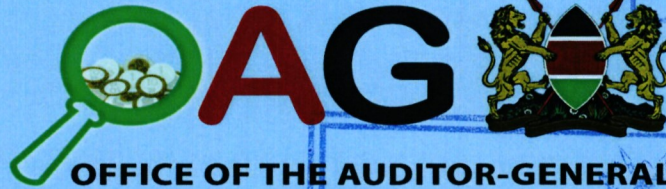


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REPORT

TABLED
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HON. JIMMY ANGWENYI, MP

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OF

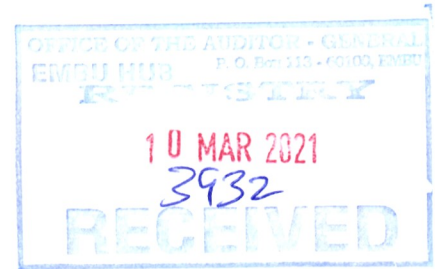
THE AUDITOR-GENERAL

ON

MURAGA TECHNICAL
TRAINING INSTITUTE

FOR THE NINE MONTHS PERIOD ENDED
30 JUNE, 2018

008473



MURAGA TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE NINE MONTHS PERIOD ENDED

30th JUNE 2018

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

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Muraga Technical Training Institute is located at Weru location Maara Subcounty in Tharaka nithi County. The construction of Muraga TTI started in 2014. It was a joint effort of the Ministry of education and the C.D.F. of Maara Constituency. The Government contributed Ksh. 40 million whereas the C.D.F. of Maara constituency ksh. 10 million respectively. The institute was mentored by Nkabune Technical Training Institute in Meru County. It was completed in early 2017 and was officially opened on 4th September, 2017.

The Institute opened its doors to trainees in September and started offering artisan, craft and diploma courses. In the year 2018, the government equipped the institute office furniture &, equipment, Staff Furniture, and students lecture chairs.

At cabinet level, the Institute is represented by the Cabinet Secretary for education, who is responsible for the general policy and strategic direction of the Institute

(b) Principal Activities

The Principal activity for Muraga Technical Training Institute is to train competent and innovative manpower in TVET to meet the changing needs of the industry and for self- sustainability under TVETA Act 2013.

Vision:

A centre of excellence in technical and vocational education and training

Mission:

To train competent and innovative manpower in TVET to meet the changing needs of the industry and for self-sustainability.

(c) Key Management

Muraga TTI day-to-day management is under the following key organs:

- Board of governors
- Accounting Officer/ Principal
- Top management
- Heads of Department

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Mrs. Laticia Mutiiria
2	Deputy principal	Mrs. Purity G. Ndigah
3.	Ag. Registrar	Mr James Lincon Nthiga
4.	Ag. Dean of student	Mr.Stephen murithi

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No.	Designation	Name
5.	Accountant	Ms Doreen Kerubo
6.	Procurement officer	Isaac Mukembu

(e) Fiduciary Oversight Arrangements

No	Board Committee	Board committee activities
1	Finance Budget & Development	Budgeting approvals
		Review of the financial statement
		Review of the budgets
		Advice on expenditures
2	Executive committee	Conducting of interviews
		Validation & approval of policies
		Setting of scheme of service & career progression
		Implementation of the Performance contracting
		Implementation & review of the strategic plan

(f) Muraga T T I Headquarter
Muraga Technical Training Institute
 Chuka – meru road
 P.O. Box 614, 60400
 CHUKA, KENYA

(g) Muraga T T I Contacts
Muraga Technical Training Institute
 Telephone: (254) 799519946
 E-mail: muragatechinst@gmail.com

(h) Muraga T T I Bankers
Muraga Technical Training Institute

1. Equity Bank
 Account No: 0140262856816
 Chuka Branch
2. Kenya Commercial Bank
 Account No: 1212819675
 Chuka Branch

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




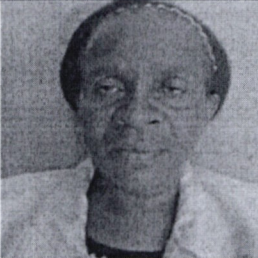
(j) Principal Legal Adviser

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

MURAGA TECHNICAL TRAINING INSTITUTE
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2. THE BOARD OF GOVERNORS






Name	Description
<p>1.  Name :Mr. Hanson Mugo Profession : IT consultant Academic :masters in corporate management</p>	<p>Date of birth: 28/05/1969. Qualification: masters in corporate management Bachelor degree in computer science. Work Experience: 25 Years Position in BoG: Chairman BoG (Executive Committee)</p>
<p>2.  Name :Mrs Laticia Mutiiria Profession : Trainer Academic : bachelor of education, home economics option</p>	<p>Date of birth: 28th Nov 1963 Qualification: Bachelor Of Education, Home Economics Option Work Experience: Principal Muraga TTI 27 Years Experience Position in BoG :BoG Secretary</p>
<p>3.  Name : Ms. Brenda Awour Profession : Accountant Academic : Masters Degree In Business Administration, Finance Option</p>	<p>Date of birth: 5th May 1973 Qualification: masters degree in business administration, finance option Work Experience: Regional Administrator At Community Development Trust Fund, Kenya(CDTF) 22 years Experience Position in BoG :Member (Finance Committee)</p>
<p>4.  Name : Ms. Kellen Mbabu Profession : Counsellor Academic : Masters Degree in Counseling</p>	<p>Date of birth: 1963 Qualification: bachelor of education and diploma in theological education by extension. counselling Work Experience: Retired Secondary School Teacher. 29 Years Position in BoG :Member (Executive committee)</p>

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Psychology		
5.	 <p>Name : Ms. Florence Musyoka Profession : Water Engineer Academic : Bachelor's Degree in Environmental Engineering and Resource Management</p>	<p>Date of birth: 15th February 1962 Qualification: Water Engineer Work Experience: Water Engineer at Gategi Irrigation Scheme. 26 years work experience Position in BoG :Member</p>
6.	 <p>Name : David Mutua Kitheka Profession : : Agriculture Academic : Master of Science in Agriculture Resource Management</p>	<p>Date of birth: 1982 Qualification: Master of Science in Agriculture Resource Management Work Experience: Livelihood Technical Specialist/ Coordinator at ADRA Kenya. 10 years Experience Position in BoG :Member</p>
7.	 <p>Name : Mr. Alex Barasa Profession : IT consultant Academic : BSC Computer Science, Software Engineering</p>	<p>Date of birth: 15/01/1962. Qualification: BSC Computer Science, Soft ware Engineering Work Experience: He is the current CEO ABNO Softwares International Limited 17 Years Experience Position in BoG :Member</p>
8.	 <p>Name : Mr. Solomon Kithinji Profession : Teacher Academic : Bachelor of Education</p>	<p>Date of birth: 09/09/ 1961 Qualification: Bachelor of Education Work Experience: Retired Principal Gatunga boys. 20 Years experience Position in BoG :Member (Executive Committee)</p>

