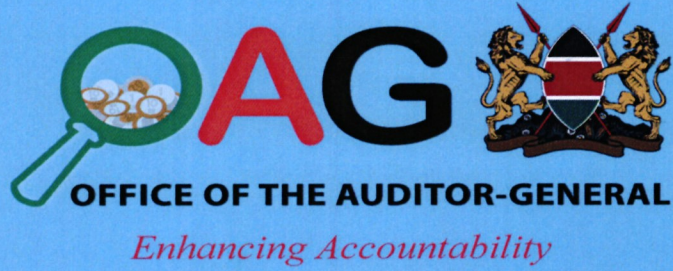


REPUBLIC OF KENYA



**REPORT** NATIONAL ASSEMBLY  
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BY

OF

CLERK-AT  
THE-TABLE:

Hon Owen Baya, MP  
Deputy leader Majority  
Inzofu mwale

**THE AUDITOR-GENERAL**

**ON**

**MUKIRIA TECHNICAL TRAINING  
INSTITUTE**

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





**MUKIRIA TECHNICAL TRAINING INSTITUTE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2022**

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

**Mukiria Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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## **I. Key Entity Information and Management**

### **(a) Background information**

Mukiria Technical Training Institute (MTTI) is located in Nyweri Location, Abocentral Sub-county in Meru County. It is located 9km from Meru town towards Nkubu and 6km from Nkubu towards Meru town. It is approximately 1 km off Meru-Nkubu road along Mariara stage. It occupies an area of 2.5 acres approximately. The area receives an annual rainfall of between 400mm and 600mm. The infrastructure is generally good, therefore making the accessibility easy.

Mukiria Technical Training Institute started in 1985 as a youth polytechnic. It was assessed and upgraded to a technical training institute by then Ministry of Higher Education Science and Technology in 2011 and started its operations in 2013. The first intake was January 2014. The Institute offers market driven courses in Business and Technical. The first intake was in January 2014 and the Institute has registered tremendous growth in student population and introduction of new courses.

Mukiria T.T.I is managed by a Board of Governors (BOG) under the direction of the Ministry of Education. It operates under the TVET Act (2013) of the Laws of Kenya as well as Constitution of Kenya 2010, KNEC Act, PSC Act, KASNEB Act, policy guidelines among others.

### **(b) Principal Activities**

#### **VISION**

To be a Centre of Excellence in the development and provision of innovative Technical Vocation Education and Training (TVET) programmes.

#### **MISSION**

To nurture and impact Technical Vocation Education and Training (TVET) knowledge skills and attitudes through research, innovation and technology for self-reliance and national development.

#### **THE CORE MANDATE**

To teach and train in Technical and Vocational Education & Training; Research and Innovation and Community Service.

### **(c) Key Management**

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

- Board of Governors
- Accounting Officer (Principal)
- Deputy Principal and
- 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:

No.	Designation	Name
1	Principal	Carolyne K. Muguna
2	Deputy Principal Academics	Cecilia M Mwongera
3	Deputy Principal Administration	Mutuiiri Juliah Kabiru
4	Registrar	Joy Nkonge
5	Finance officer	Roseline Kanyiri
6	Procurement officer	David Munene
7	Dean of Students	Antony K Ndege
8	Performance contracting coordinator	Patrick Lemarleni
9	HoD Hospitality & Tourism	Jocelyne Ntibuka Kinoti
10	Quality Assurance Officer	Doris Wangui Muturi

**(e) Fiduciary Oversight Arrangements**

S/No	Name of the Committee	Members
1	Finance, Human Resource and Development	<ol style="list-style-type: none"> <li>1. Rephah Mumbua Kitavi- Chairperson</li> <li>2. Mary Kanana -Member</li> <li>3. Mungeria Kirimania-Member</li> <li>4. Carolyne K.Muguna -Secretary</li> </ol>
2	Audits, Risk and Governance	<ol style="list-style-type: none"> <li>1. Shelmith Mugoh- Chairperson</li> <li>2. Maureen Njeri-Member</li> <li>3. Stanley Mwatsuma –Member</li> <li>4. Internal auditor-Secretary</li> </ol>
3	Academic and Research	<ol style="list-style-type: none"> <li>1. Maureen Njeri - Chairperson</li> <li>2. Joy Riungu - Member</li> <li>3. Archer Arina Omollo-Member</li> <li>4. Carolyne K.Muguna -Secretary</li> </ol>

**Mukiria Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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**Key Entity Information and Management (Continued)**

**(f) Mukiria Technical Training Institute Headquarters**  
P O Box 1093-60200  
Meru  
Meru- Nkubu Highway  
Meru County, KENYA

**(g) Mukiria Technical Training Institute Contacts**  
Telephone: (254)716674848  
E-mail: [info@mukiriatechnical.ac.ke](mailto:info@mukiriatechnical.ac.ke)/ [mukiriatechnical@gmail.com](mailto:mukiriatechnical@gmail.com)  
Website: [www.mukiriatechnical.ac.ke](http://www.mukiriatechnical.ac.ke)

