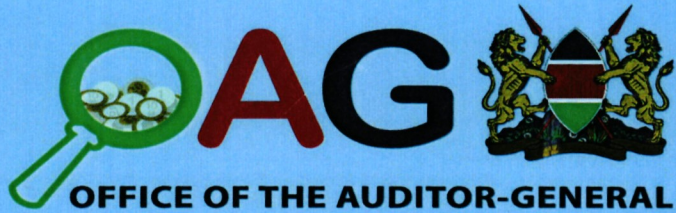


REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY	
DATE: 16 NOV 2022	
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REPORT

OF

THE AUDITOR-GENERAL

ON

**MUKURWE-INI TECHNICAL TRAINING
INSTITUTE**

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

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MUKURWE-INI TECHNICAL TRAINING INSTITUTE

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

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

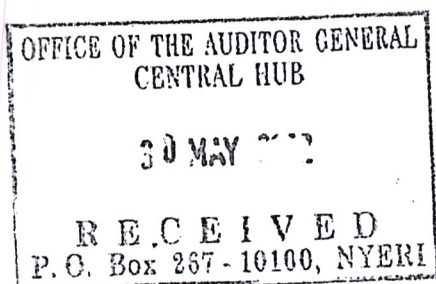


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I. KEY INSTITUTE INFORMATION AND MANAGEMENT

a) Background information

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

b) Principal Activities

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

Our Vision

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

Our Mission

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

Our Values

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

c) Entity Contacts

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

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d) Entity Bankers

1. Equity Bank

Mukurweini Branch

P.O. Box 450-10103

City Square 00200

Mukurweini, Kenya

2. Kenya Commercial Bank

Mukurweini Branch

P.O Box 233 - 10103

Mukurweini, Kenya

e) Independent Auditors

Office of the Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P.O. Box 30084-00100, GPO

Nairobi, Kenya.

f) Principal Legal Adviser

The Attorney General

State Law Office







Harambee Avenue

P.O.Box 40112-00200




Nairobi, Kenya.

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II. BOARD OF GOVERNORS

Photo and name of the BOG Members	Description of each BOG's date of birth, key qualifications and work experience
 1. Anthony Maina Mithanga-Chairman	Qualifications; Bachelor of science and M.A health pastoral care. Date of birth: 1968 Currently Director Biometric Ltd
 2. Fr. Peter Githinji	Qualification; B.A philosophy and theology. Date of birth: 13/10/1972 A Catholic Priest.
 3. Peter Kiama Maina	Qualifications; M.B.A masters in strategic plan. Date of birth: 1960 Currently as consultant in plant maintenance.
 4. Jackline Munyoki	Qualifications; B.SC information science. Date of birth: 1971 Currently as ICT consultant.
 5. Dorcas Mwari	Qualifications; Bachelor of science in agricultural economics and resource management. Date of birth: 13/9/1983
 6. Sheila Kageni Naivasha	Qualifications; Bachelor of Commerce Date of birth:1985

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Photo and name of the BOG Members	Description of each BOG's date of birth, key qualifications and work experience
 7. Ruchuiya Kimani	Qualifications; Bachelor of Law (LLB). Date of birth: 1992
 8. Charles Nyota	Qualifications: Master of Science in Computer Science Date of birth: 1969 Experience: TVET Administration, County Director TVET Nyeri County
 9. Patrick W Muchemi Principal/Secretary BOG	Qualifications: Med Building Construction Engineering Date of Birth: 1969 Work Experience: 25 years

Name of the Committee	Members
Finance and Infrastructure	1. Symon Kamore - Chairperson 2. Peter Kiama - Member 3. Patrick Muchemi - Member 4. Benard Ng'ang'a - Finance officer
Risks and Audit Committee	1. Rucuiya Kimani - Chairperson 2. Sheila Naivasha - Member 3. Fr. Peter Githinji - Member 4. Internal Auditor-Secretary
Academic & Human Resource	1. Jackline Munyoki - Chairperson 2. Dorcas Mwari - Member 3. Charles Nyota - Member 4. Patrick Muchemi - Member

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BOARD COMMITTEES

III. MANAGEMENT TEAM

Name of the Staff	Responsibility
Patrick W Muchemi	Principal
Peter Rubia	Deputy Principal Administration
Catherine Gikonyo	Deputy principal academics
Benard Nga'nga'	Head of Finance
Francis Ngure	Head of Procurement

FIDUCIARY MANAGEMENT

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

No.	Designation	Name
1.	Principal/Sec BOG	Patrick W Muchemi
2.	Deputy Principal Administration	Peter Rubia
3.	Deputy principal academics	Catherine Gikonyo
4.	Head of Finance	Benard Nga'ang'a
5.	Head of Procurement	Francis Ngure

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(a) Fiduciary Oversight Arrangements

Name of the Committee	Members
Finance and Infrastructure	1. Symon Kamore- Chairperson 2. Peter Kiama - Member 3. Patrick Muchemi - Member 4. Sheila Naivasha – Member 5. Benard Ng'ang'a - Finance officer
Risks and Audit Committee	1. Rucuiya Kimani - Chairperson 2. Patrick Muchemi - Secretary 3. Peter Kiama - Member 4. Fr. Peter Githinji - Member
Academic & Human Resource	1. Jackline Munyoki - Chairperson 2. Dorcas Mwari - Member 3. Charles Nyota - Member

Finance and Infrastructure committee activities

The Committee shall exercise all the powers of BOG in financial matters except in relation to the items, which are reserved, to BOG in these Standing Orders, on which the Committee shall advise BOG. Terms of Reference The role of the Committee shall be to monitor the financial status of the Institute on behalf of BOG. In addition to advising BOG on those matters referred to above, the Committee's responsibilities shall include:

- i. To monitor and facilitate the implementation of the Institute s strategy with regard to financial matters
- ii. To receive reports from the Principal and the Accountant
- iii. To monitor implementation of the strategy for the Institute
- iv. To receive reports of the extent and condition of the Institute estate including the efficiency of space utilization, the consumption of energy and the adequacy of property insurance arrangements
- v. To consider the adequacy of the Institute estate and proposals for its maintenance and development, including opportunities to dispose of and acquire new properties.
- vi. To determine the fees and charges made for Institute services and facilities.
- vii. To supervise the financial administration of the Institute and make recommendations to BOG where appropriate.
- viii. To supervise the arrangements for safeguarding the Institute's assets
- ix. To ensure the proper financial evaluation and control of projects
- x. To supervise the arrangements for investing the Institute's funds, including monitoring the performance of investments
- xi. To make recommendations to BOG on the financing of projects

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Senior Management Activities

The main purpose of the Senior Management Team is to:

- i. Ensure that Mukurweini TTI's BOG is able to take strategic decisions relating to MTVC's activities.
- ii. Provide leadership in communicating Mukurweini TTI's mission, values, plans and achievements effectively and consistently to BOG Members, staff, Government, the voluntary and community sector, the general public and other stakeholders;
- iii. Be accountable for the development and implementation of Mukurweini TTI's strategic, corporate and business plans in line with the mission and values.
- iv. Take a strategic overview of performance in all areas of MTVC's activities.
- v. Makes recommendations to the BOG on the implementation and achievement of the BOG's Strategic Framework;
- vi. Agrees Mukurweini TTI's Corporate Plan, and monitor delivery through appropriate key management and performance information reporting to the Board of Governors as appropriate.
- vii. In the light of income projections and forecasts, considers the annual grants and operational expenditure and monitors such expenditure;
- viii. Develops, agrees, monitors and reviews strategies relevant to the effective and efficient operation of Mukurweini TTI, making recommendations as appropriate to the Board of Governors and/or its relevant Committees;
- ix. Determines strategic issues arising from the introduction of new policies or process, including actively managing risk across the organization and regularly reviewing the corporate risk register;
- x. Oversees and monitors Mukurweini TTI's joint work with the other stakeholders
- xi. Considers the impact of external factors and developments, including specific political initiatives and the response to key consultation documents and where appropriate make recommendations to the BOG and/or its relevant Committees.
- xii. Leads all senior managers in motivating and developing Mukurweini TTI staff to deliver the highest standards of performance and customer service

Government oversight activities

The Government of Kenya's oversight role includes provision of Grants for both Capitation and Development as well as provision of the regulatory framework. The Office of the Auditor General undertakes the audit of the Institutional activities after the end of the financial year.

**MUKURWE-INI TECHNICAL TRAINING INSTITUTE
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IV. CHAIRMAN'S STATEMENT

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

Economic Focus

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

In the recent past, the institute has experienced decrease in trainee's enrolment from 1485 in FY 2019/2020 to 1277 in the year 2020/2021. We have projected our annual growth to an average of 60% in the financial year 2021/2022.

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

Review of the Sector

During the financial year 2020/2021, we have witnessed a decline in student enrolment owing to the impact of Covid-19 which had a negative impact on the operations. With the government's approach to ensure 100% transition of students from secondary schools to Technical Vocational Training (TVETS) the future looks promising in terms of trainee development and increase in numbers.

Risk Management

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

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Outlook

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

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



CHAIRMAN, BOARD OF GOVERNORS

30th August, 2021.

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V. REPORT OF THE PRINCIPAL

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

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

HIGHLIGHTS OF FY 2020/2021 PERFORMANCE

The Financial Year 2020/2021 started on a low note with due to the emergency of Covid-19 pandemic that grounded learning.

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

Students Enrolment;

During the year 2020/2021, there was a decrease of learners from 1485 to 1277 by the close of the financial year ended 30 June 2021. This decrease is attributed to Covid-19 challenges.

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


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

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

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

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



**PATRICK W. MUCHEMI
PRINCIPAL/SECRETARY TO THE BOARD OF GOVERNORS
Date: 30th August 2021**

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VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Mukurweini Technical Training Institute has 10 strategic pillars and objectives within its Strategic Plan for the FY 2017/2018- 2021/2022. These strategic pillars are as follows:



Mukurweini Technical Training Institute develops its annual work plans based on the above 10 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 2020/2021 period for its 10 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: INFRASTRUCTURE	Improving and increasing physical facilities	-Completion of buildings under construction, -Successfully complete the projects for institutions being mentored	-Develop a framework for improving and increasing physical facilities -Improve TVET equipment, information and communication systems	-Various blocks have been constructed including classrooms and ICT a Library complex, Main Gate Student Canteen and workshops
Pillar 2: TECHNOLOGY AND ICT INFRASTRUCTURE	Promote effective application of ICT	-Complete ICT infrastructures, Installation of Management Information System ICT courses	-Develop adequate ICT capacity and infrastructure -Institutionalized Management Information System (MIS) -Promote the use of ICT in	-ICT courses are being offered in the institution -MIS is in the process of being installed

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			Curriculum delivery and management systems	
	Enhance Equipment and Technology	Institution incubator and use of modern equipment and Technology.	-Develop institution incubator -Promote use of modern equipment and Technology	To be implemented
Pillar 3: Research and Development (R&D)	Institutionalize effective research and development	Research and development infrastructure	-Develop mechanisms for R&D collaboration among TVET institutions. -Promote the use of research results in technology development and transfer -Develop R&D infrastructure.	To be implemented
Pillar4: COLLABORATION AND LINKAGES	Enhance collaboration and linkages	Development partners on board Mentorship	-Establish collaborations and linkages -Strengthen existing collaboration and linkages -Establish benchmarks and joint cooperation networks with international TVET institutions	Collaboration with NYS a Equity Bank in sponsori students.
Pillar 5: Competitiveness	Enhance competitiveness	Increased students' numbers	-Strengthen existing competitiveness benchmarks -Establish new competitiveness benchmarks	-Student numbers ha continued to increase.
Pillar 6: INSTITUTIONAL GOVERNANCE	-Improve institutional corporate governance -Develop and Implement M&E Systems	-Constant review of courses offered. -Improved result based management in the training system	-Develop and implement institutional policies, strategies, and programmes. (E.g HIV/AIDS, -Alcohol and drug abuse and health	-New programs mounted -Improved budget accuracy

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		-Improved budget accuracy level.	and safety, and environment) -Embrace results based management in the training system -Develop and implement M&E systems -Fast track institutional expenditure review.	
Pillar 7: HUMAN RESOURCE	Harness Human resource	Increased number of staff to match the increasing number of students.	-Increase staff at PSC and BoG levels -Develop competencies in staff	New BoG and PSC trainees have been employed.
	Improve and sustain relevance of skills.		-Ensure quality assurance and standards -Promote innovativeness in ST&I -Establish the Center of excellence -Improve the quality of work culture Strategy -Encourage investment in the development and commercialization of TVET products and services including ICT.	
Pillar 8: FINANCIAL RESOURCES	Diversify sources and increase funding	-New development partners -Enhanced existing partners' relationship -Increase in government development funds	-Increase GoK funding -Exploit external funding possibilities through developed criteria -Expand income generation at institutional level	-There are development partners funding development projects. -The institution continues to receive development funds from the government.
Pillar 9:	To develop an	Improved	Improve the image	Objective achieved

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<p>COMMUNICATION AND PUBLIC RELATIONS (RECOGNITION)</p>	<p>effective and efficient communication system internally and externally at all levels and to enhance the image and visibility of Mukurweini TTI.</p>	<p>institution</p>	<p>of TVET.</p>	
<p>Pillar 10: ACCESS AND EQUITY</p>	<p>Enhance Access and equity</p>	<p>Improved training programmes in MSE sector. Expansion of facilities</p>	<p>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</p>	<p>Expansion of facilities achieved</p>

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VII. CORPORATE GOVERNANCE STATEMENT

Corporate governance comprises rules, procedures, regulations and processes through which the Institute is directed. It involves balancing the interests of the Institute in order to achieve long-term strategic objectives of the Institute.