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3. KEY MANAGEMENT

Name	Responsibility
<p>1.  Name : Mrs Laticia Mutiiria Profession : Trainers Academic : bachelor of education, home economics option</p>	<p>The principal and the accounting officer</p>
<p>2.  Name : Mrs Purity Ndigah Profession : Trainers Academic : Masters in Entrepreneurship</p>	<p>Deputy Principal Muraga Technical Training Institute.</p>
<p>3.  Lincoln Nthiga Born: 1984 BeD science</p>	<p>Ag Registrar</p>
<p>4.  Stephen Muriithi Born : 1981 Higher diploma electrical & electronic c</p>	<p>Ag. Dean</p>
<p>5.  Doreen Kaburo</p>	<p>Finance Officer</p>

**MURAGA TECHNICAL TRAINING INSTITUTE
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4. CHAIRMAN'S STATEMENT

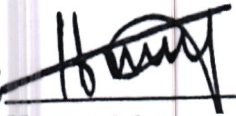
The first Board of Governors was inaugurated on 23rd June 2017.

Members were able to establish structures within the financial year by engaging the relevant staff to offer services for the Institute to run effectively. Two committees were formed to start with.

- They were the Executive Committee
- The Finance and Budgetary committee.

The Board committed within the year to work toward supporting the vision of the Institute of being a centre of Excellence in Technical and Vocational Education and Training.

They also committed to operate within the provisions of Law and policy guidelines from the ministry of Education in shaping the Institute and becoming one of the best TVET Institutes in the country.



Hanson Mugo
BOG CHAIRMAN

Date: 09 March 2021

**MURAGA TECHNICAL TRAINING INSTITUTE
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5. REPORT OF THE PRINCIPAL

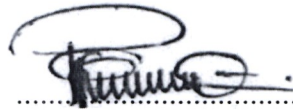
The annual report and financial statement runs from 1st July 2017 to 30th June 2018.

During this financial year, the institute had intakes in September 2017, January 2018 and May 2018. In September 2017, the institute admitted only 13 students who were the first students in the institute. In January 2018, two more students were admitted. Then in May 2018 Eighteen more were admitted giving a total of Thirty three in that financial year.

It was a year which had challenges financially because of low enrolment and the Institute had only Three TSC trainers. The other teachers were engaged by the Board of Governors while support staffs were only two with the Secretary and Accounts clerk who joined in February 2018. Advertisement was done through Print Media to publicize the Institution.

Purity G. Ndigah M.

.....
Name



.....
Sign

MURAGA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
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6. REVIEW OF MURAGA TTI PERFORMANCE FOR 2017/2018 FINANCIAL YEAR.

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.

MURAGA TTI has 5 strategic pillars and objectives within its Strategic Plan for the FY 2018/2019-2022/2023. These strategic pillars are as follows:

- Pillar 1: Grow the education & TVET programmes
- Pillar 2: promote equity & quality education and training
- Pillar 3: strengthen organisation development and capability
- Pillar 4: establish contemporary learning services and facilities
- Pillar 5: pursue stake holders' partnerships and collaborations

Muraga develops its annual work plans based on the above 5 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 2017/2018 period for its 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar no	Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	Grow the education & TVET programmes	Growing the education & TVET programmes	Improved service delivery Modern ICT capability adopted in management & training Number of partnership developed with key stake holders	Benchmarking of the institute services against our competitor Invest in ICT capability to support service delivery Enhance partnership with the with stake holders	Benchmarked with neighbouring sister institution on food & beverages workshops setting Started online classes with the candidates who were scheduled to sit for exams in November 2020. Established partnership with Weru Tea Factory on modern tea farm management
Pillar 2:	promote equity & quality education and training	Promoting equity & quality education and training	Number of trainers in courses mainly dominated by the opposite gender Number of trainers who participated in the capacity building workshops	Advocate for the participation of both gender in the TVET programmes Integrated training plan that focuses on enhancing trainers excellence	High enrolment in food & beverage courses by men The institute sent finance officer to Mombasa during the training organised by HELB on HELB loan/bursary managements
Pillar 3:	strengthen organisation development and	Strengthening organisation development and capability	Number of new financial streams established by the institute	Enhance financial sustainability of the institute	Institute has been selling agriculture produce from the

MUNDA TECHNICAL TRAINING INSTITUTE
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	capability			Performance appraisal tool developed for the non teaching staffs Reward & sanctions system based on appraisal report	Celebrate staffs success formally through a reward & recognition programmes	farm Staffs are being rewarded according their performance
Pillar 4:	establish contemporary learning services and facilities	Establishing contemporary learning services and facilities	Suggest boxes Customers complains & compliment registers	Establishing a client relationship management by Maintaining customer visitors and customers feedback systems	Suggesting management systems in place Customer complains & compliment tools in place	
Pillar 5:	pursue stake holders partnerships and collaborations	Pursuing stake holders partnerships and collaborations	Number of the MOUs the institute has signed with local industries Number of meeting in year Number of business opportunities	Strengthen external networks with the industries Implement expanded community engagement plans to add value to the community	Signed MOU with Weru Tea Factory Held quarterly meetings with the community on the available business opportunities the community can engage with institute	

7. CORPORATE GOVERNANCE STATEMENT

During the year under review, the board held 8 meetings as scheduled with full board meeting ones per quarter and finance & budget committee also meeting ones per quarter. Board members were also involved during the short listing and recruitment of the PSC staffs. All the meetings had quorum and no member missed two consecutive meetings.

As outlined from the TVET Act 2013, section 28

(1) The roles, functions, and performance of the board during the year is as follows;

(a) Overseeing the conduct of education and training in the institution in accordance with the provisions of this Act and any other written law;

The Board has been able to monitor the manner in which the institute is managed or directed through the regular quarterly meetings -100%.

(b) Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with this Act and any other written law;

Through the management, the board have acquired right syllabuses and mounted market driven courses and made sure real training takes place through supervision – 100%

(c) Administering and managing the property of the institutions;

The board have been able to provide security and regular maintenance of its property and equipments – 100%

(d) Developing and implementing the institutions' strategic plan;

The board developed and launched a strategic plan which is currently being implemented - 100%

(e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions;

The board have prepared annual budget but execution has not been fully done due to non-remittance of development funds already budgeted.

(f) Receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;

This has been achieved – 100%, the institute has a functional finance department to collect and receipt all the monies received.

(g) Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of this Act;

The board performed this function – 100, though the government come up with a standard fees structure for all the TVET Institutions.

(h) Mobilizing resources for the institutions;

- The institute have been able to collect fees from parents.
- Sourced for more funding from NG-CDF and
- Written proposals to organizations and government departments requesting for funding.

