280
17	Refurbishment of Food Science Kitchen	1,860,965
18	Fixing tiles on Precast classrooms	2,389,710
	Total	10,202,475

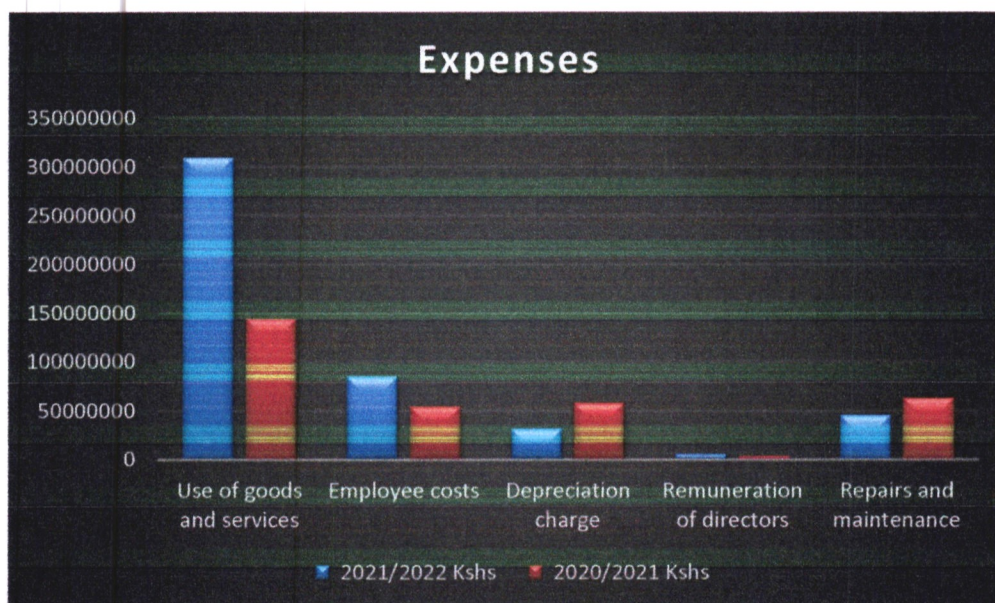
During the year under review, the institute reported an improved income position due to increase in number of students. In the year 2020/2021, the government released capitation for the four quarters while in 2021/2022 capitation was received for three quarters. Below is an analysis of income earned during the year and the expenditure incurred in the same period.

a) Revenue analysis



MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

b) Expenses analysis



Thika Technical Training Institute compliance with statutory requirements

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

Major risks facing the organisation.

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

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

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

Sustainability strategy and profile

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

- i) Financial sustainability: aims at Improving Efficiency through cutting costs leading to reduced wastage of resources.
- ii) Academic Sustainability: aims at sustaining results at the level of education, training and research. The sustainability of the educational results (occupational standards, curricula, teaching and learning materials, assessment tools) is guaranteed as we adhere to the regulations and procedures set by TVETA and TVET-CDACC as far as TVET-level programs are concerned. The institution has also invested in blended learning to ensure continuity in training and learning.
- iii) Technical and environmental sustainability: focuses on applying sustainability principles and practices within the structures, philosophies and services, learning processes and physical sites. We have employed key environmental strategies, e.g. on the use of environmentally friendly technologies such as rain water harvesting and also using best practices in waste disposal.
- iv) Organizational and institutional sustainability: has seen the institution develop meaningful cooperation and partnerships with the private sector and the industry.

Environmental performance

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

The institution has increased its Green spaces. The management is at an advanced stage of setting guidelines for Solid Waste management and developing a policy on re-cycling of waste. Environmental Literacy has also been incorporated in technical education in the CDACC/CBET programs currently being rolled out in the institution. This will improve the awareness in management/conservation of the environment in the trainers and trainees.

Employee welfare

Thika Technical Training Institute focuses on the welfare of its staff. It has in place human resource procedures and manual guides on appraisals and rewarding systems which are carried annually and areas of improvement in their area of specialization are identified and training of staffs is conducted. There is a WIBA which protect staffs when on job training.

The institution is in the process of developing an occupational safety and health policy though there is an internal OSH office and committee that oversees the implementation and enforcement of the OSHA Act 2007 guidelines.

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

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

Market place practices-

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

- c) Responsible marketing and advertisement - Schools visits are a good opportunity to meet students, teachers and parents. These opportunities have a direct impact on the students where information is shared and students get an opportunity for career guidance. Outreach missions are held in collaboration with institutional agencies like clubs and associations and also for adhoc events that would add value to marketing our institution.
- d) Product stewardship - The Institution ensures that all the courses offered are accredited by the relevant bodies eg KASNEB, KNEC, NITA, Pharmacy & Poison's Board

Corporate Social Responsibility / Community Engagements

During the financial year 2021/2022 the institution engage in charity walks e.g Cancer awareness walk organized by The Zambezi hospital ltd. A donation of Ksh 10,000 towards the kitty was given. The Institution through the red cross club visited and supported Otto Hoffman Centre for needy street children.

The Institute Supports Rotaract club which has had several activities to the community including sports within the institution.

The Institution offers an opportunity to the community in using our facilities like field,

X. REPORT OF THE BOARD OF GOVERNORS

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

Principal activities

The principal activity of Thika Technical Training Institute is to provide quality training in technical, industrial, vocational and entrepreneurship.

Results

The results of the entity for the year ended June 30 2022 are set out on page 1.

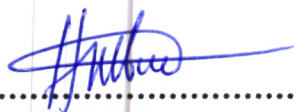
Board of Governors

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

Auditors

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

By Order of the Board



.....
Hannah N. Mburu.
PRINCIPAL/BOG SECRETARY
24th April, 2023.