**(h) Institute Bankers**






Co-operative Bank  
Meru branch  
P.O. Box 1328,  
Meru-Kenya

National Bank  
Meru Branch  
P.o.Box 1174  
Meru-Kenya

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

**(j) Principal Legal Adviser**  
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya






**II. The Board of Governors**

 <p>Albert Kobia Wakamau-Chairperson to the Board</p>	<p>Date of Birth:1961                  BEd Art and Linguistic ,Higher Diploma in Int'l relation.                  Over 30years in Public Administration                  2 years in Ministry of Education ,State Department of Vocational and Technical Training as Secretary Administrator</p>
 <p>Archer Arina Omollo-PS Alternate Representative</p>	<p>Date of Birth:23/04/1967                  MSc Technology in Economics and Management                  BSc Agriculture Extension Education                  Since 1998 worked in the Ministry of Education as an Education Officer ,                  Currently,in Ministry of Education as theDeputy Director for Technical Training.</p>
 <p>Caroline K. Muguna- Secretary to the Board</p>	<p>Date of Birth:26/04/1970                  MEd, Education Planning &amp; Management                  B.Ed. Arts, Economics and Accounting                  27 years' experience in Training,                  10 years in Management in Public Tertiary Institutions.</p>
 <p>Dr.Joy Nyawira Riungu -Board Member</p>	<p>DoB: 03/12/1974                  MSc. Environmental Engineering and Management,                  BSc. Agricultural Engineering (Water and Irrigation option)                  Experience                  11 years' experience as researcher in non-sewered sanitation                  Chairperson to Academic and Research committee.</p>
 <p>Maureen Njeri – Board Member</p>	<p>Date of Birth: 26/09/1987                  Quantity Surveyor                  Certified Trainer of Trainees                  Experience:                  7 years' experience as a professional Quantity Surveyor.                  9 years as Trainer of Trainees                  Chairperson to Academic and Research committee.</p>





**Mukiria Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

	<p>Date of Birth: 08/09/1983          MSC finance and investments. B.A. Economics and Business Administration CPA (K), CISA          Experience          Over 12 years in finance and audit          A member of ICPAK, AWAK and IIA.          Chairperson to Finance, Human Resource and Development committee</p>
	<p>Date of Birth: 02/02/1964          Marketing and public relations, Degree in B COM - marketing Option          Over 20 years of experience in finance and audits</p>
	<p>Date of Birth: 24/08/1967          International Technology Professional</p>
	<p>Date of Birth: 24/08/1967          Professional civil Engineer          Experience          Over 28 years' experience in building and highway Design contract Managements and Maintenance</p>
	<p>Date of Birth: 28/10/1971          IBA Finance, CPA(K), Masters in Organizational development (Ongoing)          Years of Experience – 28years          Specialization – Commercial &amp; Finance Expert, Certified Professional Mediator, Certified Productivity Coach          Memberships: A member of ICPAK, Member of Women on Boards Network (WOBN), Accredited Mediator – Mediation Accreditation committee (MAC)          Chairperson to Audits, Risk and Governance committee.</p>

III. Management Team

No.		Designation
1	 Caroline K. Muguna	Principal holds MEd, Education Planning & Management
2	 Cecilia M Mwongera	Deputy Principal Academics holds BEd Science, Physics and Mathematics.
3	 Mutuiri Juliah Kabiru	Deputy Principal Administration holds BEd home Economics, MEd Guidance and Counselling
4	 Joy Nkonge	Registrar Holds BEd Art and Linguistic
5	 Antony K Ndege	Dean of Students Holds BSc General Agriculture

**Mukiria Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

No.		Designation
6	 Roseline Kanyiri	Finance Officer Holds Degree in Bachelor of Commerce and CPA.K,
7	 David Munenc	Procurement Officer Holds Degree in Supply chain Managements, A Member of KISM.
8	 Patrick Lemarleni	Performance Contracting Coordinator. Holds BSc Technology Education (Building and Construction )
9	 Doris Wangui Muturi	Quality assurance Officer Holds BSc Building and Civil Engineering.

#### IV. Chairman's Statement

I am pleased to present the annual report and financial statement of Mukiria Technical Training Institute for the year ended 30<sup>th</sup> June 2022. The year started with a lot of challenges due to effect of Post covid 19 pandemic where trainees did not resume the learning in good numbers but towards the end of financial year the activities resumed normally.

Right from its inception to date, Mukiria Technical Training Institute has matched forward to spread the light of education and pave the path of academic excellence for every student. The demand for TVET programmes in the country has continued to rise prompting the institution to continually introduce academic programmes that respond to the demand of the market. The objective of the board is to position the Institute main programmes within the context of the market requirements, cost rationalisation, equity and customer satisfaction.


During the financial year 2021/2022 period, key achievements were realized, these are:

- Increased student's enrolment from 2941 to 3300.
- Establish and Strengthened collaboration and liaison with key local industries where the Institute can attach its trainees.
- Established collaboration with other TVET institutions.
- Established public private partnership to address the shortage of accommodation spaces for the increased population growth.
- Participated in KATTI activities at regional levels.
- Strengthened marketing strategies which prompted population growth.
- Established a conducive environment which led to excellent performance in exams and curriculum activities.
- Ensured competent students leaders were elected and inaugurated in their respective offices.
- 2<sup>nd</sup> graduation was held on 24.06.2022

The aim of Mukiria Technical Training Institute is to produce skilled globally competitive employable and self-reliant human resource. To achieve this, our highly committed staff and trainees aim even higher and work tirelessly to remain at the pinnacle of their achievements.

The Institute received HELB loans /bursary and GoK capitation for the trainees. This funding has enabled the Institute acquire equipment that will make it go a long way in ensuring that trainees are equipped with relevant skills therefore increasing their marketability.

I thank the Government for its financial support so far that has made it possible to implement the Core mandate of the Institute. The Board of Governors is committed to provide visionary leadership and take the Institute to the next level. The Board of Governors is robust in resource mobilization and aims to transforming the current status of the Institute in line with the Strategic Plan 2019-2022. I welcome all on board as we endeavor to undertake major projects to develop this Institute.