(h) Developing and reviewing programs for training and to make representations thereon to the TVET Authority;

The board have approved new courses as guided by the ministry of education.

(i) Regulating the admission and inclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;

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This was achieved 100%- all the students who applied were admitted.

(k) Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Board;

- The institute is a member of KATTI and CAPA
- The institute receive students from KUCCPS
- Principals visit industries annually to get the views of the stakeholders.
- Recruiting and appointing trainers from among qualified professionals and practicing trades persons in relevant sectors of industry;

All the recruitments so far carried out by following recruitment procedures.

(m) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the Authority;

- Our wages are within the set standards of the county but
- we need to develop a scheme of service

(n) Making regulations governing organization, conduct and discipline of the staff and students; this has been achieved -100%. We have developed and implemented rules and regulations

(o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the Board;

(p) Providing for the welfare of the students and staff of the institutions;

The board have improved the institute learning environment by;

- Acquired more equipment for training
- Acquired more student's desks

(q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions; the board have;

- Established G&C department
- Students have their elected leadership
- The management hold regular meeting with the students and staff

(r) Discharging all other functions conferred upon it by this Act or any other written law

The board has promptly acted upon all the communications received from within and outside the institute. The board was well remunerated as they received their full allowances during all the meetings

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The institute has board committee whose role is as below

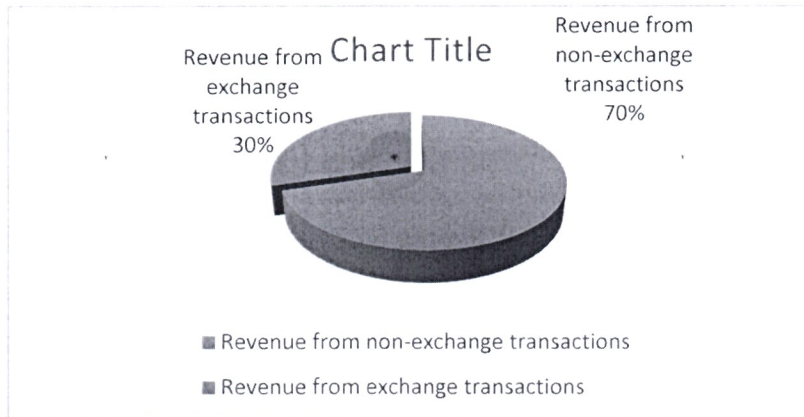
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1	Finance Budget & Development	Budgeting approvals
		Review of the financial statement
		Review of the budgets
		Advice on expenditures
2	Executive committee	Conducting of interviews
		Validation & approval of policies
		Setting of scheme of service & career progression
		Implementation of the Performance contracting
		Implementation & review of the strategic plan

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8. MANAGEMENT DISCUSSION AND ANALYSIS

Resources mobilisation

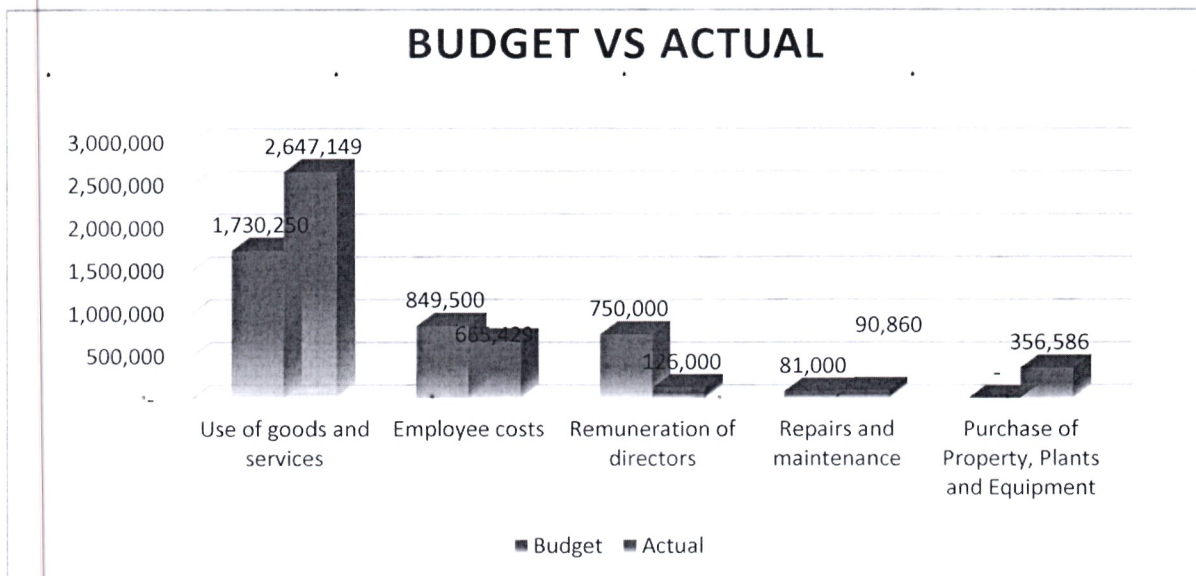
During year under review, the institute recorded revenue of Kshs.5,809,809 which was composed of revenue from non-exchange transactions of Kshs.4,093,387 and from rendering of services of Kshs.1,716,422



Absorption of the allocated funds

The institute expenditures for the year under review were of Kshs.3,886,024 against budget of Kshs.3,410,750 Which were attributed to

- (a) The additional training infrastructures that the institute has mounted to match growing needs from trainees.
- (b) Additional number of trainers which has lead to increased employees cost.
- (c) Other operational cost has been on increase due economic global inflation and unstable market for major consumable items.



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9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Muraga Technical Training Institute exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on five pillars: Below is a brief highlight of our achievements

1. Sustainability strategy and profile

Muraga Technical Training Institute is a learning organisation under the Directorate of Technical Vocational Education and Training. In her commitment to produce skilled manpower that fits in the job market, the Institution has continued to comply with the Ministry of Education guidelines and policies. The Institution has identified the potential of the community as key in realizing the growth of the Institution. The Institution has therefore engaged the community through continuous sensitization on the TVET courses and the support given by the government through capitation and application of HELB loans. Further the Institution has reached out to the stakeholders and the political leaders for support in all aspects in the running of the Institution through attending church meetings, community meeting, and upholding support for fees payment through the CDF programmes and bursaries from all levels.

The Institution has continued to engage with the Industry to allow linkage for trainees to the industry for industrial attachment and also employment. This has enabled contributions for industry expectation through direct feedback from the Industry.

Benchmarking with other learning Institution and partnering with them remains vital for progressive growth. Attending to relevant trainings and workshops has been key in staff development.