XI. STATEMENT OF BOARD OF GOVERNORS 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 of governors to prepare financial statements in respect of that Institute which give a true and fair view of the state of affairs of the Institute at the end of the financial year and the operating results of the Institute for that year. The board of governors are also required to ensure that the institute keeps proper accounting records which disclose with reasonable accuracy the financial position of Thika Technical Training Institute. The board of governors are also responsible for safeguarding the assets of the institute

The board of governors are responsible for the preparation and presentation of the institute's financial statements, which give a true and fair view of the state of affairs of the Thika Technical Training Institute for and as at the end of the financial year ended on June 30, 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 of governors accept responsibility for Thika Technical Training Institute financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act 2013. The board of governors are of the opinion that the institutes financial statements give a true and fair view of the state of Thika Technical Training Institute's transactions during the financial year ended June 30, 2022, and of the institute's financial position as at that date. The board of governors further confirm the completeness of the accounting records maintained for the institute, which have been relied upon in the preparation of the institute's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The institute's Amended financial statements were approved by the Board on 24th April 2023 and signed on its behalf by:

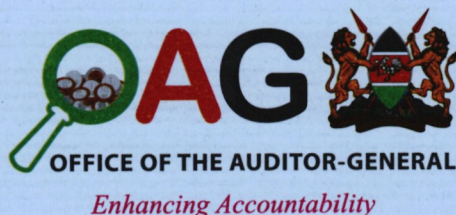


.....
Dr Joseph N. Muguthu
Chairman, Board of Governors



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

REPUBLIC OF KENYA



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

REPORT OF THE AUDITOR-GENERAL ON THIKA 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 Thika Technical Training Institute set out on pages 1 to 34, which comprise the statement of financial position as

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Thika 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. Unaccounted for Revenue

The statement of financial performance reflects transfers from the National Government of Kshs.249,127,500 and fees from students of Kshs.293,339,992 as disclosed in Note 6(a) and 7 to the financial statements respectively. However, review of students records provided for audit revealed that the Institute had a total student population of 11,314 in the year under review, with a total expected tuition fee revenue of Kshs.638,335,880 at the rate of Kshs.56,420 per year as opposed to the total of Kshs.542,467,492 comprised of transfers from National Government and fees from students, resulting to an unexplained variance of Kshs.95,868,388.

In addition, Note 8 to the financial statements reflects hire of facilities and equipment balance of Kshs.3,536,662. However, review of records revealed the following anomalies:

- i. Lease agreements on property rented and the rates approved by the Board of Governors were not provided for audit review.
- ii. Rent register provided for audit had a record of fifteen (15) houses from which rent is collected from employees of Public Service commission whereas Board of Governors Payroll for June, 2022 indicated that forty-three (43) employees remitted their rent through check off. It was not clear why the register did not have all the tenant details from whom rent was collected.
- iii. No evidence was provided to show that there was approved policy governing housing of staff, students and the hiring of facilities and standard rates applied in letting the facilities.
- iv. Applicable rates of hire of facilities had not been reviewed and may not reflect the current market prices.

In the circumstances, the accuracy and completeness of total revenue of Kshs.546,004,154 for the year ended 30 June, 2022 could not be confirmed.

2. Unsupported Remuneration of Directors Expenditure

The statement of receipts and payments reflects remuneration of directors balance of Kshs.5,223,019 as disclosed in Note 12 to the financial statements. Review of payment vouchers Nos.1,836 and 1,500 dated 22 February, 2022 and 12 January, 2022 respectively, revealed that Board Members were paid Kshs.379,000 and Kshs.244,500 as sitting allowances for meetings held at two different hotels respectively. However, supporting documents such as minutes of the deliberations of the meetings and prior written approval of the committee to hold meetings away from the registered office were not provided for audit review.

In addition, the evidence on how the institutions were identified and contracts awarded could not be confirmed due to failure to provide the documents listed below:

- a) Pre-qualification list of suppliers, pre-qualification documents and approval of pre-qualified candidates undertaken in accordance with Section 93, 94, 95 of the Public Procurement and Asset Disposal Act, 2015.
- b) Technical and financial evaluation of tenders was not undertaken in accordance with Section 46 (4a) of the Public Procurement and Asset Disposal Act, 2015.
- c) Professional Opinion required in accordance with Section 84(1) of the Public Procurement and Disposal Act, 2015.
- d) Notification of award and information to unsuccessful bidders required in accordance with Section 87(3) of the Public Procurement and Asset Disposal Act, 2015.
- e) Letters of acceptance from winning bidders in accordance with Section 87 (2) of the Public Procurement and Asset Disposal Act, 2015.
- f) Complete contract documents.

In the circumstances, the accuracy and completeness of remuneration of directors of Kshs.623,500 for the year ended 30 June, 2022 could not be confirmed.

3. Unsupported Security Costs

The statement of financial performance reflects use of goods and services expenditure of Kshs.309,305,051 which includes security costs of Kshs.3,915,000 as disclosed in Note 10 to the financial statements. Review of records revealed that payments were to be made upon satisfactory attainment of the contract deliverables. However, the institution relied only on invoices from the service providers and there was no evidence provided of the number of guards, their stations or specific areas guarded or nights and days the guards had worked. The daily attendance registers of the security guards required from the Director of Security Services, records of incidences as well as supervisory reports as per contract conditions were also not provided for audit review.

In the circumstances, the occurrence, accuracy and completeness of security costs of Kshs.3,915,000 for the year ended 30 June, 2022 could not be confirmed.

4. Long Outstanding Receivables

The statement of financial position reflects receivables from exchange transactions balance of Kshs.105,488,259 as disclosed in Note 16 to the financial statements, representing an increase of Kshs.15,016,049 (or 17%) from the amount of Kshs.90,472,210 reported in the financial year ended 30 June, 2021. However, review of records revealed that the balance includes Kshs.104,559,115 in respect of students' debtors, out of which Kshs.45,336,737 had been outstanding for more than three years. Management did not provide evidence of efforts made to recover the debts.

In the circumstances, the recoverability and thus accuracy and completeness of the outstanding receivables of Kshs.45,336,737 as at 30 June, 2022 could not be confirmed.

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

1. Unresolved Prior Year Matters

The audit report for the previous year highlighted several issues under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Control and Risk Management. While Management indicate that the issues were resolved, no evidence has been provided showing how they were resolved.

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts indicates total budgeted and actual revenue of Kshs.520,599,000 and Kshs.447,260,519 respectively, resulting to a shortfall of Kshs.73,338,481 (or 14%) of the budget. Similarly, the Institute spent Kshs.430,388,943 of the budgeted expenditure of Kshs.322,410,445, resulting to unapproved over-expenditure of Kshs.107,978,498 (or 133%) of the budget.