**Julius Mbaabu M'Inoti**

**Chairperson of the Board**

## V. Report of the Principal

Presented herein is the Annual report and financial statement of Mukiria Technical Training Institute for the year ended 30<sup>th</sup> June 2022 as per requirements of the Public Finance Management Act of 2012 and Public Audit Act, 2015.

### **Non-financial information**

#### **(a) Academic programme**

During the financial year under review the Institute had 9 Academic programmes. Namely:

1. Business department
2. Information Communication Technology
3. Automotive Engineering
4. Cosmetology.
5. Building technology
6. Hospitality and Tourism
7. Fashion Design
8. Electrical and electronics
9. Agriculture.

#### **(b) Student population**

The Institute admits students allocated by KUCCPS, walk in placements and outsourcing them from high population catchment areas. By the end of the 2021/2022 financial year, the Institute had a population of 3300 trainees . The number is expected to rise to over 4000 trainees in the 2022/2023 financial year. This will be achieved through:

- Aggressive marketing of the institute programmes.
- Expansion of the institute training facilities to accommodate more trainees.
- Mounting of academic programmes that are market demand driven.
- Improved internal and external academic performance
- Strengthened collaborations with local industrials and other institutions of higher learning

#### **(c) ISO/ISMS Certification**

The Institute continued to maintain its ISO 9001:2015 & ISMS certification in the year under review. This certification led to improved internal operations mainly because the documented procedures are articulately followed and are being complied with. Internal audits were conducted in the year to determine the level of adherence with the ISO/ISMS and QMS procedures.

#### **(d) Provision of requisite facilities.**

As a strategy to increase competitive advantage, the management of the institute continued to expand the existing facilities to attract and accommodate more students.

#### **(d) Performance contract**

In the financial year 2021/2022, the institute made the following achievements;

- Increased exam performance index from 74.97% to 79.25%
- Increased students' enrolment from 2941 to 3300.
- Renovated and Equipped workshops such as:
  - Catering & accommodation workshop.

- Cosmetology
- Mechanical/Automotive department
- Masonary
- Building and civil engineering workshop
- Implemented Covid 19 preparedness measures.
- Reviewed and translated the Citizens' Delivery Charter to English, Kiswahili and Braille.
- Upgraded the website to publicise the institution.
- Introduced and implemented online training.
- Improved ICT infrastructures.
- Equipped Library and Agriculture departments.
- Capacity Building for Guidance & Counselling committees.
- Overseen the construction of Igembe TVC 50%.
- Held 2<sup>nd</sup> graduation

Challenges that hindered 100% achievement of the targets during the year include:

- Lack of sufficient resources.

#### (e) CORPORATE SOCIAL RESPONSIBILITY

The institute embarked on the following CSR activities within the year:

- Hiring the community on casual basis
- Mentorship programmes.
- Renovation of Boda boda Shed at Mariara.

#### Financial information

During the financial year under review, the institute realized a surplus of **Kshs. 34,123,865** compared to the surplus of **kshs 36,205,682** for the year ended on 30<sup>th</sup> June 2021. This has been attributed to increased trainees population and receivables from exchange & non exchange transactions reduced and absorption rate increased. In the year under review, we also did not received full years capitation hence reduced surplus.

On behalf of the management and staff of the institute, I take this opportunity to thank the Board of Governors for the support accorded to the key management and for their visionary direction in development of the institute. I appreciate the support from the Ministry of Education and the County Government through -out the year under review though we appeal for more support especially for the purpose of establishing suitable facilities required towards becoming the TVET of choice for trainers and trainees in Kenya and beyond. I thank all the staff and trainees of the Institute for their continued cooperation in this challenging but noble task of building the Institute and ensuring the achievement of its core mandate. I look forward to the same cooperation and enthusiastic participation in 2022/2023 financial year.



Carolyn K. Muguna

**Principal/Secretary to the Board**

**Date: 12.5.2023**

**Mukiria Technical Training Institute**  
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**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 Institute's performance against predetermined objectives.

*Mukiria Technical training institute* has 5 strategic pillars and objectives within current Strategic Plan for the FY 2018-2023. These strategic pillars are as follows:

- Pillar 1: Governance
- Pillar 2: Access and equity
- Pillar 3: Physical Infrastructure
- Pillar 4: Training and research
- Pillar 5: Collaboration

Mukiria TTI 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 2021/22 period for its 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements/ Output
Pillar 1: Governance	Improve institutional corporate governance	<ul style="list-style-type: none"> <li>• Developed Policies</li> <li>• Competent leaders</li> <li>• Competent Finance and Procurement officers</li> </ul>	<ul style="list-style-type: none"> <li>• Review all institutional policies to align with the strategic plan.</li> <li>• Carry out capacity building for the Top Management and the Staff on leadership.</li> <li>• Carryout Benchmarking on leadership, finance, procurement and curriculum implementation.</li> <li>• Develop and issue Job descriptions to all staff in the institute.</li> </ul>	<ul style="list-style-type: none"> <li>• Reviewed policies</li> <li>• Capacity building for staff undertaken</li> <li>• Benchmarking carried out</li> <li>• Staff Job descriptions developed</li> </ul>
	Mobilize financial resource to fund strategic plan	<ul style="list-style-type: none"> <li>• Proposals</li> </ul>	<ul style="list-style-type: none"> <li>• Prepare and present 3 proposals per year for funding to the government through the MoE</li> </ul>	<ul style="list-style-type: none"> <li>• More funding for the Institute</li> </ul>

