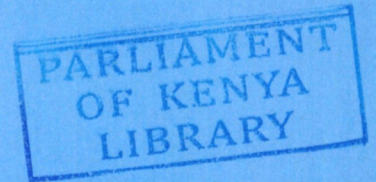
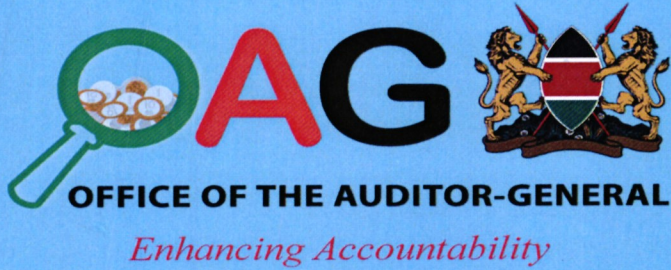


REPUBLIC OF KENYA



REPORT


OF

THE AUDITOR-GENERAL

ON

KENYA TECHNICAL TRAINERS COLLEGE

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

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE:	02 MAY 2023
	DAY: Tuesday
TABLED BY:	Hon. Kimani Ichung'wa (Leader of the Majority Party)
CLERK OF THE TABLE:	Mado



KENYA TECHNICAL TRAINERS COLLEGE

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)**

Kenya Technical Trainers College
P.O. Box 42000
Nairobi
Kenya
011 254 254 254 254
011 254 254 254 254

Annual Report and Financial Statements For the year ended 30 June, 2022

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I. KEY ENTITY INFORMATION AND MANAGEMENT

a) Background information

The Kenya Technical Trainers College (KTTC) was started in 1978 when it enrolled its first students. Since its inception, the College has continued to train Technical Teachers and it is among the leading Institutions of this kind in Eastern and Central Africa. KTTC derives its authority from the Education Act Cap. 211 (revised in 1980) and Legal Notice no. 242 of 1978. In the Year 2013 an Act of parliament (TVET Act 2013) was passed to govern the Technical Training in Kenya. These policy documents mandate (KTTC) to train Technical Teachers for Technical and other Institutions of learning in the Country.

In July 2014, the Institution acquired a National Polytechnic status. This was done through a legal order Number 115 of July 2014.

Currently the College has 156 administrative and support staff, 118 teaching staff and a student population of 5,048.

Kenya Technical Trainers College is a public institution under the State Department of Vocational and Technical Training in the Ministry of Education. The overall management of the college is vested in the Governing Council appointed by the Cabinet Secretary in accordance with the law. One of the functions of the Governing Council is to appoint qualified persons to hold or to act in offices within the college establishment. The Council executes its mandate through committees responsible for various functions. The Principal is the Chief Executive Officer and is assisted in the day-to-day running of the college by two Deputy Principals, various Heads of Departments (HODs) and section heads.

As part of the wider organization and administrative structure, the Principal also includes elected leadership from both the Training and the Non-Training staff.

b) Principal Activities

The principal activity/mission of the *College* continues to be, to Train Technical Trainers.

Annual Report and Financial Statements For the year ended 30 June, 2022

c) Key Management

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

- Chief Principal
- Deputy Principal Planning, Administration & Finance
- Deputy Principal Academic Affairs
- Registrar
- Deans of Students
- Chief Finance Officer
- Heads of Departments

d) Fiduciary Management

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

<u>No.</u>	<u>Designation</u>	<u>Name</u>
1.	Chairman of the Council	Amb. Dennis Awori and Mathew Adams Karauri
2.	Chief Principal	Dr. Edwin Tarno PhD HSC
3.	Deputy Principal Planning, Administration & Finance	Thomas Mweu Kitonyi
4.	Finance Officer	Elizabeth Wangaruro
5.	Supply Chain Manager	Robert Maruti
6.	Internal Auditor	Paul Njuguna

Annual Report and Financial Statements For the year ended 30 June, 2022

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

e) Fiduciary Oversight Arrangements

The following committees have been formed in line with the Legal Order that established KTTC as it is today.

1. Finance & General Purposes Committee
2. Audit Committee
3. Education and Training Committee
4. Senior Management

The Committees shall exercise all the powers of Council in Financial, Academic and other matters except in relation to the items which are reserved to Council in the Legal Order, on which the Committees shall advise Council.

Government oversight activities

The government of Kenya's oversight role include provision of Grants for both Operations and Development as well as provision of the regulatory framework.

f) College Headquarters

P.O. Box 44600-00100
 United Nations Avenue
 Limuru Road
 Nairobi, KENYA

g) College Contacts

Telephone: 0707444222/0786444600
 E-mail : info@kttc.ac.ke
 Website : www.kttc.ac.ke

h) College Bankers

NO.	BANK	BRANCH	LOCATION
1.	Kenya Commercial Bank Limited	Village Market	Nairobi
2.	Absa Bank Kenya PLC	Muthaiga	Nairobi
3.	Equity Bank Limited	Gigiri Supreme,	Nairobi
4.	Cooperative Bank of Kenya Limited	Gigiri Square UN Avenue	Nairobi

Annual Report and Financial Statements For the year ended 30 June, 2022

i) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

j) Principal Legal Advisor

The Attorney General

State Law Office





Harambee Avenue

P.O. Box 40112



City Square 00200

Nairobi, Kenya


Annual Report and Financial Statements For the year ended 30 June, 2022
II. THE GOVERNING COUNCIL

Governor	Title	Photograph	Date of birth, key qualifications and work experience		Committee Membership
1. Amb. Dennis Awori	Chairman From February 2022		Date of Birth		Full Council,
			Qualifications	Bsc- Aeronautical Engineering	
			Experience		
2. Mathew Adams Karauri	Chairman up- to January 2022		Date of Birth	16.11.1947	Full Council,
			Qualifications	Masters of Literature	
			Experience	30 Years	
3. Zachary Ooko	Member		Date of Birth	23.11.1959	Full Council, Audit, Finance & General Purposes
			Qualifications	M.Ed	
			Experience	Expert in TVET with 34 years experience	
4. Phyllis Wangwe	Member-Chair Finance & General Purpose committee		Date of Birth	02.10.1970	Full Council, Finance & General Purposes
			Qualifications	BLB	
			Experience	Banker /Financial expert	

Annual Report and Financial Statements For the year ended 30 June, 2022

5. Elicanah Mosiori	Member		Date of Birth	21.07.1964	Full Council, Education, Finance
			Qualifications	Master of Education	
			Experience	Human Resource Management	
6. Shelmith Mugoh	Member		Date of Birth	28.10.1971	Full Council, Audit, Education
			Qualifications	Master of Science in Organizational Development	
			Experience	Commercial & Finance Expert/ Leader	
7. Gideon Murenga	Member-Chair Education & Training Committee		Date of Birth	18.05.1985	Full Council, Education & Training, Finance & General Purposes
			Qualifications	Master in Education	
			Experience	14 years experience in Education and Training	
8. Veronicah Birgen	Member-Chair Audit & Risk Committee		Date of Birth	01.01.1960	Full Council, Education & Training, Audit
			Qualifications	MSC(OD), BA(HONS) HNDCHRM	
			Experience	Over 25 Years in public service	