The underfunding 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. Irregular Procurement of Security Services

The statement of financial performance and as shown in Note 10 to the financial statements reflects use of goods and services expenditure of Kshs.309,305,051 which includes an amount of Kshs.3,915,000 incurred on security services. Review of procurement documents provided for audit revealed that the contract was awarded to a local security service provider for the financial years 2020/2021 and 2021/2022. However, the following anomalies were observed:

- i. Evaluation minutes did not have preliminary, financial and technical evaluation of both the successful and unsuccessful bidders and the scores awarded to each. In addition, the evaluation minutes did not indicate that the tender was awarded to winning bidder and the reasons for the award.
- ii. Professional opinion was not issued by the head of procurement unit.
- iii. Tender documents did not contain specifications such as the number of guards required including specific areas to be guarded.
- iv. Contract agreement did not include information on the agreed quantity, total contract price, period of contract.
- v. The amount paid to the supplier in the financial year 2021/2022 of Kshs.3,915,000 had increased by 207% compared to amount of Kshs.1,275,000 paid in 2020/2021. The contract variation was above the threshold of 15% and was done before lapse of 12 months which is contrary to Section 139 of the Public Procurement and Asset Disposal Act, 2015. In addition, there was no approval for the contract variation.
- vi. Security officers in charge did not maintain daily record of attendance, incidences or irregularities, there was no one to supervise the security personnel and report on the performance of the security firm as per the terms of the contract. There were no ratings on acceptable performance to be used as a monitoring and evaluation tool for improvement of service delivery and operational efficiency.

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

2. Irregular Payment of System Maintenance Contract

Review of records revealed that the Institute procured an Enterprise Resource Planning System with six (6) modules from a local service provider at a cost of Kshs.7,790,000. The service level agreement between the Institute and the service provider effective 16 July, 2021 included a maintenance cost of Kshs.1,168,500, which is 15% of the contract price payable annually and in advance within 30 days from invoice receipt. This is contrary to Government ICT standards ICTA.6.002:2019 Section 6.2.4.5 on ERP systems support which specifies that it is the ICT unit that should be responsible for maintenance so as not to attract any costs and subcontracting to only be done through appropriate justification and due diligence to be undertaken in retaining such subcontractors.

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

3. Irregular Payment of Repairs and Maintenance Costs

The statement of financial performance and Note 14 to the financial statements reflects repairs and maintenance costs of Kshs.45,630,729. Review of documents provided for audit revealed that payments amounting to Kshs.1,890,318 were made to vendors for repairs without inspection and acceptance procedures being carried out. This is contrary to Section 146 of the Public Procurement and Disposals Act, 2015 which provides that no works, goods or services contracted shall be paid for before they are executed or delivered and accepted by the accounting officer of a procuring entity or an officer authorized by him or her in writing except where so specified in the tender documents and contract agreement. Such an advance payment shall not be paid before the contract is signed.

In addition, there was no evidence that inspection and acceptance committee members were duly appointed by the accounting officer. Further, Management relied on invoices from the vendors to process payments.

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

4. Non-Compliance with a Third Rule on Basic Salary

Review of payroll data for the year under review revealed that there were fifteen-(15) employees who were paid a net salary that was less than a third (1/3) of their basic pay. This is contrary to Section C.1 (3) of Public Service Commission Human Resource Policies, May, 2016 which states that a Public officer shall not over-commit their salaries beyond two thirds (2 /3) of their basic salaries and Heads of Human Resource Units should ensure compliance.

The excess deductions resulted from Management allowing the staff to incur loans and other liabilities whose repayments were deducted by check-off which put the officers at the risk of pecuniary embarrassment.

In the circumstances, Management was in breach of the policy guidelines.

5. Non-Compliance with Minimum Requirement on Ethnic Diversity

Review of employee records provided for audit revealed that the dominant ethnic community employed by the institution constituted 60% of the total population of 1,162 members of staff. Further, review of master data and payroll records for the year under review revealed that the institution recruited one hundred and fourteen (114) new members of staff. However, the dominant ethnic community employed by the institution constituted 54.4% This is contrary to the provision of Section 7(2) of National Cohesion and Integration Act, 2008 which provides that the staff establishments of public entities to reflect the diversity of the people of Kenya with least 30% of employees are expected to be from other ethnic communities

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

6. Irregular Remuneration of Directors

The statement of financial performance and as shown in Note 12 to the financial statements indicate that Kshs.5,223,019 was spent on the remuneration of Board of Directors. Included in this amount is the chairman's honoraria of Kshs.600,000 and Directors' emoluments of Kshs.4,623,019. Review of records revealed the following anomalies:

i. Irregular Payment of Transport Allowance

Included in the remuneration of Directors is Kshs.354,000 paid to Board Members as travel allowance which was contrary to Office of the President Circular Reference Number: OP/CAB.17/34A for 14th January, 2008 on Payment of Sitting allowance to Chairman and Board members of State Corporations Annex IV while on official duty which specified that members of the Board may only be reimbursed the expenses in respect of the cost of travel to and from Board business or actual mileage at prevailing AA rates when they use their personal cars on board business or whichever method that is most cost effective.

ii. Excess Payment of Accommodation Allowances

Records provided for audit revealed that Board Members were paid a daily rate of Kshs.12,000 while the chairman was occasionally paid an amount of Kshs.14,000 as accommodation allowances while attending to office duty outside their work station. This was in excess of their daily rate entitlement of Kshs.10,000 as per Guidelines on Terms and Conditions of Service for State Corporations for 2004: Terms and conditions of service for chairmen and directors of state corporations Annex IV.

iii. Irregular Over Payment of Sitting Allowances

Review of records provided for audit revealed that the Chairman of the institute was paid a taxable sitting allowance at the rate of Kshs.21,500 instead of Kshs.20,000 resulting to overpayment of Kshs.10,500 for the seven full board meetings attended without

appropriate approvals. This is contrary to Annex IV of the Guidelines on Terms and Conditions of Service for State Corporations for 2004: Terms and conditions of service for chairman and directors of state corporations.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Lack Risk Management Policy and Ineffective Internal Control and Internal Audit Function

Review of the Institute's internal controls and risk management system revealed the following anomalies:

- i. Lack of a fraud prevention mechanism
- ii. Lack of risk management strategies, risk assessment report
- iii. Lack of training needs assessment report and staff training program
- iv. Lack of a disaster recovery plan
- v. Inadequate capacity internal audit department to conduct planned audit as the department had one permanent staff 2021/2022.