			<ul style="list-style-type: none"> <li>Enhance income generating activities</li> </ul>	<ul style="list-style-type: none"> <li>Income generating activities enhanced</li> </ul>
Pillar 2: Access and equity	Increase student enrollment	<ul style="list-style-type: none"> <li>Student enrollment increased</li> </ul>	<ul style="list-style-type: none"> <li>Marketing through advertisements, use of posters and brochures,</li> <li>Participation in trade fairs and exhibitions and one on one meeting.</li> <li>Introduce new programme</li> <li>Sensitize students and parents on various avenues of funding</li> <li>Capacity building and training of staff</li> </ul>	<ul style="list-style-type: none"> <li>Increased student population and branding of the Institution</li> </ul>
	Promote equity on the programs offered in the institute		<ul style="list-style-type: none"> <li>Sensitization on the programs offered in the institute</li> <li>Industrial exposure through educational trips</li> </ul>	<ul style="list-style-type: none"> <li>Electronic and Print</li> <li>Advertisements</li> <li>Print outs of brochures</li> </ul>
Pillar 3: Physical Infrastructure	Improve and expand Institutional Infrastructure	<ul style="list-style-type: none"> <li>Workshops, lecture rooms and ICT infrastructure improved</li> </ul>	<ul style="list-style-type: none"> <li>Complete the electrical mechanical workshop</li> <li>Equip the library</li> <li>Equip all the academic departments</li> <li>Maintain current infrastructure in good condition</li> <li>Construct a tuition block with a library and ICT lab.</li> <li>Construct a food and beverage complex</li> <li>Acquire additional 2 acres of land</li> <li>Construct a tuition block funded by the board</li> </ul>	<ul style="list-style-type: none"> <li>Workshops, lecture rooms and ICT infrastructure in place</li> </ul>

**Mukiria Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

Pillar 4: Training and research	Introduce new academic programs	<ul style="list-style-type: none"> <li>Increased learning programs</li> </ul>	<ul style="list-style-type: none"> <li>Establish general agriculture program</li> <li>Establish at least 2 CBET curriculum</li> </ul>	<ul style="list-style-type: none"> <li>Increased student population</li> </ul>
	Streamline curriculum-based research	<ul style="list-style-type: none"> <li>Projects undertaken and written</li> </ul>	<ul style="list-style-type: none"> <li>Assign trainee's supervisors during research project writing</li> <li>Purchase research guide books</li> <li>Establish research coordinator office</li> </ul>	<ul style="list-style-type: none"> <li>Well-coordinated project writing process</li> </ul>
	Enhance innovation	<ul style="list-style-type: none"> <li>Innovations developed</li> </ul>	<ul style="list-style-type: none"> <li>Participate during innovation competitions</li> <li>Patenting of innovations</li> </ul>	<ul style="list-style-type: none"> <li>students acquire more knowledge</li> </ul>
Pillar 5: Collaboration	Enhance collaboration with the industry	<ul style="list-style-type: none"> <li>Signed MoU's</li> </ul>	<ul style="list-style-type: none"> <li>Sensitization on skills offered at the institute</li> <li>Sign MoUs</li> <li>Timely feedback</li> <li>Timely information</li> <li>Competent personnel handling information</li> </ul>	<ul style="list-style-type: none"> <li>Cordial relationship with industries</li> </ul>

## VII. Corporate Governance Statement

Mukiria Technical Training Institute is committed to exhibiting best practices in all aspects of corporate governance as guided by the TVET Act.2013and the Mwongozo Code of Governance.

### Board

Every TVET Institution is governed by a governing body in the form of a Board of Governors (BOG) which is responsible for providing the required leadership in developing appropriate plans and strategies that will contribute to a sustainable execution of its mandate to satisfy the socioeconomic advancement of the nation and the region. Each Institution is headed by a Principal, who acts as the secretary to the governing BOG. The BOG consists of the Chairperson and 8 other members as spelt out in the existing Act. In Kenya, the TVET Act 2013 gives the composition of the BOG as follows:

- (a) A chairperson;
- (b) A representative of the PS in the Ministry responsible for TVET.
- (c) A representative of the Governor in the county
- (d) Six other persons appointed from the fields of;
  - (i) Leadership and management;
  - (ii) Financial management;
  - (iii) Technology;
  - (iv) Industry;
  - (v) Engineering;
  - (vi) Information Communication Technology/legal

There must be at least two thirds gender representation in the membership.

### Meetings of the Board

The BoG meets quarterly on average, with a three-year term renewable once and for memory, one or two members are re-appointed.

The meetings of the Board held during the financial year are as indicated in the table below.

S/ N	Board Member Name	Board Meeting Date				Total meeting attended
		29-07-21	08-10-21	14-01-2022	08-04-2022	
1.	Mr Albert K. Wakamau	✓	✓	✓	✓	4/4
2.	Mrs Margaret Nduhiu	✓	✓	✗	✗	2/4
3.	Ms.Rephah M Kitavi	✓	✓	✓	✓	4/4
4.	Ms Shelmith Mugoh	✓	✓	✓	✓	4/4
5.	Mrs Maureen N.Kinyanjui	✓	✓	✓	✓	4/4
6.	Eng.Mungeria Kirimania	✓	✗	✓	✓	3/4
7.	Mr Stanley M. Mwatsuma	✓	✗	✗	✗	1/4
8.	Mrs Mary Kanana Nteere	✓	✓	✓	✓	4/4
9	Dr. Joy N.Riungu	✗	✓	✗	✓	2/4
	<b>Total</b>	<b>8</b>	<b>7</b>	<b>6</b>	<b>7</b>	

### Board Committees

The BoG have working sub-committees like;

## **Mukiria Technical Training Institute**

### **Annual Report and Financial Statements for the year ended 30th June 2022**

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- i. Academic and Research,
- ii. Finance, Operations and Development
- iii. Audit and Risk Governance.