The roles and functions of the Board members are clearly defined and include giving the overall oversight of management and giving the strategic direction of the Institute. The Board members defines the Institute's strategies, objectives, values and ensures that procedures and practices are put in place to ensure effective control over strategic, financial, operational and compliance issues. The Board members develops short and long-term goals of the Institute, develops strategies to achieve those goals and monitors the performance of the Institute against the set goals. The Board members also spearheads the preparation of financial statements and reports of the Institute, approves and reviews annual budgets and ensures that the Institute has adequate systems of internal controls together with appropriate monitoring of compliance activities to ensure business continuity.

The Board members provides oversight to the Institute's top management and has unrestricted access to timely and relevant information as well as advice and services of the Corporation Secretary to discharge its duties effectively.

Mukurweini Technical Training Institute Board members operates in compliance with the Mwongozo code that offers corporate governance framework for all state corporations. The members of Board have duly undergone training under this code.

The Board members prepares an annual work plan showing the schedule of meetings planned for each year. During the year, the Institute Board members held regular quarterly meetings, while special meetings were called when necessary.

The Board is headed by the Chairman and is composed of nine members inclusive of the Principal who is the only executive member. The constitution of the Board members takes into consideration requirements of the sector, diversity of skills, academic qualifications, gender, age and experience necessary to add value to the operations of the Institute. The Board members are appointed to various Board Members' Committees mandated to carry out specified functions. The Board members therefore bring their diverse experiences in deliberations during Board meetings.

The Board members' committees have well defined terms of reference. The committees are intended to facilitate efficient decision making by the Board members in them discharging their duties and responsibilities.

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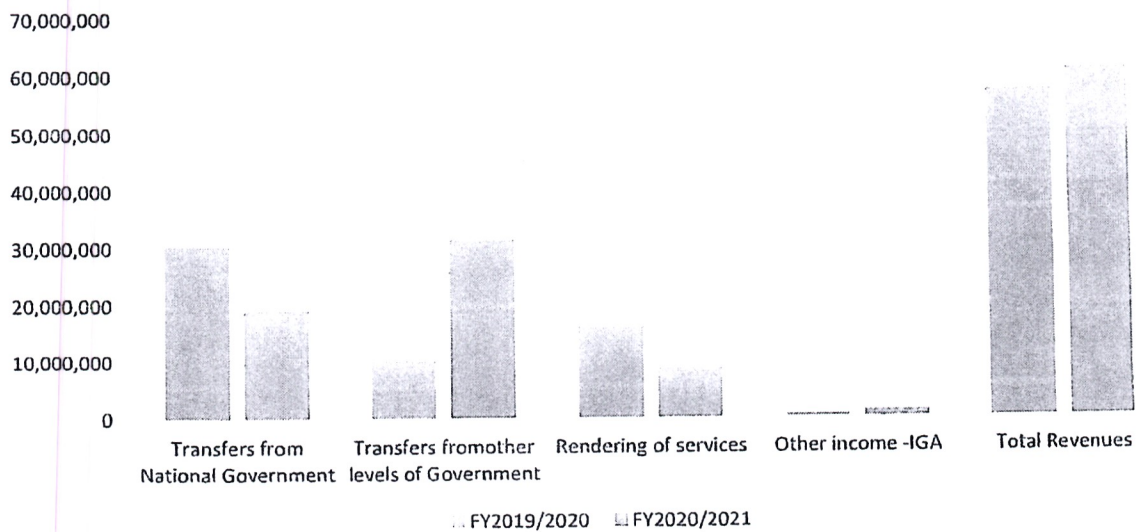
VIII. MANAGEMENT DISCUSSION AND ANALYSIS

Mukurweini Technical Training Institute operational and financial performance

During the year ended June 2021 the Institution had 1277 students compared to 1485 in year 2019/2020. As the number of students decreased during the year, the revenues decreased due to effects of Covid-19 which paralyzed learning causing schools to remain closed. Learning resumed in the third quarter though in phases.

Below are the graphs and pie charts analyzing the revenues and expenses of the institution.

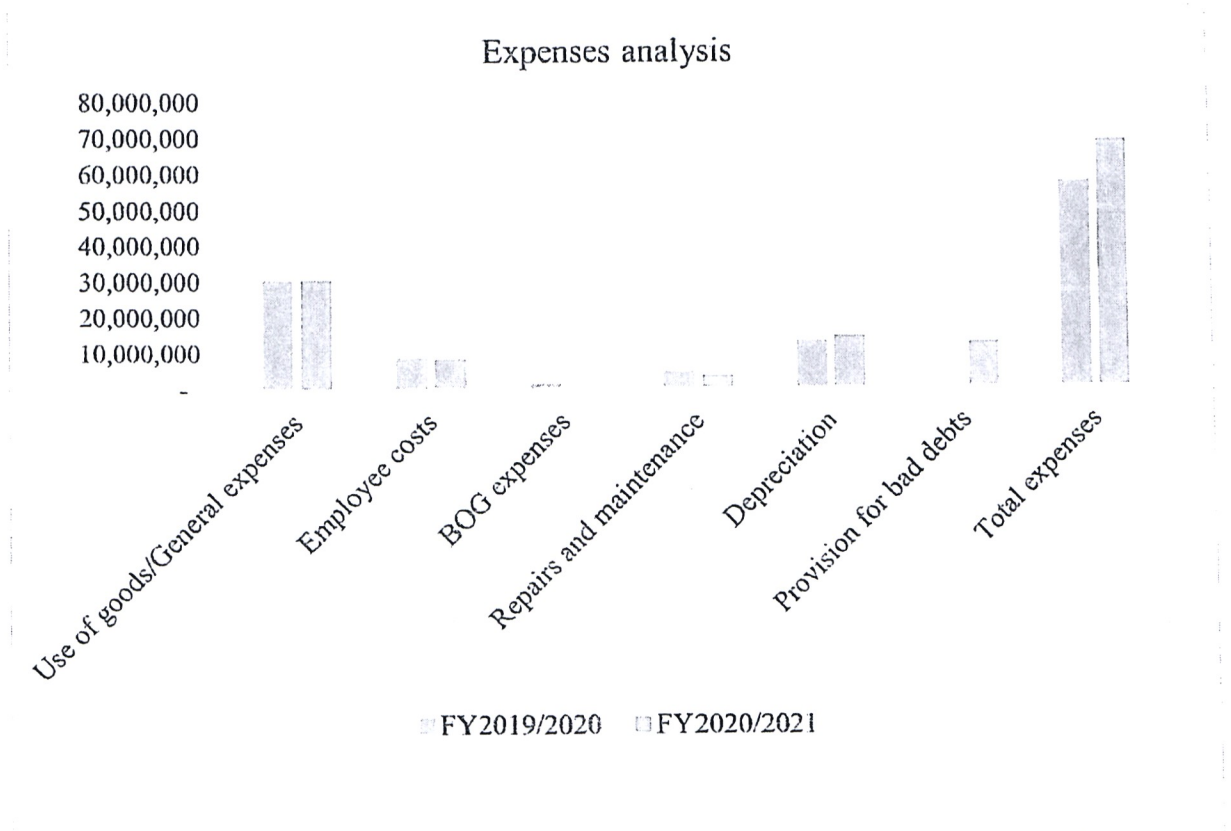
Revenues Analysis



The above analysis reviews that all expenses decreased drastically due to effect of Covid -19 as mentioned under income.