Annual Report and Financial Statements For the year ended 30 June, 2022




9. Dr. Edwin Tarno PhD, HSC	Secretary to the Council		Date of Birth	31.12.1964	Membership to all Committees of the Council, apart from Audit
			Qualifications	PhD- Entre.BCE	
			Experience	Overall in Charge of College Affairs	

Annual Report and Financial Statements For the year ended 30 June, 2022

III. MANAGEMENT TEAM

Manager	Title	Photograph	Qualifications & Responsibility	
1. Dr. Edwin Tarno PhD, HSC	Chief Principal		Qualifications	PhD- Entre.BCE
			Responsibility	Overall in Charge of College Affairs
2. Thomas Mweu Kitonyi	Deputy Principal Planning, Administration & Finance		Qualifications	BSC- Mech.Eng. MSC-Energy Mgt.
			Responsibility	Planning, Administration & Finance
3. Joyce Baraza	Deputy Principal Academic Affairs		Qualifications	Master of Education – Home Economics
			Responsibility	Academic Affairs
4. Julia W.R. Muriithi	Academic Registrar		Qualification	Master of Education
			Responsibility	College Registrar
5. Catherine Musuku	Dean of Students up to March 2022		Qualifications	Master of Education
			Responsibility	Dean of Students

Annual Report and Financial Statements For the year ended 30 June, 2022

6. Albert Kipnusu Chesiro	Dean of Students from April 2022		Qualifications	Master of Philosophy in Educational Administration
			Responsibility	Dean of Students
7. Elizabeth Wangaruro	Finance Officer		Qualifications	MBA, BCOM, CPA (K).
			Responsibility	Financial Management
8. Paul Njuguna	Internal Auditor From January 2021		Qualifications	B-Com., CPAK
			Responsibility	Internal Audit Affairs

Annual Report and Financial Statements For the year ended 30 June, 2022

IV. CHAIRMAN'S STATEMENT

It has been my pleasure to serve as the Chairman of the Council of KTTC since February 2022. KTTC has been offering training skills to trainers of technical institutions since 1978 when it was established. The role of the Governing Council is to ensure that the college is well managed in order to deliver efficient services. I wish to recognize the input and commitment displayed by members of the Governing Council in the oversight of the general running of the college. The diligence exhibited by the training and non-training staff is commendable for this is the force behind the continuous fulfilment of the core mandate of KTTC. The serene environment away from the noisy city is conducive for learning.

KTTC is currently experiencing improvement in the enrolment of students; a sign that the attitude towards technical education has made a complete turnaround. To promote TVET, KTTC has initiated a scholarship fund to finance 20 trainees every year, undertaking diplomas in technical training. The beneficiaries of the scholarships are graduates from TVET institutions, with consideration of the following factors: merit, gender, regional balance and people living with disabilities. The Government through the Ministry of Education is committed to the promotion of technical education. The modern workshop equipment donated by the government has made transfer of skills to the learner more efficient. Government support initiatives are key to economic and social growth in realizing Vision 2030 and the Big 4 development agenda.

We are aware that if skills' training is linked to employment, the informal sector will be able to provide a wide range of job opportunities in the country. KTTC is prepared to put in place well managed staff development strategies for purposes of implementation of competency-based education and training programmes. I am grateful for the exposure our staff and students have received in competency-based education and training, through collaborations with other organisations with similar interests. We are confident that the Government will provide adequate funding for these programs and also recruit more trainers to carry out the training.

Annual Report and Financial Statements For the year ended 30 June, 2022

During the year under review, the Government declared KTTC's land as a diplomatic enclave. The ownership of the land is now with the Ministry of foreign affairs. The Council is expecting direction from the Government on the way forward.

On behalf of the Council, I extend my sincere thanks to the Government, the community, partners, parents, students and the entire staff of the College for their unyielding support. I want to especially thank the Principal for leading the College through a number of challenges. Together, I am sure the KTTC community can forge ahead with confidence and faith and rise to the expectations of Kenyans.

AMB. DENNIS AWORI

COUNCIL CHAIRMAN

SIGNATURE



DATE: 28TH SEPTEMBER, 2022

Annual Report and Financial Statements For the year ended 30 June, 2022

V. REPORT OF THE PRINCIPAL

Kenya Technical Trainers College is mandated to provide relevant knowledge and skills to technical trainers. The KTTC's Governing Council, the trainers and support staff have shown remarkable dedication and provided selfless service to the trainees over the years, to ensure KTTC accomplishes its mandate.

I would like to recognize the contribution of the parent Ministry and particularly our State Department of Vocational and Technical Training. Through the TVET reforms that have led to the positive change of attitude towards technical education, evident fruits have been borne. This gives fresh hope to the country's achievement of the Big 4 agendas and Vision 2030.

As KTTC joins in the race towards embracing the ongoing reforms in the TVET sector, our focus is on the implementation of Competency Based Education and Training (CBET) programmes. The KTTC community has effectively adopted the CBET mode of learning in response to the demands of the labour market. The institution is in the process of finalising review of curriculum for trainers in readiness to implement it from January 2023. The institution shall also take the challenge from the Directorate of Technical Education, that KTTC takes the lead in the provision of in- service and short courses to re-skill or up-skill the trainers, for the purpose of successful implementation of CBET programmes and improving governance in TVET institutions. We appreciate the Government's plan of attaching trainers to the industry without disrupting the learning programs in the colleges. This will equip the trainers with the latest and most relevant skills and competencies required by the trainee and the industry.

KTTC is transiting to the Kenya School of TVET (KSTVET). KSTVET will be the hub of technical trainers as well as sharpening the training and management skills.

We are in partnership with a number of local and international organizations which include; KEFEP, AHK, UNESCO and World bank among others. Through these partnerships KTTC has gained vast experience.

Annual Report and Financial Statements For the year ended 30 June, 2022

During the year under review, the Government declared KTTC's land as a diplomatic enclave and transferred the ownership of the land to the Ministry of foreign affairs. The Administration is awaiting direction from the Council regarding this matter.

As Principal, it has been a great pleasure and honour to guide and work with KTTC staff and students over the period covered by this report. And despite the undoubted challenges ahead, I am confident that we are doing the right things

Dr. Edwin Tarno, PhD, HSC
CHIEF PRINCIPAL

SIGNATURE _____



DATE: 28TH SEPTEMBER, 2022

Annual Report and Financial Statements For the year ended 30 June, 2022

VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

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

KTTC has strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2021- FY 2022.

KTTC develops its annual work plans based on the above pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The KTTC achieved its performance targets set for the FY 2021/22 period for its strategic pillars.