The Sub-Committees can co-opt persons of special expertise during their deliberations.

All Committees of the Board have an appointed chairperson. The decisions, reports and recommendations of these committees are formally reported to the Board.

#### **Remuneration of the Council**

The members of the Board, other than the Chief Executive Officer, do not receive a salary. They are however paid a sitting allowance for every meeting attended at the rate of Ksh. 21,429 per sitting. The Chairperson do not receive honoraria as stipulated in the Government communique. The committee members do not receive any remuneration apart from the reimbursement of expenses incurred while on the institute duties.

#### **Conflict of Interest**

Board members have a statutory duty to avoid situations that they have interests that may conflict with those of the Board. Members of the Board are obligated to disclose to the Board any real or potential conflict of interest which may come to their attention whether direct or indirect. During every meeting, an agenda item exists which requires members make declarations of any conflict of interest. In the 2021/2022 financial year no conflict of interest arose in the conduct of Board business.

#### **Ethics Conduct**

The Board, Management and members of staff of Mukiria Technical Training Institute are required to conduct themselves with integrity and professionalism in accordance with the code of conduct and ethics of the institute.

During the 2021/2022 financial year Mukiria Technical Training Institute continued to strengthen ethical conduct of their staff through training and sensitization of staff members on corruption risk assessment and enforcement of preventive measures.

#### **Succession Planning**

The Board of Governors is the overall governing organ of the institute. The appointment of the members of the Board is done by the Cabinet Secretary of the Ministry of Education. The Cabinet secretary ensures that there is a staggering of the Board members retirement dates so that all the members do not retire the same time.

#### **Board charter**

The Institute has a Council Charter which guides its operations.

### VIII. Management Discussion and Analysis

The BOG of the Institute has been very supportive to the management and has fully performed its oversight role in whole and through the BOG committees. The management team is also well constituted with the Principal being the team leader, two Deputy Principals, the Registrar, Dean of Students, Head of Guidance and Counselling and the Industrial Liaison Officer. The Institute has a robust team of professional non-academic staff with a qualified Finance Officer, an Accountant, Procurement Officer and Human Resource Officer among others.

During the financial year, the management has endeavoured to satisfy both legal and regulatory requirement as per the jurisdiction in its mandate under the TVET act 2013, the Education act 2013, PFM Act 2012 and its regulations. Our operations were smooth though interrupted by covid 19 pandemic during the financial year.

During the period, we were able to complete most of our Performance key projects as follows: -

#### FY 2021/2022 Key Projects Completion Rate

S/N o	Project Name	Project Description	Loc ation	Total Estimated Cost KSHS	Cur rent stat us	Actual Total Cost to date	Date started	Date of completi on	% work comp leted
1.	Constructi on of Tuition block	Preparing drawing and bill of quantities	Mu kiria TTI	38, 835,973	Stal led	0	N/A	N/A	0%
2.	Mentori ng Igembe Central TVC	Construct Sub-structure work -Construct ground floor slabs -completion	Ige mbe Cen tral	59,062,878	ong oin g	29,633,337	08.08.2 019	18.03.20 21	50% Com plete d.
3.	Building and Civil engineerin g workshop	Construction of basement and ground floor(phase I)	Mu kiria TTI	25,000,000	ong oin g	531,482	24.06. 2022	20.02.20 23	0%
4.	Ablution Block	Construction of modern student ablution block	Mu kiria TTI	3,200,000	ong oin g	1,569,248	22.03. 2022	15.09.20 22	60%
<b>TOTAL</b>				<b>126,098,851</b>		<b>31,734,067</b>			

### **IX. Environmental And Sustainability Reporting Statement**

Mukiria T.T.I exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

#### **Sustainability strategy and profile**

Mukiria Technical Training Institute has established several strategies to ensure sustainability of its programs amidst many challenges facing the management. The Board has engaged collaborations with the National Government through MoE under the State Department of Vocational and Technical Training for policy direction and funding on major projects. In addition; we have also enhance collaborations with the County Government through the CDF of Abothuguchi Sub –County for students' sponsorships and community mobilization in development activities. Mukiria TTI will strive to acquire additional land for expansion of the institute.

The management has aggressively invested in the installation Management Information Software for efficiency and effectiveness in management process and data processing. In addition, we are refurbishing the institute website for marketing and for effective communication to all our stakeholders. Marketing of courses both locally and nationally to attract trainees to equip them with hand on skills for employability and self-employment. The institute's location in a low settlement area with adverse cold climatic weather conditions has affected its growth. The management is committed to continual improvement of the face of the institute by, paving the pathways to improve cleanliness as well securing the facility by proper fencing. The institute in the FY has been affected by the covid 19 pandemic thus affecting the learning process but the Management has enhanced E-Learning system where trainers were trained on Online training hence the smooth learning.

#### **Environmental performance**

The management has implemented policy on planting of trees under the green economy for sustainable environment. In addition, we have improved our environment by planting flowers along designated pathways and gardens for general aesthetics. The Institute disposes its wastes appropriately both the WC waste and waste waters through the sewerage system. Adequate sanitation areas with hand wash have been provided for maintenance of hygiene. Provision of clean water for consumption and for general cleaning through collaborations with water companies in the locality. Need for increase water reservoirs and connectivity for treated water systems to prevent water borne diseases.