The contribution of each expense as a percentage of total expenses is as shown below.

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Risks and Opportunities facing MTTI

Opportunities	Threats
Potential for collaboration & Linkages	Competition from other TVCS
High demand for Technical skills	Rapid Technological changes
Centralized placement of new students by KUCCPS	Rapid changes of policy
Positive perception of TVET by the Public	Rigid KICD Curriculum
Demand for short term courses	High cost of training in practical skills
Access to student loans & bursaries from H.E.L.B, county & NGCDF	Unpredictable job market
Government support	Formal employment culture in the society
Enabling legal & policy framework	Unfavorable economic changes
	Cybercrime
	Political interference
	HIV/ AIDS drugs and substance abuse

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

- i. Low student enrolment.
- ii. Student turnover
- iii. Inadequate student accommodation and support facilities
- iv. Delayed disbursement of capitation and NYS sponsorship
- v. Staff turnover due to inability to retain them

Mukurweini Technical Training Institute compliance with statutory requirements

Mukurweini Technical Training institute complies with deduction and remittance of statutory deductions such NHIF, NSSF and PAYE.

Key projects and investment decisions

The projects under consideration in the FY 2020/2021 are summarized in the table below:

	Project	Budget	Key Deliverables	Project Status	
1	Carpentry and Joinery Workshop	1,000,000.00	<ul style="list-style-type: none"> ➤ Practical completion ➤ Handing over certificate 	100	
2	Steel-Framed Classes	2,000,000.00	<ul style="list-style-type: none"> ➤ Practical completion ➤ Handing over certificate 	100	
3	Plumbing/Masonry Workshop	950,000.00	<ul style="list-style-type: none"> ➤ Practical completion ➤ Handing over certificate 	80	

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IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

1. Sustainability strategy and profile

Key Institute staff attended career days and workshops for head teachers in order to motivate and mentorship to students in high schools. These motivational talks are a permanent feature in our calendar of events every year and they ensure that the Institute maintains a strong link with students who are aspiring to join Institutes.

2. Environmental performance

Environmental degradation has severe negative effects in the world. It is therefore important for constant efforts to be made to conserve the environment around us. During the year, the Institute started a project to grow trees in the Institute. This project will be continued in subsequent years in order to improve the total tree cover in the Institute. Due to the Impact of Covid-19 the institute has put in place water points for future use.

3. Employee welfare

The Institute has developed a Human resource policy to help in the recruitment of its staff. The policy is also gender sensitive as it has contributed to the third gender rule as per government directives. Employees hold capacity trainings every year to motivate them. This has improved the morale the employees in the place of work and thus improved service delivery. The Institute is in the process of putting in place a safety policy in order to be compliance with Occupational Safety and Health Act of 2007, (OSHA).

There is a reward and appraisal system in place for all the employees of Mukurweini Technical Training Institute.

4. Community Engagements-

Mukurweini Technical Training Institute, as a responsible corporate institution established to achieve public good, recognizes the link between sustainable growth and development of the institution and the need to invest in society, the local community and protection of the environment. This is important to ensure that social, economic and environmental benefits accrue to the society and other stakeholders as the Institute conducts its business. During the year, the Institute contributed to various community initiatives and noble projects, despite the prevailing resource constraints.

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X. REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the institute's affairs.

Principal activities

The principal activity of the institute is to: offer competence Based Technical Training, prepare and guide trainees, for evaluation and certification by appropriate examining bodies and promote Science, Technology and Innovation in all training programs.

Results

The results of the institute for the year ended 30 June 2021 are set out on page 1 of these financial statements.

BOARD OF GOVERNORS

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

Auditors

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

By Order of the Board

.....

Board of Governors-Principal/Secretary to BOG

Mukurweini Technical Training Institute

Date.....

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XI. STATEMENT OF BOARD OF GOVERNORS MEMBERS' RESPONSIBILITIES

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

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

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

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

Approval of the financial statements

The Mukurweini Technical Training Institute's financial statements were approved by the Board on 30/08/ 2021 and signed on its behalf by:



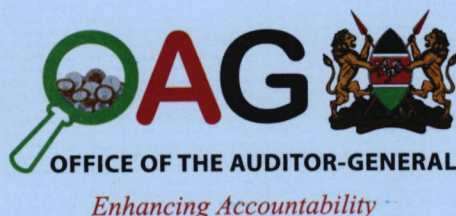
Chairman-Board of Governors



Accounting Officer/Principal

REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mukurwe-ini Technical Training Institute set out on pages 1 to 18, which comprise of the statement of financial position as at 30 June, 2021, 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 Mukurwe-ini Technical Training Institute as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical Training Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Misstatement of General Expenses

The statement of financial performance and Note 9 to the financial statement reflects an amount of Kshs.30,731,839 in respect of general expenses. However, the payment schedules provided for audit disclosed an amount of Kshs.31,770,038 giving rise to an unexplained variance of Kshs.1,038,199.

In the circumstances, the accuracy of an amount of Kshs.30,731,839 for general expenses could not be confirmed.

2. Inaccuracies in Receivables from Exchange Transactions

The statement of financial position and Note 15 to the financial statements reflects an amount of Kshs.24,248,630 in respect of receivables from non-exchange transactions. Included in the amount is Kshs.24,093,630 in respect of student debtors. However, schedules provided for student debtors reflected an amount of Kshs.24,133,446 giving rise to a variance of Kshs.39,816. In addition, no provision for bad debts was provided in the financial statement. Further, the aging analysis for the receivables was not provided for audit review.

In the circumstances, the accuracy and completeness of the receivables amounts of Kshs.24,248,630 could not be confirmed.

3. Unsupported Revenue from Non-exchange Transactions

The statement of financial performance and Note 6a and 6b to the financial statements reflects a total of Kshs.40,647,500 in respect of revenue from non-exchange transaction made up of transfers from National Government of Kshs.30,427,500 and transfers from other levels of government Kshs.10,220,000. However, this was not supported with schedules, receipt vouchers or documents to show the purpose and beneficiary students or whether it was a grant in nature.

In the circumstances, the accuracy and completeness of revenues amounting to Kshs.40,647,500 for the year under review could not be confirmed.

4. Unconfirmed Ownership of Seven Parcels of Land

The statement of financial position and Note 18 to the financial statement reflects Kshs.255,621,544 in respect of property, plant and equipment which includes an amount of Kshs.25,500,000 in respect of land relating to seven (7) parcels of land measuring approximately 66.45. However, valuation report of the land was not presented for audit. Further, out of the seven (7) parcels of land, three (3) parcels all measuring approximately 25.1 acres were registered under Thanu Technical Training Institute instead of Mukurwe-ini Technical Training Institute.

Consequently, the accuracy, valuation, completeness and ownership of the property, plant and equipment amount of Kshs.255,621,544 as at 30 June, 2021 could not be confirmed.

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of Ethnic Staff Diversity

Personnel records provided for audit indicated that the Institute had a staff population of thirty-three (33) comprising of 18 trainers and 15 non-teaching staff. However, all members of staff were from the dominant community contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community.