VII. CORPORATE GOVERNANCE STATEMENT

Kenya Technical Trainers College (KTTC) is committed to demonstrating best practice in corporate governance. The College has a duty to conduct affairs in a responsible and transparent way, and to take into account the requirements of funding bodies and the Government of Kenya. KTTC has an effective Governing Council supported by a highly committed, focused and dynamic management. The college corporate values and ethics are entrenched in the strategic and quality objectives and are focused on providing quality Technical Education for National development.

The Governing Council is responsible for ensuring a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which the Governing Council is responsible. The College has applied the principles of governance in the year and up to the date of the approval of the financial statements by the Governing Council. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness against material misstatement or loss.

The Governing Council has adopted a statement of primary responsibilities, which is published on the college policy documents and as stipulated in the KTTC legal order No.115 of July 2014 and the Mwangozo code of Conduct for Public Officers.

Annual Report and Financial Statements For the year ended 30 June, 2022

These policy documents set out the councils responsibilities in respect of the proper conduct of public business, strategic planning, monitoring effectiveness and performance, finance, audit, estate management, human resource management, equality and diversity and student welfare

The Governing Council has a formal schedule of matters reserved for it. The Council receives appropriate and timely information so that they can maintain full and effective control over strategic, financial, operational, compliance and governance matters. Ultimately, the Council determines the college's strategic objectives, values, key policies and procedures in accordance with best practice. It is responsible for establishing and maintaining the overall internal controls of financial, operational and compliance functions as well as monitoring performance of the college management. The council has delegated the authority for day-to-day management of the college to the Principal. However, it retains overall responsibility for the college financial performance, compliance with laws and regulations, and monitoring of its operations as well as ensuring competent management of the institution.

The Governing Council meets regularly and has a number of committees including: the Audit Committee; a Finance and General-purpose Committee and Education & Training committee. All of these Committees are formally constituted with terms of reference. Each Committee is chaired by an independent member. All committees review and reflect on their work and provide reports to the full Governing council.

The Governing council's review of the effectiveness of the system of internal control is also informed by the work of the senior management within the college, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter.

Dr. Edwin Tamo, PhD, HSC
CHIEF PRINCIPAL

SIGNATURE 

DATE: 28TH SEPTEMBER, 2022

Annual Report and Financial Statements For the year ended 30 June, 2022

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

Operational Grants

During the year under review, the institution had expected to receive Ksh.110, 000,000.00 according to the budget for that year which was fully realised.

Development Grants

KTTC was allocated a development grant amounting to Ksh 31,260,889 (Kenya shillings thirty one million, two hundred and sixty thousand, eight hundred eighty nine) during the Financial Year under review. This was specifically for completion of the Institutional Management Training centre.

Staff and Student Population

Currently the College has 156 administrative and support staff, 118 teaching staff and a student population of 5,048.

Financial and Management risks

1. Standard Workshops

As at 30th June 2019, more than 6 years after the completion period, the contractor had been paid Kshs.50,335,791 or 95% for the Standard Workshops but with a variation claim of Kshs.21,269,341 arising out of a dispute over alterations to the original bill of quantities which were done without authority from the procurement committee for the variations or extension of contract period. The case was taken for Arbitration and an Award was given in favour of KTTC. KTTC is in the process of seeking enforcement of the court order.

2. The Institutional Management Training Centre.

The Institutional Management Centre which consists of 52 accommodation rooms and a training centre for the Hospitality Department had not been completed at the close of the Financial Year. The Completion rate stands at 98%.

Annual Report and Financial Statements For the year ended 30 June, 2022

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING STATEMENT

Corporate Social Responsibility Policy

- a) Kenya Technical Trainers College (KTTC) was founded for public benefit, to promote education and training in Technical Teacher Education, and to provide an institution open to all, irrespective of race, creed or political belief.
- b) The College endeavours to conduct its business in accordance with its core values stipulated in the 2018-22 Strategic Plan thus:
 - a. Innovation
 - b. Professionalism,
 - c. Teamwork,
 - d. Inclusivity,
 - e. Accountability.
- c) The CSR activities are made up of three central pillars: people and community, finance and economic activity, environmental sustainability.

People and Community

The College as an employer:

- i) KTTC is committed to being a good employer, and to contributing positively to the local community, the education sector in the Kenya, and the global community.
- ii) As an employer the College is committed to ensuring that all staff are fully supported in their work, have a decent working environment, are fairly rewarded, and maintain good work-life integration. The College engages with recognized Trade Unions that represent and protect the interests of its staff. The College offers competitive terms and conditions to its directly employed staff by:-
 - Embedding equality and diversity into all operations
 - Ensuring staff can achieve their full potential through training, mentoring and other staff development activities.
- iii) The college also encourages and supports staff to engage in activities that benefit the wider community and society.

Annual Report and Financial Statements For the year ended 30 June, 2022

Local Community

- i) The college provides subsidized early childhood education to children of its employees and the community.

Finance and Economic Activity

- i. The College recognizes that the way in which it conducts its activity financially has a bearing on those with an interest in its work. The College Financial Regulations ensure fair and ethical financial practice.
- ii. The college commits to providing clear information where required to organizations with whom we engage financially.

Environmental Sustainability

KTTC recognizes environmental sustainability as the greatest challenge of the 21st century and commits to ensuring that all of its major strategies and operations consider their environmental and ecological aspects and impacts. The College will ensure that sustainable development is understood by staff and students and is an integral part of all aspects of major college plans, activities and strategies.

During the year under review, the College participated in the following CSR activities

- Fumigation services at Gigiri Police station
- Provision of sanitizers to the staff at the Gigiri Police station
- Donation of old computers to the Directorate of Technical and Vocational Training at the Ministry of Education.

Annual Report and Financial Statements For the year ended 30 June, 2022

X. REPORT OF THE GOVERNING COUNCIL

The Governing Council submits their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the KTTC's affairs.

Principal activities

The principal activities of the entity continue to be Training of Technical Trainers.

Results

The results of the entity for the year ended June 30, 2022 are set out on page 1 to 4.

The Council

The members of the Governing Council who served during the year are shown on pages v to vii.

Auditors

The Auditor General is responsible for the statutory audit of the Kenya Technical Trainers College for the year ended 30th June 2022 in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Council

Dr. Edwin Tarno, PhD, HSC

CHIEF PRINCIPAL/SECRETARY TO THE GOVERNING COUNCIL

SIGNATURE _____



Date: 28TH SEPTEMBER, 2022

Annual Report and Financial Statements For the year ended 30 June, 2022

XI. STATEMENT OF THE GOVERNING COUNCIL'S RESPONSIBILITIES

Section 81(1) 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 as well as legal order No. 115 of 2014, require the Governing Council to prepare financial statements in respect of that College, which give a true and fair view of the state of affairs of the College at the end of the financial year and the operating results of the College for that year. The Governing Council are also required to ensure that the College keeps proper accounting records which disclose with reasonable accuracy the financial position of the College. The Governing Council are also responsible for safeguarding the assets of the College.