### **Employee welfare**

The management recruits qualified BoG staff both trainers and support staff equity based on the need. The recruitment is guided by an MoE which details the terms and references of engagement of staff. The management observes integrity, professionalism, gender and disability inclusivity, as well as stakeholder involvement. The Board has developed staff establishment and career progression policy for Mukiria TTI BoG staff. We undertake annual staff appraisal and training Needs assessment to establish gap for capacity building. Mukiria TTI Occupational Safety and Health Act of 2007, (OSHA) regulations by providing protection clothing to our staff while on duty.

### **Market place practices-**

The Institute should outline its efforts to:

- a) Responsible competition practice.  
The institute upholds section 6 of the constitution of Kenya for all of the officers while on duty. The management has continually sensitized both staff and students on corruption prevention matters. The service charter in English and Swahili has clearly been displayed at the main gate and at strategic service points such as the customer care office, library, registrar's office, dean's office, Guidance and counselling office, dining hall and procurement office.
- b) Responsible Supply chain and supplier relations – The management implement the Public Procurement and Disposal Act of 2012 and its Regulations of 2016 in all its procurement for goods, services and contracts.
- c) Mukiria TTI advertises our training programs through our website, the media, door to door marketing strategies through the Local administration and Personal selling through good examination performance and quality services and customer focus.
- d) Product stewardship - Our customer rights and interests have been safe guarded by clear communications to our customers through relevant offices the dean's office. We also provide newsletters to convey crucial and authentic information to our customers. We used authorized communication channels the official addresses, mobile numbers and emails.

### **Corporate Social Responsibility / Community Engagements**

Mukiria TTI engages in Social Corporate Responsibility activities.

- i. By provision of face masks to the local administration nearby.
- ii. Sensitization on Covid 19 through posters.
- iii. The Institute also visits children's homes in our locality through the Christian movement in the institute and supported them with food and clothing.
- iv. We undertake annual cleaning up of the Kariene Market and its environs.
- v. Sensitize the community on the Government policies in relation to access to TVET courses, Procurement opportunities among others.

## **X. Report of the Board of Governors**

The Board members submit their report together with the financial statements for the year ended June 30<sup>th</sup> June 2022, which show the state of the Mukiria Technical Training Institute's affairs.

### **Principal activities**

The principal activities of the Institute are:

- a. To conduct training at tertiary level in technical and vocational education and training fields.
- b. To determine curricula appropriate for training of the various manpower category and specialization required by the labour market through careful selection of available syllabi from local or international institutions recognized by the Ministry of Education (MoE).
- c. To foster linkages with industry and other institutions for the promotion of quality and relevant training.
- d. To promote and inculcate Entrepreneurial skills and culture within the institute's staff and students.
- e. To conduct Applied Research.
- f. To undertake income-generating activities through production, consultancy and tailor-made short courses, in-service courses, equipment and facility hiring and hospitality services to compliment Government grants and fees revenue.
- g. Foster spiritual growth among community members both staff and students.

### **Results**

The performance of the Institute for the year ended 30<sup>th</sup> June 2022 is set out on page 1-34

### **Board of Governors**

The members of the Board who served during the year are shown on page v & vii. During the year the PS representative Margaret Nduhiu was replaced with Arina Archer Omollo.

### **Auditors**

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

By Order of the Board



**Secretary of the Board**

**Date: 12.05.2023**

**XI. 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, require the Board members to prepare financial statements in respect of that Institute, which give a true and fair view of the state of affairs of the Institute, at the end of the financial year/period and the operating results of the Institute, for that year/period. The council members are also required to ensure that the Institute, keeps proper accounting records which disclose with reasonable accuracy the financial position of the Institute. The Board members are also responsible for safeguarding the assets of the Institute.

The Board members are responsible for the preparation and presentation of the Institute's financial statements, which give a true and fair view of the state of affairs of the Institute, for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Institute;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud.
- (iv) Safeguarding the assets of the Institute.
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the Institute'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 PFM Act, 2012 and the TVET Act. The Board members are of the opinion that the Institute's financial statements give a true and fair view of the state of Institute's transactions during the financial year ended June 30, 2022, and of the Institute's 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 Institute, will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

Mukiria Technical Training Institute financial statements were approved by the Board on 12.5.2023 and signed on its behalf by:

Name:



Chairperson of the Board

Date: 12.5.2023

Name :

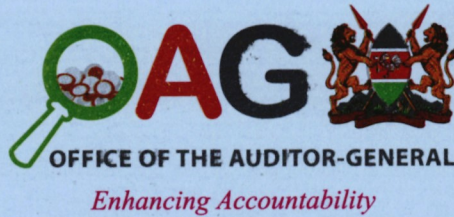


Accounting Officer/Principal

Date 12.5.2023

# REPUBLIC OF KENYA

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NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON MUKIRIA TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2022**

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### **PREAMBLE**

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

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

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

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

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Mukiria Technical Training Institute set out on pages 1 to 35, which comprise the statement of financial position as

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Mukiria Technical Training Institute as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Inaccuracies in the Statement of Comparison of Budget and Actual Amounts**

The statement of comparison of budget and actual amounts reflects actual receipts of Kshs.120,709,131. However, the statement of financial performance reflects total revenue of Kshs.119,713,266 resulting to unexplained variance of Kshs.995,865.

In the circumstances, the accuracy and completeness of the statement of comparison of budget and actual amounts could not be confirmed.

#### **2. Unsupported Property, Plant and Equipment**

The statement of financial position and as disclosed in Note 21 to the financial statements reflects property, plant and equipment balance of Kshs.48,122,100 which includes Nil balance on a motor vehicles with a cost of Kshs.7,140,000 which was fully depreciated. However, the Institute's fixed asset register reflects the value of motor vehicle as Kshs.700,000 while supporting document reflected Kshs.870,000. However, documents such as invoices or valuation reports were not provided for audit.