In the circumstances, the effectiveness of the procedures and strategies put in place to assess, identify, reassure, prioritize and mitigate risks in the institute 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 those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue to sustain 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.

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

Auditor-General's Responsibilities for the Audit

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


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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

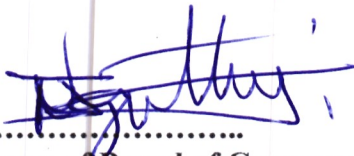
17 July, 2023

THIKA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30th JUNE 2022

XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2021/2022	2020/2021
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	249,127,500	177,240,000
Total Revenue from non-exchange transactions		249,127,500	249,127,500
Revenue from exchange transactions			
Rendering of services- Fees from students	7	293,339,992	215,568,018
Rental revenue from facilities and equipment	8	3,536,662	4,776,908
Other income	9	6,744,624	4,952,512
Revenue from exchange transactions		303,621,278	225,297,438
Total revenue		552,748,778	402,537,438
Expenses			
Use of goods and services	10	309,305,051	144,005,644
Employee costs	11	85,183,625	54,304,086
Remuneration of directors	12	5,223,019	3,696,705
Depreciation and amortization charge	13	29,662,391	58,456,039
Repairs and maintenance	14	45,630,729	62,986,341
Total expenses		475,004,815	323,448,815
Net Surplus for the year		77,743,963	79,088,623

The notes set out on pages' 1 to 36 form an integral part of the Annual Financial Statements.

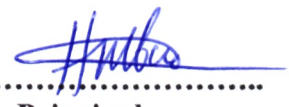


.....
Chairman of Board of Governors

24th April 2023



.....
Finance Officer
ICPAK No 21023
24th April 2023



.....
Principal

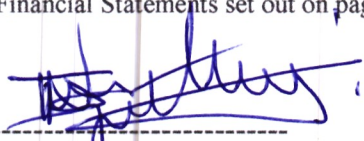
24th April 2023

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

XIV. STATEMENT OF FINANCIAL POSITION AS AT 2022

	Notes	2021/2022	2020/2021
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	15	258,074,319	267,522,752
Receivables from exchange transactions	16	105,488,259	90,472,210
Biological assets	17	-	-
Total Current Assets		363,562,578	357,994,962
Non-current assets			
Property, plant and equipment	18	1,943,152,753	1,849,334,561
Intangible assets	19	5,594,000	6,232,000
Total Non-current Assets		1,948,746,753	1,855,566,561
Total assets		2,312,309,331	2,213,561,523
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	20	32,064,548	14,385,774
Refundable deposits from customers	21	1,155,440	1,155,440
Payable to mentored institutions	22	4,657,547	1,332,476
Total Current Liabilities		37,877,535	16,873,690
Total liabilities		37,877,535	16,873,690
Reserves			
Accumulated surplus		532,037,321	439,534,206
Revaluation reserve		583,477,589	583,477,589
Capital grants		1,158,916,886	1,173,676,039
Total Reserves		2,274,431,796	2,196,687,833
Total Liabilities and Reserves		2,312,309,331	2,213,561,523

The Financial Statements set out on pages 6 to 29 were signed on behalf of the Institute Board of Governors by:



Chairman of Board of Governors

24th April, 2023.



Finance Officer
 ICPAK No 21023
 24th April, 2023.



Principal

24th April, 2023.

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

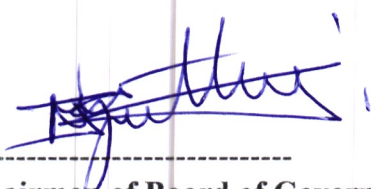
XV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2022

	Revaluation reserve	Accumulated Surpluses	Capital grants	Total
Balance c/d as at June 30, 2018	-	39685178		39,685,178
Balance b/f as at July 1, 2018	-	39,685,178		39,685,178
Prior year adjustments:				
Capital funds			1,251,520,704	1,251,520,704
Surplus for the year	-	161,558,250		161,558,250
Transfer of depreciation from capital fund to retained earnings		48,326,359	(48,326,359)	-
Balance c/d as at June 30, 2019	-	249,569,787	1,203,194,344	1,452,764,132
Prior year adjustments:				
Accumulated erroneously recognized as deferred income		8,434,725		8,434,725
Deferred income recognized as revenue in prior years		(5,000,000)		(5,000,000)
Restated balance c/d as at June 30, 2019		253,004,512	1,203,194,344	1,456,198,857
Balance b/f as at July 1, 2019		253,004,512	1,203,194,344	1,456,198,857
Surplus for the year		77,922,765		77,922,765
Revaluation surplus	583,477,589			583,477,589
Transfer of depreciation from capital fund to retained earnings		14,759,153	(14,759,153)	-
Balance c/d as at June 30, 2020	583,477,589	345,686,430	1,188,435,192	2,117,599,210
Balance b/f as at July 1, 2020	583,477,589	345,686,430	1,188,435,192	2,117,599,210
Surplus for the year		79,088,623		79,088,623
Transfer of depreciation from capital fund to retained earnings		14,759,153	(14,759,153)	-
Balance c/d as at June 30, 2021	583,477,589	439,534,206	1,173,676,039	2,196,687,833
Balance b/f as at July 1, 2021	583,477,589	439,534,206	1,173,676,039	2,196,687,833
Surplus for the year	-	77,743,963	-	77,743,963
Transfer of depreciation from capital fund to retained earnings		14,759,153	(14,759,153)	-
Balance c/d as at June 30, 2022	583,477,589	532,037,321	1,158,916,886	2,274,431,796