The Governing Council is responsible for the preparation and presentation of the College's financial statements, which give a true and fair view of the state of affairs of the College for and as at the end of the financial year ended on 30 June 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 College;
- 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 College;
- v. Selecting and applying appropriate accounting policies; and
- vi. Making accounting estimates that are reasonable in the circumstances.

The Governing Council accept responsibility for the College's 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 Public Finance Management Act (2012) and the State Corporations Act and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 as well as legal order No. 115 of 2014.

Annual Report and Financial Statements For the year ended 30 June, 2022

The Governing Council is of the opinion that the College's financial statements give a true and fair view of the state of College's transactions during the financial year ended June 30, 2022, and of the College's financial position as at that date. The Governing Council further confirm the completeness of the accounting records maintained for the College, which have been relied upon in the preparation of the College's financial statements as well as the adequacy of the systems of internal financial control.

The change in KTTC's land ownership to the Ministry of foreign affairs and declaration of the same as a diplomatic enclave may have an impact on the *College's* going concern.

Approval of the financial statements

The College's financial statements were approved by the Council on 28th September 2022 and signed on its behalf by:



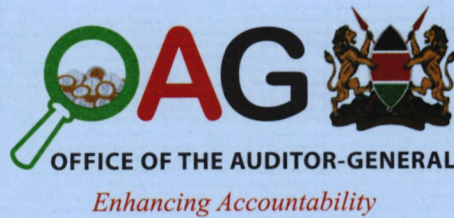
Amb. Dennis Awori,
Chairman of Governing Council



Dr. Edwin Tarno, PhD, HSC
Chief 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 KENYA TECHNICAL TRAINERS COLLEGE 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 the 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 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

Opinion

I have audited the accompanying financial statements of Kenya Technical Trainers College set out on pages 1 to 30, which comprise of the statement of financial

Report of the Auditor-General on Kenya Technical Trainers College for the year ended 30 June, 2022

performance, statement of financial position, statement of changes in net assets, statement of cash flows, statement of comparison of budgets and actual amounts, and a summary of significant accounting policies, notes to the financial statements and other important disclosures 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, the financial statements present fairly, in all material respects, the financial position of the Kenya Technical Trainers College as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kenya Technical Trainers College Management in accordance with ISSAI 130 on the 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 opinion.

Emphasis of Matter

Long Outstanding Billboards' Debtors

The statement of financial position reflects receivables from exchange transactions balance of Kshs.49,160,789 as disclosed in Note 20 to the financial statements. Included in the balance are long-outstanding receivables amounting to Kshs.3,510,370 for Safaricom Billboard since 2019. Further, the receivables from exchange transactions balance include outstanding students' fees debtors of Kshs.46,060,556 out of which a balance of Kshs.16,894,982 relates to the financial year 2018 to 2020 raising doubt on the recoverability of the students' debts.

Further, the receivables balance was net of provisions for doubtful debts amounting to Kshs.2,587,410 as disclosed in Note 20 to the financial statements. However, Management has not disclosed under the summary of significant policies the basis of the provisions (whether general or specific) and the adopted rate.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Irregular Transfer of College Land

The statement of financial position reflects property, plant and equipment balance of Kshs.26,511,190,903 as disclosed in Note 22 to the financial statements. Included in this balance is land with a value of Kshs.24,000,000,000. The College forwarded the original titled deed to the then Cabinet Secretary, Ministry of Education vide letter reference MOEST/VTT/CONF/9/4/3 on 9 September, 2016. Management was notified on the loss of the original certificate of lease vide letter reference MOEST/CON/VTT/13/1(53) dated 2 February, 2021. However, the title of the land was transferred on 16 February, 2022 to the Cabinet Secretary National Treasury as a trustee for Ministry of Foreign Affairs. The involvement of the College Council in the transfer could not be confirmed. The Public Investment Committee in the meeting of 15 March, 2023 noted the issue and directed that the ownership be reverted to the College.

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. Delay in Completion and Hand-Over of Standard Workshops Project

As previously reported, the statement of financial position reflects a balance of Kshs.328,545,111 in respect of work in progress as disclosed in Note 24 to the financial statements which was for Institutional Management Training Centre (IMTC) and standard workshops. Included in the amount is Kshs.52,352,441 relating to standard workshops that have not been handed over to the College for over six (6) years. The delay was explained to have been caused by a case that arose between the College and the contractor and was being handled by an arbitrator as at 30 June, 2020. Review of the position on 8 February, 2021 showed that the arbitrator made a ruling that the contractor should go ahead and finalize the remaining parts of the construction. However, the contractor has not started the works. The contractor further moved to the court to contest the decision of the arbitrator but the case was dismissed by the court on 21 May, 2021 in favour of the College. The College has been informed vide letter dated 14 March, 2022

by its Advocates they will be executing the award against the contractors and therefore, it is in the process of seeking enforcement of the court order. There is a possible risk of the Institute incurring impairment loss on delayed work in progress.

In the circumstances, value for money has not been realised as the buildings lie idle and signs of cracks and leaking roofs may deteriorate the state of the building.

2. Irregularities in the Council Expenses

The statement of financial performance reflects an amount of Kshs.7,088,330 in respect of council expenses as disclosed in Note 12 to the financial statements. Examination of the Council's records revealed the following: -

- i. The Council does not have either Council or Committee Charters in place;
- ii. None of the Council meetings held during the financial year 2021/22 had a representative from the National Treasury as required by the State Corporations Act, 2012;
- iii. Some members of the Council did not sign the Council Attendance Register. This was noted during the review of the registers for the Finance and General- Purpose meeting held on 7 October, 2021, Education & Training Committee held on 21 September, 2021 and Audit Committee held on 8 October, 2021; and,
- iv. Some members of the Council did not sign Council minutes. Some Council minutes have not been signed by the Chairman for instance the full Council meetings held on 13 January, 2022 and 22 February, 2022.

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

3. Non-Compliance with the One-Third of Basic Salary Rule

Analysis of payroll data for the year ended 30 June, 2022 revealed that payroll deductions for the months of July, 2021, October, 2021, May, 2022 and June, 2022 had nine (9), fifteen (15), seven (7) and seven (7) employees who earned a net salary of less than a third (1/3) of the basic salary contrary to Section C.1(3) of the Public Service Commission (PSC) Human Resource Policies, 2016. Management has not explained the failure to comply with the policy.

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

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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 Council

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 overall governance.