2. Environmental performance

Muraga Technical Training Institute is committed to reducing its impact on the environment. We strive to improve our environmental performance over time and to initiate additional activities that will further reduce our impacts on the environment. Our commitment is to:

- Comply with all applicable environmental regulations,
- Prevent pollution whenever possible,
- Train all of our staff on our environmental program and empower them to contribute and participate,
- Communicate our environmental commitment and efforts to our customers, staff and our community.

So far we have planted over 120 trees.

3. Employee welfare

The Institute has been following the procedure of hiring employees into the Institution. The Board identifies the vacancies by analysis of key responsibilities and duties that ought to be done and the staff are not available or adequate. The Board then advertises for the positions and invites qualified candidates to apply. On applications, shortlisting of qualified persons is done basing it on the advert, Gender, Ethnicity and experience. Qualified persons are contacted to attend interviews through mail and telephone calls. The panel engages all interviewees and allocated marks as per the score sheet. The panel then discuss the scores and average for the best candidate to be approved. Once staff are engaged, they are taken through an orientation where the responsibilities are outlined, discussed and the objectives of the organisation are laid out. Staff are developed through support given by the BOG to attend relevant workshops and seminars especially the ones organised through the ministry. The

MURAGA TECHNICAL TRAINING INSTITUTE
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Institute is in the process of developing the policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA). Appraisal of staff is done continuously.

4. Market place practices-

Muraga TTI does responsible marketing by marketing the Institution and encouraging potential trainees to join the Institution. On courses that the Institute does not offer, she recommends other Institutions to the applicants for consideration. The Institute has not been involved in politics in any way but has welcomed political leaders who have identified in support of the Institution whenever opportunity arises.

The Institute honours contracts by keeping to the commitment to the end where there is no breach. The Institutes commits to clear all her supplier's debts and keep engaging the debtors even when finances are not available to ensure re-assurance on the commitment.

The Institute gives true information on all advertisements and publicity done. This has provided confidence on the services offered by the Institution without.

All services offered by the Institutes are for the best benefit of the Clients who are our consumers. Offer of services is objectively done to the best interest of the client. The trainees who are the highest number of our clients receive quality training and pass their examinations. This will ensure they remain competitive in the job market.

5. Community Engagements-

The Institute Engaged in Muthambi got Talent challenge by giving sponsorship of Ksh.10,000 within the financial year. This was a challenge to identify and grow and talents of young people to help them earn a living. In the event, the Institute advertised for courses offered and support given by the government.

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10. REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the reviewed audited financial statements for the nine months ended June 30, 2018 which show the state of the institute's affairs.

Principal activities

The principal activities of the institute are to train competent and innovative manpower in TVET to meet the changing needs of the industry and for self- sustainability.

Results

The results of the institute for the nine months ended June 30, 2018 are set out on page 1 to 5


BOARD OF GOVERNORS

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

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 to carry out the audit of the *institute* for the year ended June 30, 2020 in accordance to section 23 of the Public Audit Act, 2015

By Order of the Board



Secretary Board of governors

Date 09/03/21

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11. STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 - require the board members to prepare financial statements in respect of Muraga T.T.I, which give a true and fair view of the state of affairs of the Muraga T T I at the end of the financial year and the operating results of the Muraga T T I for that the nine months period. The board members are also required to ensure that the Muraga T T I keep proper accounting records which disclose with reasonable accuracy the financial position of MuragaT.T.I. The board members are also responsible for safeguarding the assets of Muraga Technical Training Institute.

The board members are responsible for the preparation and presentation of Muraga T.T.I financial statements, which give a true and fair view of the state of affairs of the Muraga T T I for and as at the end of the nine months period ended on June 30, 2018.

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 Muraga T T I;
- (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 Muraga T.T.I;
- (v) Selecting and applying appropriate accounting policies and
- (vi) Making accounting estimates that are reasonable in the circumstances.

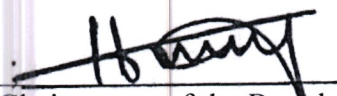
The board members accept responsibility for Muraga T.T.I financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS),and in the manner required by the PFM Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act,2013 - require the board members to prepare financial statements in respect of Muraga T.T.I.

The board members are of the opinion that the Muraga T T I's financial statements give a true and fair view of the state of Muraga T.T.I transactions during the the nine months period ended June 30, 2018, and of Muraga T.T.I financial position as at that date. The board members further confirm the completeness of the accounting records maintained for the Institute, which have been relied upon in the preparation of the Institute's financial statements as well as the adequacy of the systems of internal financial control.

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

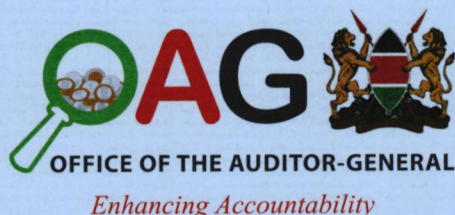
Approval of the financial statements

The Muraga Technical Training Institute financial statements were approved by the Chairman of Board on 30/9/2018 and signed on its behalf by:


Chairperson of the Board


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 MURAGA TECHNICAL TRAINING INSTITUTE FOR THE NINE MONTHS PERIOD ENDED 30 JUNE, 2018

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Muraga Technical Training Institute set out on pages 1 to 18, which comprise the statement of financial position as at 30 June, 2018, 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 nine months period 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Muraga Technical Training Institute as at 30 June, 2018, and of its financial performance and its cash flows for the nine months period then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Technical and Vocational Education and Training Act, 2013.

Basis for Adverse Opinion

1.0 Presentation of the Financial Statements

Review of the financial statements provided for audit revealed the following anomalies;

- i) Corporate governance statement at page xiv do not contain information on the number of Board meetings held and the attendance to those meetings by members, succession plan, existence of a board charter, process of appointment and removal of council members, induction and training, board and member performance, conflict of interest, board remuneration, ethics and conduct as well as governance audit contrary to the Public Sector Accounting Standards Board (PSASB) template issued in June, 2020.
- ii) Appendix III in relation to transfers from National Government at page 20 to the financial statements is not signed by the head of accounting unit of the Ministry of

Education contrary to Public Sector Accounting Standards Board (PSASB) template issued in June, 2020.

- iii) The Institute of Certified Public Accountants of Kenya membership number of the Finance Officer was not indicated in the statement of financial position.

In the circumstances, the Institute's financial statements are not in conformity with PSASB prescribed format.

2.0 Inaccurate Use of Goods and Services

Note 9 to the financial statements reflects Kshs.2,647,149 in respect to use of goods and services which does not include any expenditure on security services. However, a review of documents provided for audit revealed that Kshs.37,000 was incurred in respect to security services resulting to unexplained variance of the same amount.

In the circumstances, the accuracy of the Kshs.2,647,149 expenditure for the nine months period ended 30 June, 2018 could not be ascertained.