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

2. Budget Over Expenditure Without Approval

The statement of comparison of budget and actual amounts for the year ended 30 June, 2021, reflects a development expenditure actual of Kshs.21,156,013. However, the entity had budgeted for Kshs.18,268,329 resulting to an over expenditure of Kshs.2,887,684 or 16% over expenditure. However, the over expenditure was not approved contrary to Section 43(2) of the Public Finance Management Act, 2012, which states that an Accounting Officer for a national government entity may reallocate funds between programs, or between sub votes in the budget for the financial year if (b) a request for the reallocation has been made to the national treasury explaining the reasons for the reallocation and The National Treasury has approved the request.

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

3. Failure to Provide Internal Audit Records/Reports

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

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

As at the time of audit in April, 2022, the Institute did not have a risk management policy, a disaster recovery and business continuity plan. Further, the management did not carry out risk assessments during the year under review neither was there in place a risk register. This is in breach of Section 165(1) of the Public Finance Management Regulations, 2015 that requires an Accounting Officer to ensure that the entity develops a risk management strategy which includes fraud prevention mechanism, and a system of risk management and internal control that builds robust business operations.

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

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

Responsibilities of Management and the Board of Governors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

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

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

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

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

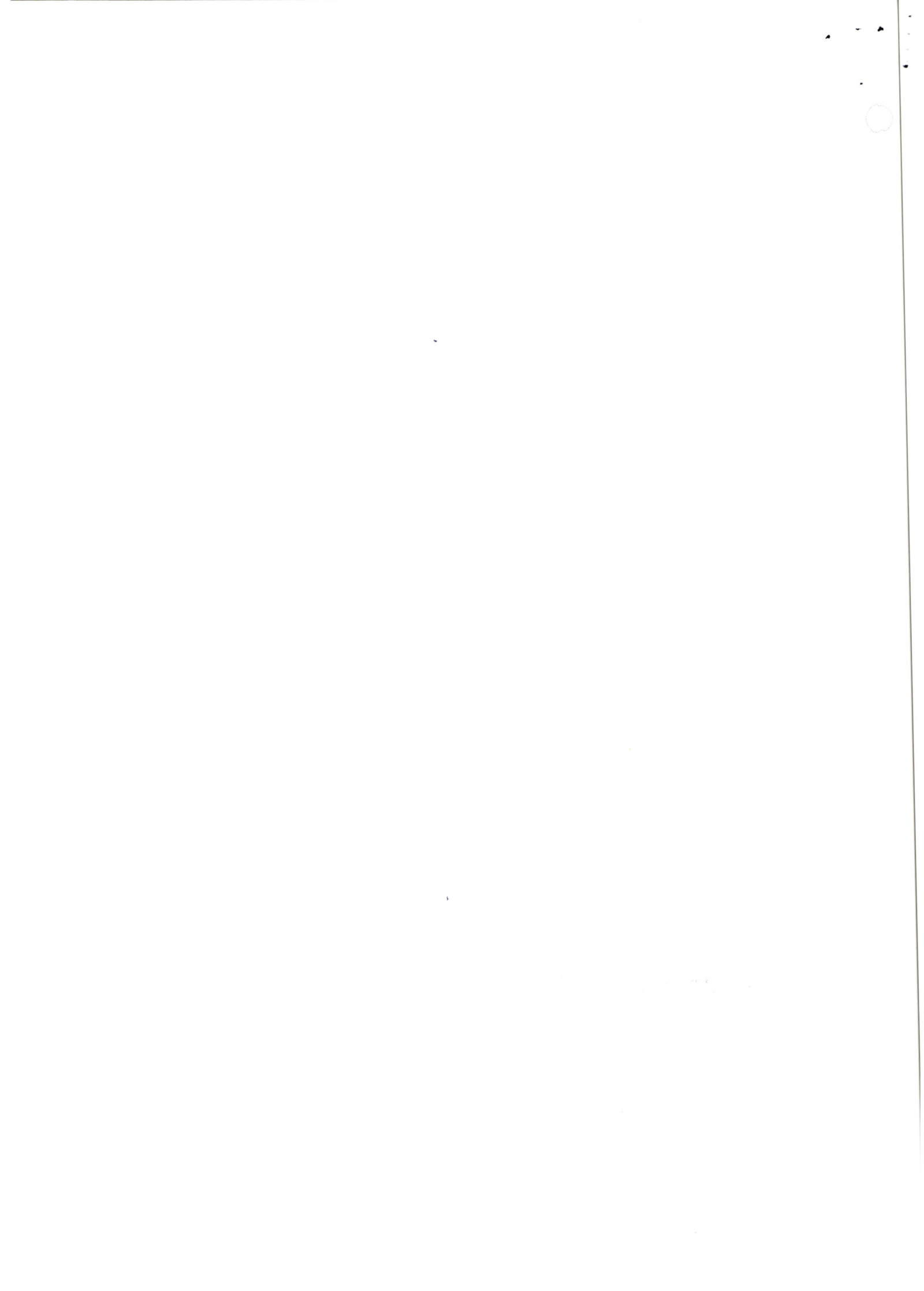
I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