In preparing the financial statements, Management is responsible for assessing the College'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 the intention to terminate the College or to cease its 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 Council is responsible for overseeing the College's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall 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 controls would not necessarily disclose all matters in the internal controls 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 College's policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- 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 College's ability to sustain its services. If I conclude that a material uncertainty exists, I am

required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College 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 College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

19 April, 2023

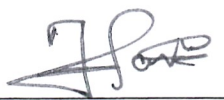
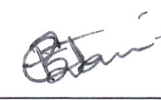
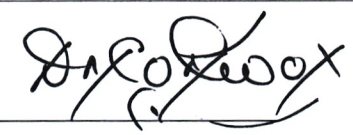


XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022	2021
		Kshs.	Kshs.
REVENUE			
Transfer from the National Government	6	127,592,931	102,000,000
Revenue from Rendering of Services	7	275,753,978	112,882,560
Revenue from Rental Facilities & Equipment	8	10,415,069	8,446,862
Other Incomes	9	7,396,361	9,832,918
Total Revenue		421,158,339	233,162,340
EXPENSES			
Use of Goods and Services	10	171,652,407	55,063,958
Employee Costs	11	89,282,695	79,637,832
Council Expenses	12	7,088,330	5,457,480
Depreciation Expense	13	57,808,729	54,815,356
Amortization Expense	14	1,038,420	
Repairs and Maintenance	15	34,098,234	21,214,723
Contracted Professional Services	16	472,331	3,996,939
Finance Costs	17	1,088,545	1,208,989
Audit Fees	18	580,000	500,000
Total Expenses		363,109,690	221,895,277
Surplus (Deficit) for the Period		58,048,649	11,267,063

The notes set out on pages 14 to 27 form an integral part of these Financial Statements.


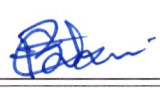
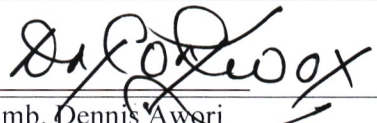
The Financial Statements set out on pages 1 to 5 were signed on behalf of the Governing Council by:

		
Dr. Edwin Tarno, PhD, HSC Chief Principal Date:	Elizabeth Wangaruro Finance Officer ICPAK Member Number: 12511 Date: 24/03/23	Amb. Dennis Awori Chairman of the Governing Council Date:

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

	Note	2022	2021
Assets		Kshs.	Kshs.
Current assets			
Cash and cash equivalents	19	106,553,347	81,406,891
Receivables from exchange transactions	20	49,160,789	6,334,003
Refundable Deposits	21	1,000,000	1,000,000
Total Current Assets		<u>156,714,136</u>	<u>88,740,894</u>
Non-current assets			
Property, plant and equipment	22	26,511,190,903	26,534,512,854
Intangible assets	23	2,422,980	
Work in Progress	24	328,545,111	310,952,180
Total Non-Current Assets		<u>26,842,158,994</u>	<u>26,845,465,034</u>
Total Assets		<u>26,998,873,129</u>	<u>26,934,205,928</u>
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	25	4,207,668	10,531,675
Payables for Construction Contracts	26	0	725,399
Retentions	27	19,698,097	19,698,097
Deferred Income	28	13,667,958	-
Total liabilities		<u>37,573,723</u>	<u>30,955,171</u>
Capital Reserves & Surpluses			
Revenue Reserves	29 (i)	(178,277,085)	(183,528,734)
Capital Reserves	29 (ii)	27,139,576,491	27,086,779,491
Total Capital Reserves & Surpluses		<u>26,961,299,406</u>	<u>26,903,250,757</u>
Total Reserves and liabilities		<u>26,998,873,129</u>	<u>26,934,205,928</u>

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Governing Council by:

		
Dr. Edwin Tarno, PhD, HSC Chief Principal	Elizabeth Wangaruro Finance Officer ICPAK Member Number: 12511	Amb. Dennis Awori Chairman of the Governing Council
Date:	Date: 24/03/23	Date:

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

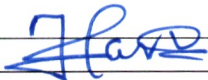
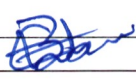
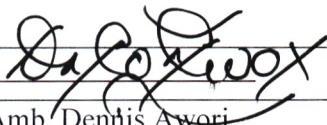
	REVENUE RESERVE	CAPITAL RESERVE	TOTAL
	Kshs	Kshs	Kshs
As at 1 July 2020	(194,795,799)	27,139,576,491	26,944,780,692
Fully Depreciated		(52,797,000)	(52,797,000)
Prior Year Adjustment	(52,797,000)	52,797,000	0
Surplus for the year	11,267,065	0	11,267,065
As at 30 June 2021	(236,325,734)	27,139,576,491	26,903,250,757
As at 1 July 2021	(236,325,734)	27,139,576,491	26,903,250,757
Surplus for the year	58,048,649		58,048,649
As at 30 June 2022	<u>(178,277,085)</u>	<u>27,139,576,491</u>	<u>26,961,299,406</u>

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

	Note	2022	2021
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Transfer from National Government	5	127,592,931	102,000,000
Cashflow from Rendering of Services	6	275,753,978	112,882,560
Cashflow from Rents facilities and equipment	7	10,415,069	8,446,862
Cashflows from other transactions	8	7,396,361	9,832,918
Total Receipts		421,158,339	233,162,340
Payments			
Use of Goods and Services	9	171,652,407	55,063,957
Employee Costs	10	89,282,695	79,637,832
Council Expenses	11	7,088,330	5,457,480
Repairs and Maintenance	13	34,098,234	21,214,723
Contracted Services	14	472,331	3,996,939
Finance Costs	15	1,088,545	1,208,989
Audit Fees	16	580,000	500,000
Total Payments		304,262,542	167,079,920
Net cash flows from operating activities		116,895,798	66,082,420
Cash flows from investing activities			
Purchase of property, plant, equipment	20	(34,486,777)	(4,875,064)
Intangible Assets		(3,461,400)	
Working in progress	21	(17,592,931)	
Net cash flows used in investing activities		(55,541,108)	(4,875,064)
Cash flows from financing activities			
Increase/ (Decrease) in Payables	24	(6,324,007)	3,602,092
(Increase)/ Decrease in Receivables	18	(42,826,786)	21,584,163
Decrease in Retention	24	-	(8,197,280)
Increase/ (Decrease) in Payables to Contractors	23	(725,399)	105,899
Increase in deferred income		13,667,958	
Prior Year Adjustment	30		(52,797,000)
Net cash flows used in financing activities		(36,208,234)	(35,702,126)
Net increase/(decrease) in cash and cash equivalents		25,146,456	25,505,230
Cash and cash equivalents at 1 July		81,406,891	55,901,661
Cash and cash equivalents at 30 June	17	106,553,347	81,406,891

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Governing Council

by:

		
Dr. Edwin Tarno, PhD, HSC Chief Principal	Elizabeth Wangaruro Finance Officer ICPAK Member Number: 12511 Date: 24/03/23	Amb. Dennis Awori Chairman of the Governing Council Date:
Date:		