3.0 Unsupported Employee Costs

Note 10 to the financial statements reflects Kshs.665,429 in respect to employee costs. However, review of documents provided for audit including payment vouchers revealed Kshs.654,469 in respect to the same item resulting to unexplained variance of Kshs.10,960. Further, supporting documents including ledgers, monthly payrolls and approved staff establishment were not availed for audit review.

In the circumstances, the accuracy and propriety of the Kshs.665,429 in respect to employee costs for the nine months period ended 30 June, 2018 could not be ascertained.

4.0 Unsupported Transfers from National Government Ministries

Note 5(a) to the financial statements reflects Kshs.3,716,505 in respect to transfers from National Government Ministries which relates to operational grants. However, supporting documents including ledgers and schedules were not provided for audit review. Further, confirmation from the Ministry of Education revealed that no amount was transferred to the Institute in respect to the same item resulting to unexplained variance of Kshs.3,716,505.

In the circumstance, the accuracy and propriety of the Kshs.3,716,505 transfers from National Government Ministries for the nine months period ended 30 June, 2018 could not be ascertained.

5.0 Unsupported Cash and Cash Equivalentents

Note 14 to the financial statements reflects Kshs.2,392,835 in respect to cash and cash equivalentents. However, cashbook, certificate of bank balance, bank reconciliation statements and cash survey report were not provided for audit review.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.2,392,835 as at 30 June, 2018 could not be ascertained.

6.0 Refundable Deposits from Customers

Note 18 to the financial statements reflects Kshs.11,800 in respect to refundable deposits from customers which relates to caution money. However, supporting documents including ledger, student names, amount and date paid, course taken and ageing analysis showing how long the balances have been outstanding were not provided for audit review. Further, the Institute has not opened a separate bank account where caution money received should be deposited but instead the same are deposited in the Institute's two main accounts. There is therefore a possibility that the funds may be used for other purposes making it unavailable for refund to students when needed.

In the circumstances, the accuracy of the Kshs.11,800 in respect to refundable deposits from customers for the period ended could not be confirmed.

7.0 Property, Plants and Equipment

7.1 Fixed Assets Register

Note 16 to the financial statements reflects Kshs.72,254,334 in respect to property, plant and equipment which includes Kshs.356,586 in respect to capital work in progress whose details including the contract amount were not provided for audit review. Further, a review of the fixed assets register provided for audit revealed that critical information such as location of the assets, description, respective costs and serial numbers were not indicated in the register.

In addition, physical verification of the assets carried out in December, 2020 revealed that the assets were not tagged for ease of identification and movement contrary Section 139 (1)(2) of the Public Finance Management (National Government) Regulations, 2015 which stipulates that Accounting Officer of a National Government entity shall take full responsibility and ensure that proper control systems exist for assets and that preventative mechanisms are in place to eliminate theft, security threats, losses, wastage and misuse by ensuring that movement and conditions of assets can be tracked by putting in place processes and procedures both electronic and manual for the effective, efficient, economical and transparent use of the government entity's asset.

7.2 Failure to Disclose Assets in the Financial Statements

Physical verification of assets carried out in December, 2020 revealed that the Institute had furniture, equipment, machines, tools, books and computers of unknown value that were being used in day to day operations of the Institute. However, the assets were not disclosed in the financial statements.

7.3 Ownership Documents

Review of documents provided for audit revealed that the Institute lies on a 9.81 hectares' piece of land which was donated to the Institute by Muraga Secondary School. On 18 September, 2014 the Board of Management (BoM) of the said school wrote to the

Cabinet Secretary in charge of land requesting for sub division of the land so that the 9.81 hectares could be transferred to the Institute. However, since the inception of the Institute in the year 2014 and subsequent official opening in September, 2017, documents showing the progress the Institute's management is making towards subdivision and acquisition of ownership documents for the said parcel of land were not provided for audit review.

In the circumstances, the accuracy, value, location and condition of the fixed assets of Kshs.72,254,334 as at 30 June, 2018 could not be ascertained.

8.0 Capital Fund

Note 19 to the financial statements reflects Kshs.73,243,844 in respect to capital fund balance as at 30 June, 2018. However, documents showing sources and amount of cash and non-cash capital funds given to the Institute were not provided for audit review.

In the circumstances, the accuracy and completeness of Kshs.73,243,844 in respect to capital fund as at 30 June, 2018 could not be ascertained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Muraga 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 adverse 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. I have determined that there are no key audit matters to communicate in my report.

Other Matter

1.0 Budgetary Control and Performance

1.1 Revenue Analysis

The statement of comparison of budget and actual amounts reflects a revenue budget of Kshs.3,410,750 and actual revenue of Kshs.5,809,809 resulting to an over collection of revenue of Kshs.2,399,059 on five (5) items as follows:

Revenue Item	Final Budget (Kshs.)	Actual (Kshs.)	Over (Kshs.)	%
Transfers from the National Government – Grants	2,000,000	3,716,505	1,716,505	86

Revenue Item	Final Budget (Kshs.)	Actual (Kshs.)	Over (Kshs.)	%
Transfer from Other Government Institute	0	339,882	339,882	
Grants from Donors	0	37,000	37,000	
Rendering of Services- Fees from students	1,410,750	1,688,212	277,462	20
Other Income	0	28,210	28,210	
Total Receipts	3,410,750	5,809,809	2,399,059	70

The Institute's over realized revenue of Kshs.2,399,059 may be an indication of under budgeting. There is need therefore for the Management to review its budgeting mechanism with a view to coming up with a more realistic revenue targets.

1.2 Expenditure Analysis

The statement of comparison of budget and actual amounts reflects an expenditure budget of Kshs.3,410,750 and actual expenditure of Kshs.3,886,024 resulting to a net over expenditure of Kshs.475,274 comprising of under expenditure of Kshs.808,071 in respect to two (2) items and over expenditure of Kshs.1,283,345 in respect to three (3) other items as follows:

Expenditure Item	Budget (Kshs.)	Actual (Kshs.)	Under (Kshs.)	Over (Kshs.)	%
Use of Goods and Services	1,730,25	2,647,149		916,899	53
Employee Costs	849,500	665,429	184,071		22
Remuneration of Directors	750,000	126,000	624,000		83
Repairs and Maintenance	81,000	90,860		9,860	12
Purchase of Property, Plants	0	356,586		356,586	
Total Expenses	3,410,75	3,886,024	808,071	1,283,34	

From the above, the Institute underspent its budget by Kshs.808,071 of the total budget allocations. The funds could have been re-allocated to other deserving areas that would have improved delivery of goods and services to stakeholders. Further, over expenditure totaling to Kshs.1,283,345 was incurred without evidence of respective budgetary provisions contrary to Section 43(b) of the Public Finance Management (National Government) Regulations, 2015 which requires accounting officers to ensure public funds are applied for purposes for only which they were intended and appropriated by National Assembly. There is need therefore for the Management to re-look at its budgeting mechanism with a view to focusing on areas which will improve service delivery to the stakeholders.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1.0 Late Submission of the Financial Statements

The financial statements for the nine months period under review were submitted to the Auditor-General on 3 December, 2020, approximately twenty six (26) months after the legal deadline of three (3) months from the end of the financial year contrary to Section 47(1) of the Public Audit Act, 2015 which stipulates that the financial statements required under the Constitution, the Public Finance Management Act, 2012 and any other legislation, shall be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

In the circumstances, the Institute is in breach of the law.