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

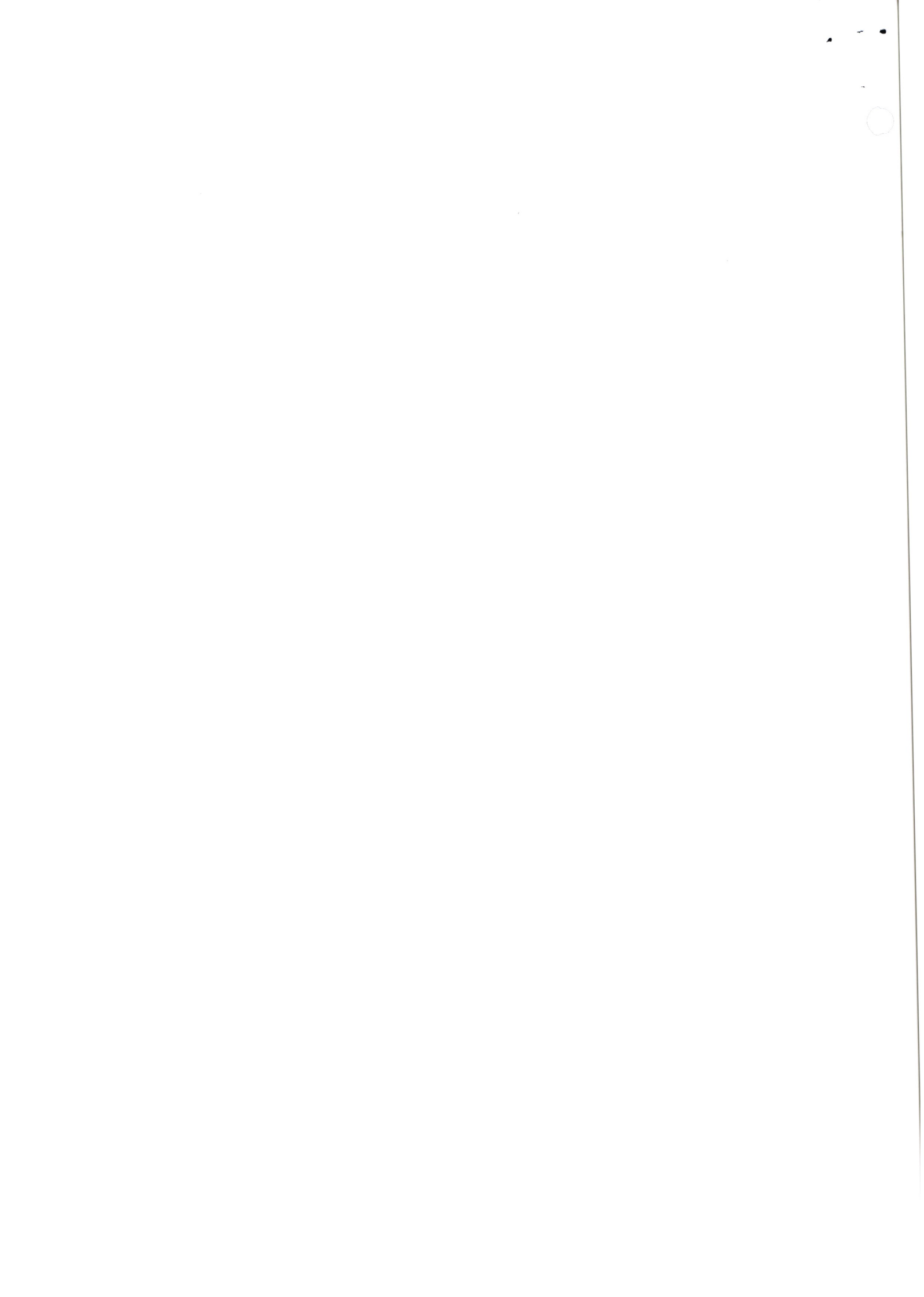
01 September, 2022



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

	Notes	FY 2020/2021	FY2019/2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government	6 (a)	30,427,500	19,327,500
Transfers from other levels of government	6 (b)	10,220,000	31,437,800
			-
Total Revenue from non-exchange transactions		40,647,500	50,765,300
Revenue from exchange transactions			
Income generating activities	7	421,935	1,275,725
Rendering of services	8	16,069,622	8,809,262
Revenue from exchange transactions		16,491,557	10,084,987
Total revenue		57,139,057	60,850,287
Expenses			
General expenses	9	30,731,839	30,461,436
Employee costs	10	7,990,043	8,115,918
Board of Governors remuneration	11	1,077,006	65,000
Repairs and maintenance	12	4,218,851	3,226,920
Depreciation	13	12,897,357	14,033,228
Provision for bad debts		-	12,376,171
Total expenses		56,915,096	68,278,673
Net surplus /(deficit) for the year		223,961	(7,428,386)



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XIV. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	FY 2020-2021	FY2019/2020
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	14	22,741,290	43,525,180
Receivables from exchange transactions	15	24,248,630	23,776,845
Total Current Assets		46,989,920	67,302,025
Non-current assets			
Property, plant and equipment	18	255,621,544	244,775,094
Total Non-current Assets		255,621,544	244,775,094
Total assets		302,611,464	312,077,119
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	16	14,959,944	24,766,060
Refundable deposits from customers	17	766,500	650,000
Total Current Liabilities		15,726,444	25,416,060
Total liabilities		15,726,444	25,416,060
Capital and Reserves			
Reserves		246,969,443	246,969,443
Accumulated surplus		39,915,577	39,691,616
Total Reserves		286,885,020	286,661,059
Total Liabilities and Reserves		302,611,464	312,077,119

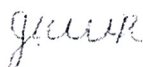
The Financial Statements set out on pages 1 to 17 were signed on behalf of the Board of Governors by:



Name: Patrick W. Muchemi

Principal

Date: 30/08/2021



Name: Justine Mabati

Finance Officer
ICPAK Member Number: 16834

Date: 30/08/2021



Name: Anthony M. Mithanga

Chairman-Board of Governors

Date: 30/08/2021

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**XV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE
2021**

For the Year ended 30 June 2021	Accumulated surplus	Capital Reserves	Total
Balance brought forward as at 1 July 2020	39,691,616	246,969,443	286,661,059
Surplus for the year	223,961	-	223,961
Balance carried forward as at 30 June 2021	39,915,577	246,969,443	286,885,020

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XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

Cash flows from operating activities	FY 2020/2021	FY2019/2020
	Kshs	Kshs
Receipts		
Transfers from Government entities/Govt. grants	30,427,500	19,327,500
Transfers from other Government entities/Govt. grants	10,220,000	31,437,800
Rendering of services- Fees from students	16,069,622	8,809,262
Other income- IGA	421,935	1,275,725
Total Receipts	57,139,057	60,850,287
Payments		
Compensation of employees	7,990,043	8,115,918
Use of goods and services	30,731,839	30,461,436
BOG remuneration	1,077,006	65,000
Repairs and maintenance	4,218,851	3,226,920
Provision for bad debts		12,376,171
Total Payments	44,011,204	54,245,445
Net cash flows from operating activities	13,127,853	6,604,842
Cash flows from investing activities		
Purchase of property, plant, equipment and intangible assets	(23,743,806)	(10,082,871)
Increase in payables	(9,689,616)	23,990,180
Increase in receivables	(471,786)	16,929,789
Net cash flows used in investing activities	(33,905,208)	30,837,098
Cash flows from financing activities		
Net cash flows used in financing activities		
Net increase/(decrease) in cash and cash equivalents	(20,777,355)	37,441,940
Cash and cash equivalents at 1 July	43,525,180	6,083,240
Cash and cash equivalents at 30 June	22,747,825	43,525,180

**MUKURWE-INI TECHNICAL TRAINING INSTITUTE
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XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

ITEM	Original Budget	Adjustments (2020-2021)	Actual 2020-2021	Performance difference	Explanation
INCOME					
Transfers from national government-Government capitation	29,820,000		30,427,500	-2%	
Transfers from other government agencies	24,418,500		10,220,000	58%	a
Rendering of services	26,241,600		16,069,622	39%	b
Income Generating Activities	1,536,000		421,935	73%	c
TOTAL INCOME	82,016,100		57,139,057		
EXPENDITURE					
Personnel Emoluments	11,776,884		7,990,043	28%	d
Use of goods and services	42,921,887		30,731,839	30%	e
BOG expenses	1,079,000		1,077,006	0%	f
Repairs, maintenance and improvements	7,970,000		4,218,851	47%	g
Depreciation expenses	-		12,897,357	100%	h
Development expenditure	18,268,329		21,156,013	-16%	
TOTAL	82,016,100		56,908,561		
Surplus(Deficit)	-		230,496		

Explanation of material variance (Above 10%)