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

STATEMENT OF BUDGET COMPARISON AND ACTUALS						
	Original budget	Adjustment	Final budget	Actual on comparable basis	Performance difference	% Utilization
REVENUE	2021/2022	2021/2022	2021/2022	2021/2022	2021/2022	
Transfer from the National Government	102,000,000	8,000,000	110,000,000	127,592,931	17,592,931	16%
Rendering of Services - Fees from students	230,726,620	20,850,000	251,576,620	275,753,978	24,177,358	10%
Rental Revenue from Facilities & Equipment	17,253,430	-4,851,837	12,401,593	10,415,069	-1,986,524	-16%
Other Incomes	39,965,407	-16,498,163	23,467,244	7,396,361	-16,070,883	-68%
TOTALS REVENUE	389,945,457	7,500,000	397,445,457	421,158,339	23,712,882	6%
EXPENDITURE						
Use of goods and services	198,500,000	0	198,500,000	171,652,407	26,847,593	14%
Employee costs	90,788,488	0	90,788,488	89,282,695	1,505,793	2%
Council Members Expenses	7,844,000	0	7,844,000	7,088,330	755,670	10%
Depreciation expense	55,000,000	0	55,000,000	57,808,729	-2,808,729	-5%
Amotisation Expense	5,000,000	0	5,000,000	1,038,420	3,961,580	79%
Repairs and Maintenance	26,730,000	9,000,000	35,730,000	34,098,234	1,631,766	5%
Contracted Professional Services	4,282,969	-1,500,000	2,782,969	472,331	2,310,638	83%
Finance Costs	1,200,000	0	1,200,000	1,088,545	111,455	9%
Audit Fees	600,000	0	600,000	580,000	20,000	3%
TOTAL EXPENDITURE	389,945,457	7,500,000	397,445,457	363,109,691	34,335,766	9%

Explanation of differences between actual and budgeted amounts

1. Received a conditional grant
2. KNEC students were transferred to other TTIS
3. Cost control measures due to uncertainties caused by National elections
4. Not all modules were installed
5. Expenses included under employee cost

Annual Report and Financial Statements For the year ended June 30, 2022

XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kenya Technical Trainers College (KTTC) is established by and derives its authority and accountability from Education Act Cap. 211 (revised in 1980) and Legal Notice no. 242 of 1978 coupled with the TVET Act 2013, which mandates it to train Technical Teachers for Technical and other Institutions of learning in the Country. In the Year 2014, a Legal Order No. 115 was issued which elevated the institution to a National Polytechnic. KTTC is wholly owned by the Government of Kenya and is domiciled in Kenya.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value where applicable. 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 college's accounting policies.

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

The financial statements have been prepared in accordance with the PFM Act No. 18 of 24th July 2012, the State Corporations Act, the TVET Act 2013, Legal Order No. 115 (July 2014), and International Public Sector Accounting Standards (IPSAS). The Institution adopted IPSAS in the year 2016 following elevation into a SAGA. The accounting policies adopted have been consistently applied to all the years presented.

Annual Report and Financial Statements For the year ended June 30, 2022

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. Early adoption of standards**

KTTC 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**

Fees, taxes and fines

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

Transfers from other government entities

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

Annual Report and Financial Statements For the year ended June 30, 2022

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.

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.

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 Governing Council in January 2021. No subsequent revisions were made during the year to the original budget.

c) Taxes

Current income tax

Kenya Technical Trainers College is exempted from paying taxes as per First schedule Section 10 subsection (a) and (b) of the 2010 Income Tax Act.

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

Annual Report and Financial Statements For the year ended June 30, 2022

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.

e) Property, plant and equipment

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

The College has a policy of depreciating its assets using the Reducing Balance method. Depreciation is based on prorata basis. The adopted rates of depreciation are:

Buildings	@ 2%
Plant Machinery & Equipments	@ 10%
Motor Vehicles	@ 25%
Computers	@ 30%
Furniture	@ 10%

Annual Report and Financial Statements For the year ended June 30, 2022

f) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. The Amortization rate Adopted by the College is 30%.

g) Research and development costs

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

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

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

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h) Financial instruments

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

KTTC has a policy of providing for general debts at the rate of 5% of receivables.

j) 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.

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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) 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 and senior managers.

m) 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.

n) Comparative figures

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

o) 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, 2020.

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5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

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:

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

Provisions

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. The college has made a general provision of 5% towards bad debts from receivables, in line with its policy on provision for bad and doubtful debts.

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6. (a) TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Description	2021-2022	2020-2021
	Kshs	Kshs
Unconditional grants		
Operational grant	110,000,000	102,000,000
Other	-	-
Conditional grants-IM Grants	17,592,931	
Total	<u>127,592,931</u>	<u>102,000,000</u>

6. (b) TRANSFERS FROM OTHER GOVERNMENT ENTITIES (CATEGORIZED)

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	2020-2021 Kshs
State Department for Technical and Vocational Training	127,592,931	-		127,592,931	102,000,00
Total	<u>127,592,931</u>	=		<u>127,592,931</u>	<u>102,000,000</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. REVENUE FROM RENDERING OF SERVICES	2022	2021
	Kshs	Kshs
Accommodation Subsidy	16,606,752	6,377,723
Activity Fees	4,488,202	3,153,839
Application Fees	-	3,489,005
Attachment Fees Income	-	993,989
Ict Fees	7,459,100	2,671,673
Library Fees	5,015,650	2,630,575
Maintenance Fees	2,790,378	3,306,038
Medical Fees	8,114,700	2,102,770
Material Practical Fees	-	1,129,584
Teaching Practice Fees	8,332,050	3,365,925
Registration Fees	3,487,500	3,014,508
Tuition Fees	160,430,840	52,801,862
Local Transport & Travel (LT&T)	3,907,260	2,303,509
Electricity, Water & Conservancy	6,496,617	2,638,202
Personnel Emoluments	26,781,050	14,121,776
Meals (PAYE)	21,843,879	8,781,582
Total	<u>275,753,978</u>	<u>112,882,560</u>

8. REVENUE FROM RENTAL FACILITIES AND EQUIPMENT

	2022	2021
	Kshs	Kshs
Bill Boards	3,819,802	1,913,760
Rental From staff Houses	6,493,917	6,008,342
Hire of College Facilities	101,350	524,760
Total	<u>10,415,069</u>	<u>8,446,862</u>

9. OTHER INCOME

	2022	2021
	Kshs	Kshs
Consultancy & Trainings	7,396,361	9,687,858
Insurance Cover	-	98,960

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Laboratory Charges	-	46,100
Total	<u>7,396,361</u>	<u>9,832,918</u>