THIKA TECHNICAL TRAINING INSTITUTE
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FOR THE YEAR ENDED 30 JUNE 2022

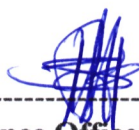
XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	2021-2022 Kshs	2020-2021 Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants		249,127,500	177,240,000
Rendering of services- Fees from students		293,339,992	215,568,018
Rental revenue from facilities and equipment		3,536,662	4,776,908
Other income		6,744,624	4,952,512
Total Receipts		552,748,778	402,537,438
Payments			
Compensation of employees		85,183,625	54,304,086
Use of goods and services		309,305,051	144,005,644
Other payments		50,853,748	70,878,699
Total Payments		445,342,424	269,188,429
Net cash flows from operating activities		107,406,354	133,349,009
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(122,842,583)	(85,840,809)
(Increase/decrease in non-current receivables)		(15,016,050)	118,723,904
(Decrease)/Increase in payables		21,003,845	14,577,963
Net cash flows used in investing activities		(116,854,788)	47,461,058
Financing activities			
Development funds from the government		-	4,075,600
Net cash from financing activities		-	4,075,600
Net (decrease)/increase in cash and cash equivalents		(9,448,434)	184,885,667
Cash and cash equivalents at 1 JULY		267,522,753	82,637,086
Cash and cash equivalents at 30 JUNE	15	258,074,319	267,522,753



Chairman of Board of Governors

24th April, 2023



Finance Officer
 ICPAK No 21023
 24th April, 2023



Principal

24th April, 2023

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

	Original budget		Adjustment		Final budget		Actual on comparable basis		Performance difference		Percentage difference	
	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs
Revenue												
Transfers from government	210,600,000		-		210,600,000		249,127,500		(38,527,500)			-18%
Public contributions and donations	-		-		-		-					
Rendering of services- Fees from students	213,099,000		80,000,000		293,099,000		188,780,877		104,318,123			36%
Sale of goods	-		-		-		-					
Gains on disposal, rental income and agency fees	16,900,000		-		16,900,000		9,352,142		7,547,858			45%
Total income	440,599,000		80,000,000		520,599,000		447,260,519		73,338,481			
Expenses												
Compensation of employees	69,471,090		-		69,471,090		85,183,625		(15,712,535)			-23%
Use of Goods and services	207,873,308		-		207,873,308		294,518,915		(86,645,607)			-42%
Repairs, Maintenance & improvements	39,346,047		-		39,346,047		45,463,384		(6,117,337)			-16%
Remuneration of directors	5,720,000		-		5,720,000		5,223,019		496,981			
Total expenditure	322,410,445		-		322,410,445		430,388,943		(107,978,498)			
Surplus for the period	118,188,555		-		198,188,555		16,871,576		181,316,979			

Budget notes

- 1 The variance of -18% on Transfer from Government was due to increased capitation received as per the increased number of students
- 2 The variance of 36% on revenue from rendering of service is due to fees balances not paid up
- 3 The variance of 45% on gain on disposal and rental income was due to decreased opportunity to hire our facilities for income
- 4 The variance of -23% on Compensation of employees was due to high number of trainers under BoG payroll who were employed after the drastic increase of students population.
- 5 The variance of -42% on use of Goods and services was due to increase in training materials procured as the students' population increased and as were due to KNEC Exam cutting list materials that were not budgeted for.
- 6 The variance of -16% on Repairs, Maintenance & improvements was due to rehabilitation of rooms that were of urgent need to accommodate new students
- 7 Total revenue as per statement of financial performance is Ksh 552,748,778 if we less the receivables of Ksh 105 488 259 we get the total revenue as per the budget which is Ksh 447 260 519.
- 8 Total amount of use of goods as per statement of financial performance is Ksh 475,004,815 we less: (i) Payables from exchange transactions (Recurrent expenditure) of Ksh 14,953,480 (ii) Depreciation charge Ksh 29,662,391 we get the total expenditure as per the budget which is Ksh 430,388,944

XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Thika Technical Training Institute is established by and derives its authority and accountability from PFM Act, the State Corporations Act and the TVET Act. The institute is established under the TVET Act/ 2013 Act via certificate number **TVETA/Public/TVC/0008/2017**. The Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide quality training in technical, industrial, vocational and entrepreneurship. The mandate of the institute is training through the Education Act Cap 211 under the first schedule. It is also guided through its operations by other Acts of Parliament like KNEC Act, TSC Act, KIE Act KASNEB Act and others

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the institute's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5

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

The 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.

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

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>No impact of the standard to the Entity</i></p>

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Standard	Effective date and impact:
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.</p> <p><i>No impact of the standard to the Entity</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>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.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>No impact of the standard to the Entity</i></p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i>

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Standard	Effective date and impact:
	<p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <p><i>No impact of the standard to the Entity</i></p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>No impact of the standard to the Entity</i></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>No impact of the standard to the Entity</i></p>

iii. Early adoption of standards

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

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the 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

Rendering of services

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

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

Sale of goods

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

Interest income

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

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

The original budget for FY 2021/2022 was approved by the board of governors on **4th March 2022**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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.

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.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per first schedule of the income tax Act cap 470.

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 xxx 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

a) Property, plant and equipment

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

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

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

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings in the statement of changes in equity.

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

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Computer software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated

h) 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. Losses arising from impairment are recognized in the 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.

i) Provisions

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

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

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

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 are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

j) Nature and purpose of reserves

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

- Accumulated surpluses
- Development funds

k) 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.

l) Employee benefits

Retirement benefit plans

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) 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.

n) Cash and cash equivalents

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

o) Comparative figures

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

p) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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 Note 18

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

The provisions applicable to the institution is provision for bad debts and its provided at 5% of the debts.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2021-2022	2020-2021
	KShs	KShs
Unconditional grants		
Capitation grants	250,362,500	177,240,000
Operational Grant	500,000	-
Conditional Grants		
Development grants	29,156,100	-
Total Government Grants and Subsidies	278,783,600	177,240,000
Less: Operational grants transferred to Muranga TTI	(500,000)	-
Less: Development grants transferred to Muranga TTI	(20,000,000)	-
Less: Development grants transferred to Kiharu TTI	(9,156,100)	-
Total Government Grants and Subsidies for Thika TTI	249,127,500	177,240,000

(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2019-2020 KShs
Ministry of Education State department of Vocational and Training	249,127,500	-	-	249,127,500	177,240,000
Total	249,127,500	-	-	249,127,500	177,240,000