2.0 Failure to Approve Budget

Review of documents provided for audit revealed that the Institute budgeted for revenue and expenditure of Kshs.3,410,750 each. However, documents showing that the budget was submitted to and approved by the Cabinet Secretary in the Ministry of Education was not provided for audit review contrary to Section 22(1) and (2) of the second schedule to the Technical and Vocational Education and Training Act, 2013 which stipulates that a Board of Governors of a public institution shall prepare annual estimates of revenue and expenditure for the institution under its charge, in such form and at such times as the Cabinet Secretary may prescribe and the Board of Governors may incur expenditure for the purpose of the institution in accordance with estimates approved by the Cabinet Secretary, and any approved expenditure under any head of the estimates may not be exceeded without the prior written approval of the Cabinet Secretary.

In the circumstances, the Institute is in breach of the law.

3.0 Remuneration of Directors

Note 11 to the financial statements reflects Kshs.126,000 in respect to remuneration of Directors. Supporting documents provided for audit review indicated that the Institute had eight board members. However, evidence showing that the Kshs.126,000 paid to the board members was approved by the Cabinet Secretary was not provided for audit review contrary to the Section 17 of the second schedule to the Technical and Vocational Education and Training Act, 2013 which stipulates that Members of a Board of Governors

shall be paid in respect to their services such remuneration or allowances as the board of governors shall, with the approval of the Cabinet Secretary determine.

In addition, the Board was composed of nine members which did not include representative of the County Government contrary to Section 2(c) of the second schedule to the Technical and Vocational Education and Training Act, 2013 which stipulates that membership of the Board of Governors shall comprise a representative of the County Government of the County within which the institution is located.

In the circumstances, the Institute is in breach of the law.

4.0 Audit Fees

A review of the Institute's financial statements revealed that the Institute has not provided for audit fees estimated at Kshs.700,000 which is payable to the Auditor-General in accordance with Section 41(1)(c) of the Public Audit Act, 2015 which stipulates that the funds of the Office of the Auditor-General shall consist of audit fees charged at the rates prescribed by the Auditor-General. Further, the same has not been included as a payable in the financial statements.

In the circumstances, the accuracy of the financial statements for the year under review could not be confirmed. In addition, the Institute is 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, because of the significance of the matters discussed in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1.0 Lack of Internal Audit

The Institute did not have an internal audit unit to carry out internal audit functions contrary to Section 73(1)(a) of the Public Finance Management (PFM) Act, 2012 which stipulates that every National Government entity shall ensure that it has appropriate arrangements

for conducting internal audit according to the guidelines issued by the Accounting Standards Board.

In the circumstances, the Institute is in breach of the law.

2.0 Lack of Audit Committee

During the nine months' period under review, the Institute did not have an audit committee contrary to Section 73(5) of the Public Finance Management Act, 2012 which states that every National Government entity shall establish an internal auditing committee whose composition and functions are to be prescribed by the regulations.

In the circumstances, the Institute is in breach of the law.

3.0 Lack of Salary Structure and Staff Establishment

Note 10 to the financial statements reflects Kshs.655,429 in respect to employee costs. However, approved salary structure and staff establishment were not provided for audit review contrary to Section C 2(1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which stipulates that public service salary structure will be based on the grading levels spelt out in the various career progression guidelines.

In the circumstances, the Institute is in breach of the law.

4.0 Lack of Risk Management Policy

Review of the Institute's Internal controls system revealed that the Institute did not have approved risk management policy. Further, the Management did not provide for audit review evidence of whether the Institute has identified, documented, assessed risks and developed controls to respond to the risk identified contrary to Section 165 of the Public Finance Management (National Government) Regulations, 2015, which stipulates that the Accounting Officer shall ensure that the National Government entity develops risk management strategies, which include fraud prevention mechanism and system of risk management and internal control that builds robust business operations.

In the absence of risk management policy, it is not possible to determine the effectiveness of controls implemented to control risks. In addition, the Institute is in breach of the law.

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 governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, and for its assessment of the effectiveness of internal control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Muraga Technical Training 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 the intention to terminate the Muraga Technical Training 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 Muraga Technical Training Institute's financial statements described above, management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Muraga Technical Training 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 with limited assurance as to 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 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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Institute'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 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 to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

13 January, 2022

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE NINE MONTHS PERIOD ENDED 30 JUNE 2018

	Notes	Nine months period ended 30 June 2018
		Kshs
Revenue from non-exchange transactions		
Transfers from the National Government – grants	5 (a)	3,716,505
Transfer from other government Institute	5 (b)	339,882
Sale of Farm Goods	5 (c)	37,000
		<u>4,093,387</u>
Revenue from exchange transactions		
Rendering of services- Fees from students	6	1,688,212
Sale of farm Goods	7	3,910
Other income	8	24,300
Revenue from exchange transactions		<u>1,716,422</u>
Total revenue		<u>5,809,809</u>
Expenses		
Use Of Goods and Services	9	2,647,149
Employee Costs	10	665,429
Remuneration of Directors	11	126,000
Repairs and Maintenance	12	90,860
Depreciation	13	1,346,096
Total expenses		<u>4,875,534</u>
Net Surplus for the year		<u>934,275</u>

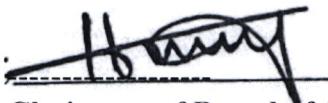
The notes set out on pages 6 to 17 form an integral part of the Annual Financial Statements.