- a) There were no operations for 2 qtrs after the closure of the Institute hence no Income would have been generated
- b) There were no operations for 2 qtrs after the closure of the Institute hence no Income would have been generated
- c) There were no operations for 2 qtrs after the closure of the Institute hence no Income would have been generated
- d) There were no operations for 2 qtrs after the closure of the Institute hence no much expenditure on this vote head
- e) There were no operations for 2 qtrs after the closure of the Institute hence no much expenditure on this vote head
- f) There were no operations for 2 qtrs after the closure of the Institute hence no much expenditure on this vote head
- h) There was an over expenditure due to implementation of the Covid-19 measures and full completion of the ICT/Library Complex

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XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Institute's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the institute. The accounting policies have been consistently applied to all the year presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

2. ADOPTION OF NEW AND REVISED STANDARDS

- i. **Relevant new standards and amendments to published standards effective for the year ended 30 June 2018**

Standard	Impact
IPSAS 33: First time adoption of Accrual Basis IPSAS	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 33, First-time Adoption of Accrual Basis IPSASs. IPSAS 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time, providing a major tool to help entities along their journey to implement IPSASs. It allows first-time adopters three Quarters to recognize specified assets and liabilities. This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the transition period. The Institute adopted IPSAS in the year ended 30 June 2018 and therefore provisions of first time adoption of accrual basis does apply to the Institute.</p>
IPSAS 34: Separate Financial Statements	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 34, Separate Financial Statements. IPSAS 34 prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when a Institute prepares separate financial statements. The Institute does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.</p>

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<p>IPSAS 35: Consolidated Financial Statements</p>	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 35, Consolidated Financial Statements. IPSAS 35 establishes principles for the preparation and disclosure of consolidated financial statements when an Institute controls one or more entities. It requires an institution that controls one or more other entities to assess control over those entities based on the following:</p> <ul style="list-style-type: none"> - Its power over the other Institute - Its exposure or rights to variable benefits from involvement with the other Institute - Its ability to control the nature, timing and amount of benefits from the other Institute. <p>Once control is assessed the controlling Institute is supposed to prepare consolidated financial statements unless it meets all the criteria under section 5 of IPSAS 35. The Institute does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.</p>
<p>IPSAS 36: Investments in Associates and Joint Ventures</p>	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 36, Investments in Associates and Joint Ventures. The Standard prescribes for the accounting for investments in associates and joint ventures and to set out requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard shall be applied by all entities with significant influence over, or joint control of, an investee where the investment leads to the holding of a quantifiable ownership interest. The Institute does not have investments in associates or joint ventures</p>
<p>IPSAS 37: Joint Arrangements</p>	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 37, Joint Arrangements. IPSAS 37 establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly. The Institute does not have an interest in a joint arrangement and therefore the standard does not apply</p>
<p>IPSAS 38: Disclosure of Interests in Other Entities</p>	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 38, Disclosure of Interests in Other Entities. IPSAS 38 requires an Institute to disclose information that enables users of its financial statements to evaluate the nature of and risks associated with, its interests in controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and the effects of those interests on its financial position, financial performance and cash flows. The Institute does not have interests in other entities and therefore the standard does not apply.</p>

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

Revenue is recognized to the extent that it is probable that future economic benefits will flow to the Institute and the revenue can be reliably measured. Revenue is recognized at the fair value of consideration received or expected to be received in the ordinary course of the Institute's activities, net of value added tax (VAT), where applicable, and when specific criteria have been met for each of the Institute's activities as described below:

i. Sale of goods and services

The Institute recognizes revenues from sale of goods and services in the year in which the Institute delivers products or services to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Institute and the fair value of the asset can be measured reliably.

ii. Transfers from other government entities

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

iii. 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.

iv. 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.

v. Other income

Other income is recognized as it accrues.

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b) In-kind contributions

In-kind contributions are donations that are made to the Institute in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Institute includes such value in the statement of comprehensive income both as revenue and as an expense and opposite amounts; otherwise, the contribution is not recorded.

c) Investment property

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

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

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

d) Property, plant and equipment

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

Land and buildings are not depreciated.

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Depreciation on property, plant and equipment is recognized in the income statement on a reducing balance basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use are:

Land and buildings	-
Motor vehicles	25%
Furniture and fittings	12.5%
Computer and peripherals	30%
Office equipment	12.5%

A full year's depreciation charge is recognized both in the year of asset purchase and in the year of asset disposal.

e) Intangible assets

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

The useful life of the intangible assets is considered to be 5 years.

f) Inventories

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

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

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

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

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

or

distribution.

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

g) Provisions

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

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

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

h) Contingent liabilities

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

i) Contingent assets

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

j) Nature and purpose of reserves

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

k) Changes in accounting policies and estimates

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

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6(a)	Transfers from National Government Ministries	FY 2020/2021	FY2019/2020
		Kshs	Kshs
	Unconditional grants		
	Operational grant/Capitation	30,427,500	19,327,500
	Total transfers from National Government	30,427,500	19,327,500
<p>This relates to the transfers from National government for government sponsored students. In Quarter one the institution received capitation for 1030 students, in quarter two received capitation for 1030 students, in quarter three received capitation for 944 students and in quarter four received capitation for 1053 students. The institution has recognized income based on the number of students KUCCPS has verified and confirmed to provide the funds. Each sponsored student is allocated Kshs 7,500 per quarter.</p>			
6 (b)	Transfers from other levels of government	FY 2020/2021	FY2019/2020
	Ministry of Youth and Gender Affairs	10,220,000	31,437,800
<p>This is the fees that was paid by the Ministry of Youth and Gender Affairs on behalf of 224 National Youth Service (NYS) students during the financial year. The transfers does not include amount paid for accommodation to those students.</p>			
7	Other incomes	FY 2020/2021	FY2019/2020
	Income Generating Activities	421,935	1,275,725
<p>These are activities the institute engaged in which are not directly linked to the academic activities of the institution.</p>			
8	Rendering of Services	FY 2020/2021	FY2019/2020
	Tuition	6,733,501	5,356,855
	Personal Emoluments(PE)	2,545,210	3,452,407
	Local Travel & Transport (LT&T)	659,326	-
	Repair Maintenance & Improvement(RMI)	363,502	-
	Electricity Water & Conservancy(EWC)	720,727	-
	Activity Fund	739,559	-
	Examination fees	3,516,130	-
	Industrial Attachment, insurance	663,517	-
	Student ID	58,250	-
	Registration fees	69,900	-
	Total Rendering of Services	16,069,622	8,809,262
<p>During the financial year there were no students in the first quarter because of Covid-19. However, in the second quarter the institution earned income from 248 students who were in session, in third quarter there were 944 students in session and in the fourth quarter there were 1053 students in session. This translates to total income earned of Kshs 16,069,622.</p>			

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9	General expenses	FY 2020/2021	FY2019/2020
		Kshs	Kshs
	Admin fees	4,908,156	6,812,696
	Activities	1,000,943	2,937,107
	Electricity and water	1,556,845	1,422,370
	Student welfare	293,880	640,900
	Teaching materials	2,842,695	3,100,848
	Industrial attachment	3,508,659	167,992
	Exams	3,694,790	2,730,080
	ICT integration	492,238	264,011
	Medication	-	544,774
	Income Generating Activities expenses	1,525,924	6,591,627
	SES	-	1,588,220
	Registration	-	70,200
	Local travel	2,352,989	3,244,366
	Student ID	80,524	69,810
	Bank charges	34,845	42,095
	School equipment and store expenses	3,722,506	-
	Insurance	4,710,310	234,340
	Total General expenses	30,731,839	30,461,436