In addition, two (2) motor vehicles which were in serviceable condition and fully depreciated had not been revalued.

Further, the property, plant, and equipment balance did not include land and buildings. The official search provided for audit revealed that the Institute was allocated land measuring approximately 1.05 hectares where the Institute is located by the defunct Meru County Council. Further, completed building list provided indicates the Institute had eight (8) complete buildings which were in use as at 30 June, 2022 and which were not included in both the financial statements and the asset register. In addition, the Institute has not obtained the title deed to the land contrary to Section 139 (1)(a) and (b) of Public Finance Management (National Government) Regulations, 2015.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.48,122,100 could not be confirmed.

### **3. Long Outstanding Receivables from Exchange Transactions**

The statement of financial position and as disclosed in Note 18 to the financial statements reflects receivables from exchange transactions balance of Kshs.59,333,222 due from current and past students out of which Kshs.48,677,950 is long outstanding. However, no evidence was provided on measures put in place to recover long outstanding fees by the debt policy committee yet some of the students completed their studies several year ago. In addition, the Institute has not provided for bad and doubtful debts.

In the circumstances, the accuracy, completeness and recoverability of the receivables from exchange transactions balance of Kshs.48,677,950 could not be confirmed.

### **4. Unsupported Trade and Other Payables**

The statement of financial position and as disclosed in Note 22 to the financial statements reflects trade and other payables balance of Kshs.33,063,459 which includes other payables amount of Kshs.14,209,300 in respect to un allocated money received which was classified as other payables instead of being credited to student receivable ledgers.

Further, the semester or term or related period of study was not identified but the unallocated amount was recognized as current liability contrary to Paragraph 19 of IPSAS 9 which states that when the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction should be recognized by reference to the stage of completion of the transaction at the reporting date. The stage of completion regarding the rendering of services was not disclosed since the schedules provided list students names and amounts awarded to each student but period of study sponsored was not disclosed. The money therefore received cannot be presumed to be a prepayment or a liability.

In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.14,209,300 could not be confirmed.

### **5. Unsupported Rental Revenue from Facilities and Equipment**

The statement of financial performance and as disclosed in Note 10 to the financial statements reflects rental revenue from facilities and equipment amount of Kshs.105,100. However, the schedule provided reflects three cash deposits of Kshs.105,100 made on 30 December, 2021 but not revenue earned from bed occupancy by students during the year under review.

In the circumstances, the accuracy and completeness of the revenue amount of Kshs.105,100 could not be confirmed.

## **6. Unsupported Expenditure on Repairs and Maintenance**

The statement of financial performance and as disclosed in Note 15 to the financial statements reflects repairs and maintenance amount of Kshs.7,907,435 which include motor vehicle repair expenses of Kshs.970,379 which further includes Kshs.529,966 paid to a supplier for supply of various items for one of the motor vehicles . However, professional opinion, stores records, pre-inspection report and post inspection report from the Ministry of Transport, Infrastructure, Housing, Urban Development and Public Works were not provided for audit.

Further repairs and maintenance amount includes Kshs.382,690 paid to casuals who were involved in repair works within the Institute. However, the need assessment report, approvals from Management to relevant departments to engage casuals and muster rolls were not provided for audit

In the circumstances, the accuracy and completeness of repairs and maintenance amounting to Kshs.912,656 could not be confirmed.

## **7. Unsupported Refundable Deposits**

The statement of financial position and as disclosed in Note 23 to the financial statements reflects refundable deposits from customers balance of Kshs.442,000 in respect to caution money paid by students. However, no details were provided to confirm whether the students who paid the amount were still with the Institute or had completed their studies.

In the circumstances, the accuracy and completeness of refundable deposits balance of Kshs.442,000 could not be confirmed

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

## **Key Audit Matters**

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

## **Other Matter**

### **1. Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.179,628,000 and Kshs.120,709,131 respectively resulting to an under- collection of Kshs.72,487,019 or 33% of the budget.

Similarly, the Institute expended Kshs.83,155,494 against an approved budget of Kshs.179,628,000 resulting to an under-expenditure of Kshs.96,472,506 or 54% of the budget.

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

## **2. Unresolved Prior Year Matters**

In the audit report of the previous year, several paragraphs were raised. However, Management has not resolved and disclosed the status of all the prior year matters as prescribed in the reporting requirements set by the Public Sector Accounting Standards Board. Management has not provided satisfactory explanation for the delay in resolving the issues.

## **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. Non-Compliance on Recruitment and Appointment Procedures for Trainers**

Review of the payroll for the month of June, 2022 revealed that the Institute employed twenty (20) new trainers. However, the advertisement for the vacant posts showing the title of the post, number of vacancies, job description, qualifications required and the proposed remuneration was not provided for audit review. This is contrary to Section B 4(1) of the Public Service Commission Human Resource Policies and Procedures Manual for Public Service May, 2016 which requires that Ministries/State Departments will advertise all vacant posts in a manner that reaches the widest pool of potential applicants and allow for at least twenty-one (21) days before closing the advert and that the advert shall have the following details: the title of the post, number of vacancies, job description, person specification and the proposed remuneration.

Further, the recruitment process was not supported with the relevant documents including the list of all applicants, the shortlisted candidates, members of the committee carrying out the interview, appointment letters to the committee, interview questionnaire, minutes of the committee showing how the candidates scored and Board minutes approving the appointments.