10. USE OF GOODS AND SERVICES

	2022	2021
	Kshs	Kshs
Electricity Expenses	9,529,047	8,425,949
Water, Fuel And Conservancy	8,755,350	2,627,873
Teaching Practice Expenses	22,541,550	3,431,201
Purchase Of Food and rations	52,494,390	15,168,015
Purchase of Tuition Supplies	7,753,004	6,253,068
Graduation Expense	3,883,365	1,432,150
Transport Operating Expenses	12,875,404	3,734,384
Grants For Staff Training	9,117,152	1,519,640
Farewell And Special Events	303,100	361,368
International Trips	5,759,998	-
Domestic Travel	13,179,734	384,980
Library Expenses	-	98,560
Insurance for Vehicles	1,501,832	456,303
Payment Of Rents And Rates (nr)	368,696	283,540
Postal And Telegrams Expenses	9,450	-
Publishing And Printing Expenses	318,020	-
Purchase Of Uniform And Clothing	-	836,208
Telephone Expenses	416,600	516,432
Advertising And Publicity	1,947,167	412,000
Hire Of College Facilities Expenses	162,978	-
Research Innovation & Incubation	1,074,210	-
Student Activities	2,815,802	63,000
Fees Commission And Honoraria	472,331	-
Official Entertainment	-	-
Purchase Of Stationery	3,277,187	1,860,566
Ict Expenses	3,726,494	1,428,995
Consultancy and Trainings	5,008,403	3,487,248
COVID - 19 Expense	1,773,734	1,949,109
Total	<u>169,064,997</u>	<u>54,730,589</u>

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Provision for Doubtful Debts (5%)	2,587,410	333,369
Total	<u>171,652,407</u>	<u>55,063,958</u>

11. EMPLOYEE COSTS

	2022 Kshs	2021 Kshs
Commuter Allowance	6,915,200	7,600,000
Gratuity And Pensions	4,209,349	7,291,580
House Allowance	11,703,100	10,832,300
Medical Allowances	1,347,555	1,476,990
Passage And Leave Expenses	658,000	724,000
Personal Emoluments/Basic Salary	52,106,484	48,124,090
Responsibility Allowance	1,022,500	1,667,000
Contributions to NSSF	2,055,240	0
Technical Expertise	3,825,930	399,000
Consultancies for Projects	5,439,337	1,522,872
Total	<u>89,282,695</u>	<u>79,637,832</u>

12. COUNCIL EXPENSES

	2022 Kshs.	2021 Kshs.
Chairman's Honoraria	940,000	720,000
Sitting Allowance	3,680,000	2,670,000
Transport	649,930	479,000
Accommodation	1,498,400	1,001,000
Lunches	135,000	305,480
Airtime	185,000	282,000
Total	<u>7,088,330</u>	<u>5,457,480</u>

13. DEPRECIATION EXPENSE

	2022 Kshs.	2021 Kshs.
Property, Plant & Equipment	57,808,729	54,815,356
Total	<u>57,808,729</u>	<u>54,815,356</u>

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14. AMORTIZATION EXPENSE

	2022 Kshs.	2021 Kshs.
Amortization Expense	1,038,420	-
Total	<u>1,038,420</u>	=

15. REPAIRS AND MAINTENANCE

	2022 Kshs.	2021 Kshs.
Maint. Of Buildings And Furniture	33,762,684	20,312,086
Maint. Of Plant M. & Equipment	335,550	902,637
Maint. Of Water Supplies	10,200	
	<u>34,098,234</u>	<u>21,214,723</u>

16. CONTRACTED PROFESSIONAL SERVICES

	2022 Kshs.	2021 Kshs.
Legal Fees	-	1,205,618
ISO Audits	-	612,400
Honoraria to Administration	472,331	2,178,921
Total	<u>472,331</u>	<u>3,996,939</u>

17. FINANCE COSTS

	2022 Kshs.	2021 Kshs.
College Fund Account BARCLAYS	16,104	18,804
Main Account KCB	540,821	769,597
ESP Account KCB	540	7,794
KESSP Account KCB	1,266	13,974
Fees Collection - Cooperative Bank	529,694	397,800
Fees Collection - Equity Bank	120	1,020
Total finance costs	<u>1,088,545</u>	<u>1,208,989</u>

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18. AUDIT FEES

	2022 Kshs.	2021 Kshs.
Audit Fees	580,000	500,000
Total	<u>580,000</u>	<u>500,000</u>

19. CASH AND CASH EQUIVALENTS

		2022 Kshs.	2021 Kshs.
Cooperative Bank	Fees Collection A/C	25,941,837	40,438,597
Equity Bank	Fees Collection A/C	15,778,959	8,300,757
Kenya Commercial Bank	Main A/C	1,251,685	2,944,164
Kenya Commercial Bank	ESP A/C	20,228,747	5,612,246
Kenya Commercial Bank	KESSP A/C	25,975,720	24,079,559
Barclays Bank	College Fund A/C	4,674,078	31,568
MPesa Paybill for Meals		12,702,321	-
Total		<u>106,553,347</u>	<u>81,406,891</u>

20. RECEIVABLES FROM EXCHANGE TRANSACTIONS

		2022 Kshs.	2021 Kshs.
Staff Advance		386,054	317,094
Staff Imprest		107,800	441,600
Students Fees Debtors		46,060,556	4,658,287
Rent Debtors		1,683,419	1,250,390
Bill Boards		3,510,370	-
Total Receivables		51,748,199	6,667,371
Less: 5% Provision for bad and doubtful debts		2,587,410	333,369
Net Receivables from Exchange transactions		49,160,789	6,334,002

21. REFUNDABLE DEPOSITS FROM CUSTOMERS

	2022 Kshs.	2021 Kshs.
Deposits - Total Kenya Limited	1,000,000	1,000,000
Total Deposits	<u>1,000,000</u>	<u>1,000,000</u>



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22. PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment	Land Kshs.	Buildings 2% Kshs.	Plant, Machinery and Equipment 10% Kshs.	Motor Vehicles 25% Kshs.	Computers 30% Kshs.	Furniture 10% Kshs.	Total Kshs.
COST / VALUATION							
Cost as at 1st July 2020	24,000,000,000	2,775,000,000	30,686,884	19,665,000	33,921,000	22,200,197	26,881,473,081
Additions for the Year		552,440			787,870	3,534,754	4,875,064
Disposal/Donation				(700,000)	(33,132,000)		(33,832,000)
Cost as at 30 June 2021	24,000,000,000	2,775,552,440	30,686,884	18,965,000	1,576,870	25,734,951	26,852,516,145
Depreciation as at 1st July 2020	-	222,114,450	12,784,241	19,665,000	33,921,000	8,535,244	297,019,935
Charge for the year	-	51,068,760	1,790,264	-	236,361	1,719,971	54,815,356
Accumulated Depreciation on Disposal/Donation				(700,000)	(33,132,000)		(33,832,000)
Depreciation as at 30 June 2021	-	273,183,210	14,574,505	18,965,000	1,025,361	10,255,215	318,003,291
Book Value as at 30th June 2021	<u>24,000,000,000</u>	<u>2,502,369,230</u>	<u>16,112,379</u>	=	<u>551,509</u>	<u>15,479,736</u>	<u>26,534,512,854</u>
Book Value as at 30th June 2020							