10	Employment Cost		
	Salaries and wages	7,990,043	8,115,918
	Total Employee costs	7,990,043	8,115,918
11	Board of Governors remuneration		
	Board of Governors allowances	1,077,006	65,000
12	Property repairs and maintenance	4,218,851	3,226,920
13	Depreciation		
	Property and equipment	12,897,357	14,033,228
	Total depreciation	12,897,357	14,033,228
14	Cash and Cash Equivalents		
	Kenya Commercial Bank account-Operations	16,004	38,956,166
	Kenya Commercial Bank account-Development	20,759,917	2,020,044
	Equity Bank- Tuition	1,523,296	2,112,485
	Equity Bank-Exam account	73,375	-
	Cash on hand	375,233	436,485
	Total cash and cash equivalents	22,747,825	43,525,180

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15	Receivables from Exchange Transactions	FY 2020/2021	FY2019/2020
		Kshs	Kshs
	Student debtors	24,093,630	29,250,580
	Provision for student debtors	-	(12,376,172)
	Non-exchange receivables	-	6,442,500
	Staff advances	155,000	459,937
	Total current receivables	24,248,630	23,776,845

The Kshs 24,093,630 is fees in arrears for students who were in session in the previous years (from 2017/2018 to FY 2019/2020). The institution has not provided for those student debtors in the current financial year 2020/2021.

16	Trade and other Payables from Exchange Transactions	FY 2020/2021	FY2019/2020
		Kshs	Kshs
	Trade payables	660,884	118,000
	Prepayments	13,845,100	24,194,100
	Higher Education Loans Board (HELB)	453,960	453,960
	Total trade and other payables	14,959,944	24,766,060

Prepayments relates to fees paid in advance for the 224 NYS students which had not been earned at the close of the financial year.

17	Refundable deposits from students	FY 2020/2021	FY2019/2020
		Kshs	Kshs
	Balance as at start of year	766,500	547,000
	Add: collections.	-	103,000
	Balance at end of year	766,500	650,000

This relates to caution fees refunds which are payable to students at the level of completion of their studies.

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As at 30 June 2021	Land	Buildings	Motor Vehicles	WIP ICT Complex	WIP Gate and perimeter wall	Abolition Block	Furniture and fittings	Computers	Machinery	Other Equipment	ERP/WIP	TOTAL
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
PROPERTY, PLANT AND EQUIPMENT COST												
At 1 July 2020	25,500,000	86,354,802	2,683,125	24,552,487	5,656,741	6,343,310	4,536,003	2,154,984	84,254,927	1,388,715	1,350,000	244,775,094
Additions	-	12,478,950	-	7,067,208	408,034	-	524,215	2,756,650	-	508,750	-	23,743,807
At 30 June 2021	25,500,000	98,833,752	2,683,125	31,619,695	6,064,775	6,343,310	5,060,218	4,911,634	84,254,927	1,897,465	1,350,000	268,518,901
ACCUMULATED DEPRECIATION												
At 1 July 2020												
Depreciation	-	9,883,375	670,781	-	-	-	632,527	1,473,490	-	237,183	-	12,897,357
At 30 June 2021	-	9,883,375	670,781	-	-	-	632,527	1,473,490	-	237,183	-	12,897,357
Net book values												
At 30 JUNE 2021	25,500,000	88,950,377	2,012,344	31,619,695	6,064,775	6,343,310	4,427,691	3,438,144	84,254,927	1,660,282	1,350,000	255,621,544
At 31 MARCH 2021	25,500,000	95,173,282	2,683,125	31,249,470	6,064,775	6,343,310	4,536,003	2,154,984	84,254,927	1,897,465	1,350,000	261,207,341

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APPENDIX

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	The statement of financial performance reflects repairs and maintenance figure of Kshs. 4,071,117. Schedules availed however, reveal an amount of Kshs. 3,876,942 resulting to an unreconciled variance of Kshs. 194,175.	Agreed with the observation. We have made adjustments to the financial statements. Please refer to the amended financial statements attached to this report that has reconciled the variances together with the corrected schedules.	Resolved	Resolved
	The financial statement for the year 2019/2020 reflects a figure of Kshs.22,893,650 being transfers from national government, however the schedule availed for audit figure for transfers is Kshs. 27,712,500 thus reflecting a variance of Kshs 4,418,850	Agreed with the observation. We have made adjustments to the financial statements. Please refer to the amended financial statements attached to this report that has reconciled the variances together with the corrected schedules.	Resolved	Resolved

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Reflected in the statement of financial performance is provision for bad debts of Kshs.12,376, 171. However, the entity did not have a policy for the provisions in place and no mention is provided for in the notes to the financial statements.</p>	<p>Agreed with the observation. The management and the Board has initiated a process of preparing a Credit Policy to assist in the management of bad debts. This has been initiated and been budgeted in FY 2021/2022.</p>	<p>In the Process</p>	<p>31st December 2021</p>

PRINCIPAL

Date 30/08/2021

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects implemented by Mukurwei-ini Technical Training Institute.

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Carpentry and Joinery Workshop	1	Internal	8 months			Yes
Steel-Framed Classes	2	Internal	7 months			Yes
Plumbing/Masonry Workshop	3	Internal	Partly completed			Yes

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Carpentry and Joinery Workshop	3,131,944.00	3,131,944.00	100	1,000,000.00	3,131,944.00	Tuition fee
2	Steel-Framed Classes	2,607,320.00	2,607,320.00	100	2,000,000.00	2,607,320.00	Tuition fee
3	Plumbing/Masonry Workshop	1,087,525.00	1,087,525.00	80	950,000.00	1,087,525.00	Tuition fee

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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the Mukurwe-ini Technical Training Institute				
FY 2020/2021				
a.	Recurrent Grants			
		<u>Bank Statement</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which</u>
		<u>Date</u>		<u>the amounts relate</u>
			0.00	
		Total	0.00	
b.	Development Grants			
		<u>Bank Statement</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which</u>
		<u>Date</u>		<u>the amounts relate</u>
			0.00	
		Total	0.00	
c.	Direct Payments			
		<u>Bank Statement</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which</u>
		<u>Date</u>		<u>the amounts relate</u>
			0.00	
		Total	0.00	
d.	Donor Receipts			
		<u>Bank Statement</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which</u>
		<u>Date</u>		<u>the amounts relate</u>
			0.00	
		Total	0.00	

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

Finance Officer
Mukurweini Technical Training Institute

Principal
Mukurweini Technical Training Institute

Sign 

Sign 

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Dev elopment/Other rs	Total Amount - KES	Statement of Financial Performance	Where Recorded/recognized				Total Transfers during the Year
					Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education		Capitation	7,725,000	7,725,000					
		Capitation	7,725,000	7,725,000					
		Capitation	7,080,000	7,080,000					
		Capitation	7,897,500	7,897,500					
Total				30,427,500					