MURAGA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 JUNE 2018

14. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2018

	Notes	Nine months period ended 30 June 2018
		Kshs
Assets		
Current assets		
Cash and cash equivalents	14	2,392,835
Receivables from exchange transactions	15	158,350
TOTAL Current assets		2,551,185
Non-current assets		
Property, plant and equipment	16	72,254,334
TOTAL Non-current assets		72,254,334
Total assets		74,805,519
Liabilities		
Current liabilities		
Trade and other payables from exchange transactions	17	615,600
Refundable deposits from customers	18	11,800
Total liabilities		627,400
Net assets		74,178,119
Financed by		
Accumulated surplus		934,275
Capital Fund	19	73,243,844
Total net assets and liabilities		74,178,119

The Financial Statements set out on pages 1 to 5 were signed on behalf of the Institute Board of Governors by



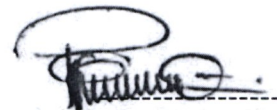
Chairman of Board of Governors

Date 09/03/2021



Finance Officer
ICPAK No

Date 09/03/2021



Principal

Date. 09/03/2021

15. STATEMENT OF CHANGES IN NET ASSET FOR THE NINE MONTHS PERIOD ENDED 30 JUNE 2018

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/	Total
At July 1, 2017					
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	934,275	-	934,275
Capital/Development grants received during the year	-	-	-	73,243,844	73,243,844
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-
At June 30, 2018	-	-	934,275	73,243,844	74,178,119

MURAGA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED 30 JUNE 2018

16. STATEMENT OF CASH FLOWS FOR THE NINE MONTHS PERIOD ENDED 30 JUNE 2018

		Nine months period ended 30 June 2018
	Note	Kshs
Cash flows from operating activities		
Receipts		
Transfers from the National Government – grants	5 (a)	3,716,505
Transfer from other government Institute	5 (b)	339,882
Public Donation	5 (c)	37,000
Rendering of services- Fees from students	6	1,688,212
Sale of farm goods	7	3,910
Other income	8	24,300
Total Receipts		5,809,809
Payments		
Use of goods and services	9	2,647,149
Employee costs	10	665,429
Remuneration of directors	11	126,000
Repairs and maintenance	12	90,860
Total expenses		3,529,438
Net Surplus for the year		2,280,371
cash flows from operating activities		
(add) refundable deposits from customers	18	11,800
(add) increase in payables	17	615,600
(less) increase in the receivables	15	(158,350)
Net cash flows from operating activities		469,050
Cash flows from investing activities		
(less) work in progress	16	(356,586)
Net cash flows from investing activities		(356,586)
Net increase in cash and cash equivalents		2,392,835
Cash and cash equivalents at 1 sep 2017	14	
Cash and cash equivalents at 30 JUNE 2018	14	2,392,835

17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE NINE MONTHS PERIOD ENDED 30 JUNE 2018

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers from the National Government – grants	2,000,000	-	2,000,000	3,716,505	(1,716,505)
Transfer from other government Institute	-	-	-	339,882	(339,882)
Grants from donors	-	-	-	37,000	(37,000)
Rendering of services- Fees from students	1,410,750	-	1,410,750	1,688,212	(277,462)
Other income	-	-	-	28,210	(28,210)
Total Receipts	3,410,750	-	3,410,750	5,809,809	(2,399,059)
Payments					
Use of goods and services	1,730,250	-	1,730,250	2,647,149	(916,899)
Employee costs	849,500	-	849,500	665,429	184,071
Remuneration of directors	750,000	-	750,000	126,000	624,000
Repairs and maintenance	81,000	-	81,000	90,860	(9,860)
Purchase of Property, Plants and Equipment	-	-	-	356,586	(356,586)
Total expenses	3,410,750	-	3,410,750	3,886,024	(475,274)
Net Surplus for the year	-	-	-	1,534,023	1,534,023

Notes to the budget and the actual performance difference

- (i) Kshs.1,346,096 for depreciation is not included in statement of budget and actual amount since it does not involved cash payments. Kshs.356,586 for work in progress is a capital expenditure and is not included in statement of financial performance

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18. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Muraga Technical Training Institute is established by and derives its authority and accountability from TVET Act, 2012. The institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institute principal activity is to offer Technical & Vocational Training.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

The financial statements have been prepared in accordance with the PFM Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted for the first time in 2017/ 2018 financial year.

3. 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 40: Public Sector Combinations	Applicable: 1st January 2019 The college will apply the standard in the 2018/19 financial statement reports

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2018

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2022: The college will apply the standard in the 2021/22 financial statement reports
IPSAS 42: Social Benefits	Applicable: 1st January 2022 The college will apply the standard in the 2021/22 financial statement reports

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iii. Early adoption of standards

The institute did not early – adopt any new or amended standards in year 2018.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

b) Revenue from non-exchange transactions

i. Transfers from other government

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

c) Revenue from exchange transactions

i. Rendering of services

The institute recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably.

ii. Sale of goods

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

d) Budget information

The original budget for FY 2017/2018 was approved by the Board or Board on September 2017. There was no Subsequent revision or additional appropriations were made to the approved budge.

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

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In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

e) Taxes

Current income tax

The institute has paye obligation but none of the employee is a position to pay.

f) Property, plant and equipment

The institute has only recognised work in progress as the only property, plant and equipment .The institute has property, plant and equipment whose cost cannot be ascertained due to lack of record indicating their original cost.

g) 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.

h) Related parties

The institute regards a related party as a person or an institute with the ability to exert control individually or jointly, or to exercise significant influence over the institute, or vice versa. Members of key management are regarded as related parties and comprise the Board of Governors, the CEO/principal and Top Management.

i) Service concession arrangements

The institute analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements.

j) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank

k) Comparative figures

There were no comparative figures for the previous financial year. The financial statement are being prepared for the first time since the starting of the Institute.

l) Reporting Period

The financial statements are for nine months period since the Instutute started operation in September 2017

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5. REVENUE FROM NON EXCHANGE TRANSACTIONS

(a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	Nine months period ended 30 June 2018
	KShs
Unconditional grants	
Operational grant	3,716,505
	<u>3,716,505</u>

TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name Of The Institute Sending The Grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	Nine months period ended 30 June2018
			KShs	KShs	KShs
Ministry of Education	3,716,505				3,716,505
Total	<u>3,716,505</u>				<u>3,716,505</u>

b. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	Nine months period ended 30 June2018
	KShs
Transfer From Nkabune Technical Training Institute	339,882
Total Transfers	<u>339,882</u>

c. PUBLIC DONATIONS

Description	Nine months period ended 30 June2018
	KShs
Donations from religious institutions	37,000
Total donations and sponsorships	<u>37,000</u>

PCEA Iriga Parish donated Kshs, 37,000

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6 RENDERING OF SERVICES

Description	Nine months period ended 30 June2018
	KShs
Tuition	388,844
Personal Emoluments	350,333
Local Travel And Transport	49,667
Electricity Water & Co	74,500
Development	68,733
Repairs Maintenance And Improvement	59,600
Activity	49,467
Registration	5,267
Student Id	5,266
Insurance	24,835
Gratuity	9,933
Internet	19,867
Practical Materials	108,400
Administration	224,167
Student Council	4,667
Examination Fees	39,100
Industrial Attachment	13,333
Practical Uniform	183,833
Application Fees	8,400
Total revenue from the rendering of services	1,688,212

7 SALE OF FARM GOODS

Description	Nine months period ended 30 June2018
	KShs
Farm	3,910
Total other income	3,910

8 OTHER INCOME

Description	Nine months period ended 30 June2018
	KShs
Computer packages	21,300
Tender documents	3,000
Total other income	24,300