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. RENDERING OF SERVICES

Description	2021-2022	2020-2021
	KShs	KShs
Tuition fees	198,214,985	131,249,070
Activity fees	32,019,427	18,834,275
Exam fee	39,585,123	40,492,110
Facilities and materials	16,290,266	19,758,323
Registration fees	7,230,191	5,234,240
Total Rendering of Services	293,339,992	215,568,018

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

8. HIRE OF FACILITIES AND EQUIPMENT

Description	2021-2022	2020-2021
	KShs	KShs
Hire of facilities	2,152,480	2,572,486
Rent	1,384,182	1,361,272
Other income	-	522,000
Total rentals	3,536,662	4,455,758

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

9. OTHER INCOME

Description	2021-2022	2020-2021
	KShs	KShs
Centre Fee	1,326,736	1,209,800
Driving school charges	2,553,575	1,970,250
Damages and recoverable losses	39,384	26,025
Insurance Recoveries	-	1,280,000
Income from sale of training materials (animals)	105,000	-
Catering services	2,128,929	464,437
Graduation	591,000	2,000
Total other income	6,744,624	4,952,512

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. USE OF GOODS AND SERVICES

Description	2021-2022	2020-2021
	KShs	KShs
Electricity, Water & Conservancy	7,142,653	6,993,932
Activity	15,000,777	4,070,878
Teaching and training materials	75,158,233	19,163,091
Admin fees	32,777,790	29,096,450
Local travel and transport	39,043,833	22,259,792
Medical	635,973	665,409
Student identity cards	6,310,800	3,649,200
Examination expense	37,225,080	39,300,945
Student council	4,045,320	1,672,560
Industrial attachment	4,432,250	1,613,800
Registration	7,126,945	3,600,713
Advertising	4,501,965	958,259
Security costs	3,915,000	1,275,000
Insurance	2,022,275	1,548,884
Hire charges	193,850	802,075
Rent expenses	-	187,828
Cafeteria	3,176,576	286,955
Internet cost	3,276,046	75,750
Subscriptions	207,200	194,800
ICT infrastructure	2,399,830	2,000
Fuel and oil	3,237,935	1,517,808
Printing and stationery	16,384,091	134,168
Telecommunication and postage	4,909,274	1,241,357
Training Expenses	3,459,760	902,314
Consultation Fees	1,100,000	250,000
Driving school expenses	1,683,319	164,398
Bank Charges	526,470	481,298
Fees Refund	-	395,980
Muranga- Operational Grant Expenses	7,806,260	1,500,000
Graduation expense	5,568,961	-
Centre expenses	883,458	-
Payment of disputed prior year invoices	11,290,947	-
Provision for bad debts	3,862,180	-
Total good and services	309,305,051	144,005,644

11. EMPLOYEE COSTS

	2021-2022	2020-2021
	KShs	KShs
Salaries and wages	84,383,625	54,304,086
Gratuity	800,000	
Total Employee costs	85,183,625	54,304,086

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. REMUNERATION OF DIRECTORS

Description	2021-2022	2020-2021
	KShs	KShs
Chairman's Honoraria	600,000	483,000
Directors emoluments	4,623,019	3,213,705
Total director emoluments	5,223,019	3,696,705

13. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2021-2022	2020-2021
	KShs	KShs
Property, plant and equipment	27,874,391	56,898,039
Amortisation	1,788,000	1,558,000
Total depreciation and amortization	29,662,391	58,456,039

14. REPAIRS AND MAINTENANCE

Description	2021-2022	2020-2021
	KShs	KShs
Property	41,625,280	61,459,618
Equipment and machinery	1,015,214	342,350
Vehicles	2,426,230	854,673
Computers and accessories	564,005	329,700
Total Repairs and Maintenance	45,630,729	62,986,341

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. CASH AND CASH EQUIVALENTS

Description	2021-2022	2020-2021
	KShs	KShs
Equity bank	731,999	7,413,952
Barclays Main	238,408,794	241,967,151
Barclays Development	13,785,218	15,091,505
Cash on hand	51,364	110,213
Family Cafeteria A/c	439,397	591,391
NCBA Exam A/c	-	2,326,864
Barclays Maragwa	2,777	3,413
Barclays Gichugu	5,529	5,799
Barclays Mwea	-	9,950
KCB Kiharu	4,649,241	2,514
Total cash and cash equivalents	258,074,319	267,522,752

15 (a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2021-2022	2020-2021
		KShs	KShs
i) Current a/c - Fees Collection			
Equity bank	0090292436622	731,999	7,413,952
Barclays bank	0311190628	238,408,794	241,967,151
Sub- total		239,140,793	249,381,103
ii) Exam fee collection a/c			
NCBA bank	1000231378	-	2,326,864
KCB Kiharu	Bank account	4,649,241	2,514
Sub- total		4,649,241	2,329,378
iii) Development –			
Barclays bank	2035938330	13,785,218	15,091,505
Sub- total		13,785,218	15,091,505
iv) Cafeteria a/c			
Family bank	005000036290	439,397	591,391
Sub- total		439,397	591,391
v) Mentored Inst			
Mwea TVC- Barclays bank	2038121084	-	9,950
Gichugu TVC Barclays bank	2038121076	5,529	5,799
Maragwa TVC Barclays bank	2038121033	2,777	3,413
Sub- total		8,306	19,162
Grand total		258,022,955	266,931,361

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. RECEIVABLES FROM EXCHANGE TRANSACTIONS

(a) Current Receivables from Exchange Transactions

Description	2021-2022 KShs	2020-2021 KShs
Current receivables		
Student debtors	111,233,101	92,305,559
Less: impairment allowance	(6,673,986)	(2,811,806)
Net student debtors	104,559,115	89,493,753
Rent debtors	929,144	1,170,862
Arrears	-	(237,405)
Advances	-	45,000
Total current receivables from exchange	105,488,259	90,472,210

17. BIOLOGICAL ASSETS

Description	2021-2022 KShs	2020-2021 KShs
Pigs	-	-
Rabbits, Rats and Mice	-	-
Total biological assets	-	-

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. PROPERTY, PLANT AND EQUIPMENT