Annual Report and Financial Statements For the year ended June 30, 2022

Property, Plant and Equipment	Land Kshs.	Buildings 2% Kshs.	Plant, Machinery and Equipment 10% Kshs.	Motor Vehicles 25% Kshs.	Computers 30% Kshs.	Furniture 10% Kshs.	Total Kshs.
COST / VALUATION							
Cost as at 1st July 2021	24,000,000,000	2,775,552,440	30,686,884	18,965,000	1,576,870	25,734,951	26,852,516,145
Additions for the Year			707,302	21,314,655	11,156,785	1,308,035	34,486,777
Cost as at 30 June 2022	24,000,000,000	2,775,552,440	31,394,186	40,279,655	12,733,655	27,042,986	26,887,002,922
Depreciation as at 1st July 2021	-	273,183,210	14,574,505	18,965,000	1,025,361	10,255,215	318,003,291
Charge for the year	-	50,047,385	1,681,968	888,111	3,512,488	1,678,777	57,808,729
Depreciation as at 30 June 2022	-	323,230,594	16,256,473	19,853,111	4,537,849	11,933,992	375,812,019
Book Value as at 30th June 2022	24,000,000,000	2,452,321,846	15,137,713	20,426,544	8,195,806	15,108,994	26,511,190,903
Book Value as at 30th June 2021	24,000,000,000	2,502,369,230	16,112,379	-	551,509	15,479,736	26,534,512,854

Fully Depreciated Assets Kshs.



KENYA TECHNICAL TRAINERS COLLEGE

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Motor Vehicles 18,965,000
Computers 789,000

23. INTANGIBLE ASSETS

Intangible Assets	Amount 30% Kshs.
COST	
Cost as at 1 July 2021	0
Additions for the Year	3,461,400
Cost as at 30 June 2022	3,461,400
Amortization as at 1 July 2021	0
Charge for the year 2022	1,038,420
Amortization for the Year	1,038,420
Book Value as at 30th June 2022	2,422,980
Book Value as at 30th June 2021	0

24. WORK IN PROGRESS

	IM TC	STD WORKSHOPS	Total
Work in Progress as at 1 July 2021	258,599,739	52,352,441	310,952,180
Additions during the year	17,592,931	-	17,592,931
Work in Progress as at 30 June 2022	276,192,670	52,352,441	328,545,111

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. TRADE AND OTHER PAYABLES –FROM EXCHANGE TRANSACTIONS

	2022 Kshs.	2021 Kshs.
Trade Payables	3,492,168	10,531,675
Caution Money	715,500	
TOTAL PAYABLES	<u>4,207,668</u>	<u>10,531,675</u>

26. PAYABLE FOR CONSTRUCTION CONTRACTS

	2022 Kshs.	2021 Kshs.
Balance b/f	725,399	619,500
Adjustments during the year	-725,399	105,899
Payable to Contractors as at 30 June 2022	=	<u>725,399</u>

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27. RETENTIONS

	2022	2021
	Kshs.	Kshs.
IM Training Centre	14,444,854	14,444,854
Standard Workshops	5,253,243	5,253,243
Payable to Contractors as at 30 June 2022	<u>19,698,097</u>	<u>19,698,097</u>

28. DEFERRED INCOME

	2022	2021
	Kshs.	Kshs.
Balance b/f	-	-
Increase during the year	13,667,958	-
Total	<u>13,667,958</u>	-

29. CAPITAL RESERVES & SURPLUSES

(i) REVENUE RESERVES

	2022	2021
	Kshs.	Kshs.
Balance b/f	(236,325,734)	(194,795,799)
Surplus/Deficit for the year	58,048,649	11,267,065
Prior Year Adjustments	-	(52,797,000)

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Total	(178,277,085)	(236,325,734)
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(ii) CAPITAL RESERVES

Balance b/f	27,139,576,491	27,139,576,491
Total	<u>27,139,576,491</u>	<u>27,139,576,491</u>

30. Prior Year Adjustments

	2022 Kshs.	2021 Kshs.
Revenue Reserve		(52,797,000)
Total		<u>(52,797,000)</u>

The prior year adjustment relates to fully depreciated assets written off in the capital reserve reinstated to the revenue reserve.



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

31. 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 college overall risk management programme focuses on unpredictability of changes in the operating environment and seeks to minimise the potential adverse effect of such risks on its performance. The entity's financial risk management objectives and policies are detailed below:

(i) Credit risk

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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.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's managers, 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.

(iii) Market risk

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

a) Foreign currency risk

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

(KTTTC did not make any foreign currency transactions during the year under review)

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b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

Fair value of financial assets and liabilities

a) Financial instruments measured at fair value

Determination of fair value and fair values hierarchy IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the entity's market assumptions.

(KTTTC did not hold any financial instruments during the year under review).

iv) Capital Risk Management

The objective of KTTTC's capital risk management is to safeguard the Board's ability to continue as a going concern. The entity capital structure comprises of the following funds:

32. CAPITAL RESERVES & SURPLUSES

Description	2021-2022 Kshs	2020-2021 Kshs

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Retained Earnings	(178,277,085)	(236,325,734)
Capital Reserve	27,139,576,491	27,139,576,491
Total Funds	26,961,299,406	26,903,250,757
Total Borrowings	-	-
Less: Cash and Bank Balances	-	-
Net Debt/(Excess Cash and Cash Equivalents)	-	-
Gearing	-%	-%

N.B

There is a risk of loss of value in capital reserve due to the anticipated relocation of Kenya Technical Trainers College.

33. 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.

Government of Kenya

The Government of Kenya is the principal shareholder of KTTC, holding 100% of the KTTC'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:

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- i) The National Government;
- ii) The Parent Ministry;
- iii) Teachers Service Commission;
- iv) National Industrial Training Authority;
- v) Governing Council

34. EVENTS AFTER THE REPORTING PERIOD

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

35. ULTIMATE AND HOLDING ENTITY

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

36. CURRENCY

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

37. GOING CONCERN

The College closed the year with a surplus of Ksh. 58,048,649 indicating that its operations are within its means. Thus the College is deemed to continue with its operations for the foreseeable future.

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APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Emphasis of Matter	Going Concern Attention was drawn to note 39 on the financial statements which described the rationale upon which the Council members had prepared the financial statements on a going concern basis. The College registered a deficit of Ksh. 50,388,865 (2017 deficit: Ksh. 101,414,756 thereby reducing revenue	The Ministry has made some good progress in facilitating payment of the third party liabilities.	Dr. Edwin Tarno – The Chief Principal and Elizabeth Wangaruro – The Finance Officer.	Resolved in the current the year.	To be resolved in the year 2021/2022

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	<p>reserves from negative Kshs.86,036,534 to negative Kshs. 136,425,400 as at 30 June 2018. Further, the total current liabilities of Kshs. 85,101,369 exceeded the current assets of Ksh. 71,215,294 resulting in negative working capital of Ksh. 13,886,075 at the same time. The management however attributed the negative working capital to third party liabilities in respect to projects being carried out on behalf of the parent Ministry and depreciation charge for the year of assets that were valued in 2016/2017.</p>				
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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.

DR. EDWIN TARNO, PHD, HSC
Principal/Secretary to the Governing Council

Date.....