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9 USE OF GOODS AND SERVICES

Description	Nine months period ended 30 June 2018
	KShs
Tuition	144,065
EWC	164,185
LTT	746,966
Activity	7,800
Practical Materials	439,285
Uniform	50,550
Examination	67,050
Administration	703,054
bank charges	2,120
Advertisement	223,000
Farm	99,074
Total good and services	<u>2,647,149</u>

10 EMPLOYEE COSTS

	Nine months period ended 30 June 2018
	KShs
BOG Teachers	658,469
NSSF	6,960
Employee costs	665,429

11 REMUNERATION OF DIRECTORS

Description	Nine months period ended 30 June 2018
	KShs
Directors emoluments	126,000
Total director emoluments	126,000

12 REPAIRS AND MAINTENANCE

Description	Nine months period ended 30 June 2018
	KShs
Building & property	68,030
Electrical	7,000
Furniture & Fittings	15,830
Total repairs and maintenance	90,860

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13 DEPRECIATION AND AMORTIZATION EXPENSE

Description	Nine months period ended 30 June 2018
	KShs
Property, plant and equipment	1,346,096
Total depreciation	1,346,096

14 CASH AND CASH EQUIVALENTS

Description	Nine months period ended 30 June 2018
	KShs
Current account	2,263,944
Cash	128,891
Total cash and cash equivalents	2,392,835

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

Financial institution	Account number	Nine months period ended 30 June 2018
		KShs
a) Current account		
Kenya Commercial bank	1212819675	1,924,282
Equity Bank	0140262856816	339,662
Sub- total		2,263,944
Others		
cash in hand		128,891
Sub- total		128,891
Grand total		2,392,835

15 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	Nine months period ended 30 June 2018
	KShs
Current receivables	
Receivables (Fees Arrears)	158,350
Total receivables	158,350

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16 PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Buildings	Computers	furniture and fittings	water storage tank	ELECTRICAL AND ELECTRONICS	Plant and equipment	Capital Work in progress	Total
	Shs	2.50% Shs	30% Shs	12.50% Shs	8% shs	30% shs	2% Shs	Shs	Shs
At 1 st sep, 2017									
cost/capitalized	19,400,000	53,843,844							73,243,844
Additions			-	-			-	356,586	356,586
Disposals									-
Transfers/adjustments									-
At 30th June 2018	19,400,000	53,843,844	-	-	-	-	-	356,586	73,600,430
Depreciation and Impairment									
At 1 Sep, 2017									-
Depreciation	-	1,346,096						-	1,346,096
Disposals									-
Impairment									-
At 30th June 2018	-	1,346,096	-	-	-	-	-	-	1,346,096
Net book values									
At 30th June 2018	19,400,000	52,497,748	0	0	0	0	0	356,586	72,254,334
At 1st Sep, 2017	-	-	-	-	-	-	-	-	-

Work in progress: ongoing construction of the college gate

- i. Agriculture Value addition equipments and computers that were supplied by the MoE were still in delivery packages hence their value couldn't be ascertained
- ii. The one (1) storey building was constructed by ministry of education, and by 30th of June, 2018 the official handing over had not been done. The Kshs.53,843,844 is based on the contract sum of building.

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17. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	Nine months period ended 30 June 2018
	KShs
Trade payables	417,000
prepaid fees	198,600
Total trade and other payables	615,600

18. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	Nine months period ended 30 June 2018
	KShs
Caution money	11,800
Total deposits	11,800

19. CAPITAL FUND

Description	Nine months period ended 30 June 2018
	KShs
Land	19,400,000
Buildings	53,843,844
Total deposits	73,243,844

20 FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

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	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2018				
Receivables from exchange transactions	158,350	158,350	-	-
Bank balances	2,053,173	2,053,173	-	-
Total	<u>2,392,835</u>	<u>2,392,835</u>	-	-
Deferred income				
Employee benefit obligation				
Total	0	0		
At 30 June 2018				
Trade payables	<u>615,600</u>	<u>615,600</u>		
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total	1,777,235	1,777,235		

(ii) Liquidity risk management

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

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

	Less than 1 month Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Total Kshs
At 30 June 2018				
Trade payables	0		615,600	615,600
Refundable Deposits from customers			11,800	11,800
Total			627,400	627,400

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(iii) Capital Risk Management

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

	Nine months period ended 30 June 2018
	KShs.
Revaluation reserve	
Retained earnings	934,275
Capital reserve	73,243,844
Total funds	74,178,119
Total borrowings	0
Less: cash and bank balances	0
Net debt/(excess cash and cash equivalents)	2,392,835
Gearing	3%

21. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Ministry of education
- iii) County Government of Tharaka Nithi
- iv) Key management;
- v) Board of directors;

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	Nine months period ended 30 June 2018
	Kshs
Transactions with related parties	
a) Grants from the Government	
Grants from National Govt	3,716,505
Transfer from Nkabune	339,882
Total	4,056,387
Key management compensation	
b) Directors' emoluments	126,000
Total	126,000

22. EVENTS AFTER THE REPORTING PERIOD

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

23. ULTIMATE AND HOLDING INSTITUTE

The Institute is a TVET institution under the Ministry of Education. Its ultimate parent is the Government of Kenya.

24 .Currency

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

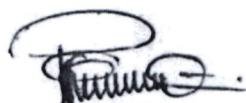
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25. APPENDICES

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. 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)
		No audit has been done before.			



Principal

Date 09 March 2021

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APPENDIX II: PROJECTS IMPLEMENTED BY THE INSTITUTE

Projects: Construction of the Institute Gate

Projects implemented by the 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)
Institute gate	MTTI/1	Nkabune TTI	2018/2019	356,586	No	Yes
				356,586		

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Institute gate	356,586	356,586	75%	0	356,586	Nkabune TTI AIA
		356,586	356,586		0	356,586	

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APPENDIX III: TRANSFER FROM THE NATIONAL GOVERNMENT

	INSTITUTE NAME:	MURAGA TECHNICAL TRAINING INSTITUTE		
	Break down of Transfers from the State Department of Technical education			
	Nine months period ended 30 June 2018			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		15/2/2018	500,000	2017/2018
		27/3/2018	2,716,505	2017/2018
		25/4/2018	500,000	2017/2018
		Total	<u>3,716,505</u>	

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

Finance Officer
Muraga Technical Training Institute



Sign -----

Head of Accounting Unit
Ministry of Education

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/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	15/2/2018	Recurrent	500,000	500,000					500,000
Ministry of Education	27/3/2018	Recurrent	2,716,505	2,716,505					2,716,505
Ministry of Education	25/4/2018	Recurrent	500,000	500,000					500,000
NKABUNE T T I			339,882	339,882					339,882
Total			4,056,387	4,056,387					4,056,387