	Buildings		Land		Motor vehicles		Furniture and fittings		Computers		Plant and equipment		Capital Work in progress		Total	
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Cost/Valuation																
At 30 th June 2020	510,998,425	1,060,000,000			21,450,000		42,873,574		25,573,227		179,464,201		7,790,000		1,848,149,427	
Transfer of WIP to intangible assets													(7,790,000)			
Additions	53,649,060	-			16,990,334		2,723,245		8,227,786		1,298,300		-		82,888,725	
At 30 th June 2021	564,647,485	1,060,000,000			38,440,334		45,596,819		33,801,013		180,762,501		-		1,923,248,153	
Additions	52,578,291	-			-		12,894,828		15,867,007		282,000		40,070,457		121,692,583	
At 30 th June 2022	617,225,776	1,060,000,000			38,440,334		58,491,647		49,668,020		181,044,501		40,070,457		2,044,940,736	
Comprising																
Cost	602,944,303	500,000,000			42,546,584		65,702,118		64,285,137		238,935,041		40,070,457		1,554,483,640	
Valuation	14,281,473	560,000,000			(4,106,250)		(7,210,471)		(14,617,117)		(57,890,540)		-		490,457,096	
Depreciation and impairment	617,225,776	1,060,000,000			38,440,334		58,491,647		49,668,020		181,044,501		40,070,457		2,044,940,736	
At 30 th June 2020	3,406,656	-			1,787,500		1,786,399		2,557,323		7,477,675				17,015,553	
Depreciation	11,224,817	-			9,163,209		5,476,303		9,373,107		21,660,603				56,898,039	
At 30 th June 2021	14,631,473	-			10,950,709		7,262,702		11,930,430		29,138,278				73,913,592	
Depreciation	15,064,858	-			3,436,203		2,561,447		3,773,759		3,038,124				27,874,391	
At 30 th June 2022	29,696,331	-			14,386,912		9,824,149		15,704,189		32,176,402				101,787,983	
Net book values																
At 30 th June 2022	587,529,445	1,060,000,000			24,053,422		48,667,498		33,963,831		148,868,099		40,070,457		1,943,152,753	
At 30 th June 2021	550,016,012	1,060,000,000			27,489,625		38,334,117		21,870,583		151,624,223				1,849,334,561	
At 30 th June 2020	507,591,769	1,060,000,000			19,662,500		41,087,175		23,015,904		171,986,526		7,790,000		1,831,133,875	

Capital Work in progress relates to construction of Tuition block and Modern Library/resource center that were not 100% complete and institution bus that was fabricated but not yet delivered to the institution as at the end of the financial year.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Valuation

Land and buildings were valued by Benchmark Valuers Limited independent valuer on 2020 on market basis of valuation. These amounts were adopted on 30th June 2020.

18 (b) Property, Plant and Equipment at Cost

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

	Cost/Valuation	Accumulated	NBV
		Depreciation	
	Kshs	Kshs	Kshs
Buildings	617,225,776	29,696,331	587,529,445
Land	1,060,000,000	-	1,060,000,000
Motor vehicles	38,440,334	14,386,912	24,053,422
Furniture and fittings	58,491,647	9,824,149	48,667,498
Computers	49,668,020	15,704,189	33,963,831
Plant and equipment	181,044,501	32,176,402	148,868,099
Total	2,004,870,278	101,787,983	1,903,082,295

19. INTANGIBLE ASSETS-SOFTWARE

Description	2021-2022	2020-2021
	KShs	KShs
Cost		
At beginning of the year	7,790,000	-
Transfer from WIP	-	7,790,000
Additions	1,150,000	-
At end of the year	8,940,000	7,790,000
Amortization and impairment		
At beginning of the year	1,558,000	-
Amortization	1,788,000	1,558,000
At end of the year	3,346,000	1,558,000
NBV	5,594,000	6,232,000

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2021-2022	2020-2021
	KShs	KShs
Trade payables Recurrent expenditure	14,953,480.60	13,806,938
Trade payables Development expenditure	15,186,567.40	-
Fees paid in advance	1,924,500	578,836
Total trade and other payables	32,064,548	14,385,774

21. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2021-2022	2020-2021
	KShs	KShs
Caution money	1,155,440	1,155,440
Total deposits	1,155,440	1,155,440

22. PAYABLE TO MENTORED INSTITUTIONS

Description	2021-2022	2020-2021
	KShs	KShs
Maragwa Technical Institute	2,777	3,413
Gichugu Technical Institute	5,529	5,799
Mwea Technical Institute	-	9,950
Kiharu Technical Institute	4,649,241	2,514
Furniture account for mentored institutions	-	1,310,800
	4,657,547	1,332,476

23. DEFERRED INCOME

Description	2021-2022	2020-2021
	KShs	KShs
At start of the year	-	-
Additions during the year	-	-
Total deferred income	-	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. 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 institution's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the 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
At 30 June 2022		
Receivables from exchange transactions	105,488,259	105,488,259
Bank balances	258,074,319	258,074,319
Total	363,562,578	363,562,578
At 30 June 2021		
Receivables from non-exchange transactions	90,472,210	90,472,210
Bank balances	267,522,752	267,522,752
Total	357,994,962	357,994,962

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. 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 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.

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade and other payables from exchange transactions		32,064,548	-	32,064,548
Refundable deposits from customers			1,155,440	1,155,440
Payable to mentored institutions		4,657,547		4,657,547
Total		36,722,095	1,155,440	37,877,535
At 30 June 2021				
Trade and other payables from exchange transactions	-	14,385,774	-	14,385,774
Refundable deposits from customers			1,155,440	1,155,440
Payable to mentored institutions		1,332,476	-	1,332,476
Total	-	15,718,250	1,155,440	16,873,690

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 ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

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

The 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.

25. 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) Key management;
- iv) Board of directors;

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

	2021-2022	2020-2021
	Kshs	Kshs
Transactions with related parties		
a) Grants /Transfers from the Government		
Grants from National Government	250,362,500	177,240,000
Total	250,362,500	177,240,000

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. CAPITAL COMMITMENTS

Capital commitments	2021-2022	2020-2021
	Kshs	Kshs
Authorised for	146,203,120	146,203,120
Total	146,203,120	146,203,120

27. EVENTS AFTER THE REPORTING PERIOD

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

28. ULTIMATE AND HOLDING ENTITY

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

29. CURRENCY

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

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Errors on the presentation of the financial statements	All errors were amended and the final report was in compliance to the template issued by the National treasury	Resolved	May 2022.
	Under-Collection of Revenue	The computation of the expected income by the officers of the auditor general assumed 100% disbursement by the government which is not always the case. The team also assumed that the intitute had the same number of student throughout the year which was not the case.	Resolved	May 2022.
	Omitted Revenue	The total amount transferred from National government included money for mentored institutions which was not part of Thika TTI non exchange income	Resolved	May 2022.
	Irregular Income Adjustments	The adjustment passed on other income was fully explained to the officers of auditor general by the close of the 2020.2021 audit exercise	Resolved	May 2022.
	Irregular Procurement of Security Services	Supporting documents for the procurement of security services was provided to the officers of auditor general by the close of the 2020.2021 audit exercise	Resolved	May 2022.

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Irregular Payment of Teaching and Training Materials Expenses	The supporting documents for the Teaching and Training material expenses was provided to the officers of auditor general by the close of the 2020.2021 audit exercise	<i>Resolved</i>	May 2022.
	Incomplete Implementation of Projects	The integration part of the Biometric system and the ERP is a work in progress that was delayed by introduction of smart cards for accessing the turnstiles. A committee was established to ensure full integration is undertaken and several meetings have been held to deliberate on modalities of the Integration.	<i>Resolved</i>	May 2022.
	Accuracy of Expenditure on Repairs and Maintenance	The expenses was justified and all supporting documents provided to the officers of auditor general by the close of the 2020.2021 audit exercise	<i>Resolved</i>	During the audit
	Misclassification of Expenditure	The expenses we correctly reclassified	<i>Resolved</i>	During the audit
	Unsupported Expenditure	The supporting documents were later provided	<i>Resolved</i>	During the audit
	Lack of Imprest Register		<i>Resolved</i>	2021/2022
	Long Outstanding/ un-refunded Fees Paid in Advance	<ul style="list-style-type: none"> Prepayment for students who have cleared has the process of initiating the refund by the student and as well refund is made to the right source ie either HELB, CDF or Parent. 	<i>Resolved</i>	2021/2022

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Debtors provision	We have now ensured that debtors provisions have been done as per the finance policy.	Resolved	2021/2022
	Dysfunctional Internal Audit	All policies related to functionality of the internal audit have been approved and in place to ensure smooth running of the department	Resolved	2021/2022

Guidance Notes:

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

Accounting Officer

HANNAH N. MBURU

Signature

Date. 24th April 2023

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Construction of Automotive Engineering workshop	18,965,192	18,965,192	100%	20,900,000	18,965,192	A in A
2	Cabro Works, Paving slabs & drainage	8,698,000	8,698,000	100%	15,000,000	8,698,000	A in A
3	Fabrication of 10 reading sheds	1,395,260	1,395,260	100%	2,500,000	1,395,260	A in A
4	Board room executive seats	526,000	526,000	100%	1,500,000	526,000	A in A
5	Solar Lighting on the lower field	2,857,718	2,857,718	100%	3,000,000	2,857,718	A in A
6	Fencing of staff houses	2,136,820	2,136,820	100%	2,000,000	2,136,820	A in A
7	Lecture chairs	3,809,000	3,809,000	100%	3,500,000	3,809,000	A in A
8	Construction of Tuition block	73,467,335	26,000,000	60%	73,003,120	73,467,335	A in A
9	Construction of Multipurpose Pavilion	4,693,050	4,693,050	100%	3,800,000	4,693,050	A in A
10	Construction of 9 Precast classrooms	9,590,309	9,590,309	100%	8,000,000	9,590,309	A in A
11	Erection of Electric fence and razor wire	3,649,000	3,649,000	100%	2,000,000	3,649,000	A in A
12	Purchase of institute bus	13,821,300	13,821,300	100%	11,000,000	13,821,300	A in A
13	Relocation of Sewer line	1,733,650	1,733,650	100%	-	1,733,650	A in A
14	Construction of Access roads within staff quarters extending to gate B	2,505,830	2,505,830	100%	-	2,505,830	A in A
15	Modern Library /Resource Centre	80,011,440.80		30%	80,011,440.80	80,011,440.80	A in A
16	Replacement of bricks roof with iron sheets - Mechanical Workshop	4,193,520	4,193,520	100%	4,200,000	4,193,520	A in A
17	Replacement of bricks roof with iron sheets - Comp lab	1,758,280	1,758,280	100%	1,800,000	1,758,280	A in A
18	Refurbishment of Food Science Kitchen	3,700,000		100%	-	3,700,000	A in A
19	Fixing tiles on Precast classrooms	2,000,000		100%	2,270,225	2,000,000	A in A

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Appendix III- Inter-Entity Confirmation Letter



MINISTRY OF EDUCATION
State Department of Vocational and Technical Training

THIAK TECHNICAL TRAINING INSTITUTE PO BOX 91 - 01000 THIKA

The State Department of Vocational and Technical Training wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June 2022								
Reference Number	Date Disbursed	Amounts Disbursed by State Department of Vocational and Technical Training (Kshs) as at 30 th June 2022			Inter- Ministerial (C)	Total (D)=(A+B+C)	Amount Received by [beneficiary Entity] (KShs) as at 30 th June 2021 (E)	Differences (F)=(D-E)
		Recurrent (A)	Development (B)					
1	8th July 2021	500,000.00				500,000.00	-	
2	29th Sept 2021		9,156,100.00			9,156,100.00	-	
3	12th Oct 2021		20,000,000.00			20,000,000.00	-	
4	18th Nov 2021	82,597,500.00				82,597,500.00	-	
5	3rd March 2022	82,597,500.00				82,597,500.00	-	
6	3rd June 2022	83,932,500.00				83,932,500.00	-	
Total		249,627,500.00	29,156,100.00			278,783,600.00	-	

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

Head of Accountants department of beneficiary Entity:

Name Stephena N. Ngunjiri Sign [Signature] Date 24/6/2023