In addition, the scheme of service for trainers with a clearly defined career structures, well-defined job descriptions and specifications, standards for recruitment and training had not been approved. This is contrary to Section 7(l) (l) of the Technical and Vocational Education and Training Act, 2013 which states that the functions of the Authority shall be to advise on the development of schemes of service for trainers.

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

## **2. Non-Compliance with Law on Ethnic Composition**

During the year under review, the total number of employees of the Institute was sixty – seven (67) out of which forty two (42) or 63 % of the total number were members of the dominant ethnic community in the county. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, “all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community”.

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

## **3. Irregular Payments of Board Allowances**

The statement of financial performance and as disclosed in Note 13 to the financial statements reflects board expenses amount of Kshs.4,109,258. However, no authority from the Cabinet Secretary was provided to support the rates used to pay Board allowances. This is contrary to Section 17 of the Second Schedule of the Technical and Vocational Education and Training (TVET) Act, 2013 which states that members of Board of Governors shall be paid in respect of their services such remuneration or allowances as the Board of Governors shall, with the approval of the Cabinet Secretary determine.

Further, the report on Board of Directors included in the financial statements reflects eleven Board of Governors members who include the Secretary to the Board who is the principal and representative of the Principal Secretary. However, the Kenya Gazette notice confirming the appointment of the other nine (9) Board of Governors who were appointed on 13 November, 2019 was not provided. This is contrary to provisions of Annexure 1(D) (3) of Mwongozo Code of Governance for State Corporations issued by the Public Service Commission issued January, 2015 which states that every appointment shall be by name and by notice in the Kenya Gazette. Further, the appointment letters of four (4) Board members were not provided for audit.

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

## **4. Irregular Procurement of Goods and Services**

Review of expenditure records revealed that the Institute paid Kshs.425,025 for provision of comprehensive insurance cover for the Institutes bus vehicle. However, the relevant request for quotations were made from a non-registered supplier. This is contrary to

Section 106(2)(a) of the Public Procurement and Asset Disposal Act, 2015 which states that the Accounting Officer of a procuring entity shall give the request for quotations to such persons as are registered by the procuring entity.

Further, the institute paid Kshs.214,853 for provision of land survey services for the Institute land. However, the relevant tender documents including quotations, opening and evaluation minutes, professional opinion, letters of offer and acceptance and contractual agreements to show how the surveyor was identified, tendered, and finally emerged as the best evaluated bidder, report on the survey done and Board adoption minutes were not provided for audit. This is contrary to Section 104 of the Public Procurement and Asset Disposal Act, 2015 which states that an accounting officer of a procuring entity shall issue a tender document which shall be the basis of tender and appoint an ad hoc evaluation committee to negotiate with a person for the supply of goods, works or non consultancy services being provided and ensure appropriate approvals under this Act have been granted.

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

## **5. Irregular Expenditure on Enterprise Resource Planning (ERP) Software System**

Review of contract documents revealed that the Institute awarded a contract for supply and installation of seven (7) modules and implementation of ERP system on 16 March, 2020 at a contract sum of Kshs.1,650,000. However, no inspection and acceptance committee report were provided for audit. This is contrary to Section 48(3) of the Public Procurement and Asset Disposal Act, 2015 which states that the inspection and acceptance committee shall immediately after the delivery of the goods, works or services inspect, test and review the goods, works or services in order to ensure compliance with the terms and specifications of the contract; and accept or reject, on behalf of the procuring entity, the delivered goods,

Further, the student's portal and SMS modules have not been initiated despite full payment.

In the circumstances, Management was in breach of the law and the value for money on the expenditure of Kshs.1,650,000 could not be confirmed.

## **6. Projects Implementation**

### **6.1. Delay in Completion of Student Ablution Block**

The institute awarded a contract for the construction of the student ablution block on 22 March, 2022 and the completion date was 15 September, 2022 at a contract sum of Kshs.2,865,536. As at 30 June, 2022 an amount of Kshs.1,743,608 had been paid and the project was 60% complete. This is to contrary to Paragraph 44 of The National Treasury and Planning Circular No.16/2020 Ref No.ES/03' (50) dated 26 August, 2020 which states that the 2021/2022 budget will put more emphasis on completion of ongoing

and stalled projects. In particular, the projects nearing completion should be funded adequately to ensure that the citizens benefit from such public investments.

## **6.2. Delay in Implementation of Mentored Institution**

Review of contract documents revealed that the Institute awarded a contract on 13 May, 2019 for erection and completion of two (2) storey twin workshop, classrooms and offices block at Igembe Central Technical Training Institute at a contract sum of Kshs.59,062,877. The contract duration was 52 weeks starting on 8 August, 2019 and the expected contract completion time was 8 August, 2020. As at 30 June, 2022 the contractor had been paid Kshs.26,670,000.

However, physical verification done in March, 2023 revealed that the project was 50% complete and the contractor had requested for an extension through a letter dated 8 February, 2023 and sixteen (16) weeks project extension was granted through a letter dated 10 February, 2023 from the Regional Works Officer but the justification for the extension was not provided for audit. In addition, no explanation was provided on action taken by the Management of the Institute to ensure the project is completed.

Further, the title deed for the land, master plans and designs for the project were not provided for audit review.

In the circumstances, the value for money invested in the projects could not be confirmed.

## **7. Unclaimed Caution Money**

Review of documents on refundable deposits in respect to caution money revealed that the Institute had a balance of Kshs.442,000. The ledger provided indicated that the students joined the Institute in 2017, 2018 and 2019 and could have completed their studies. The caution money had not been surrendered. This is contrary to Section 9 of the Unclaimed Financial Assets Authority Act, 2011 which states that a deposit made by a subscriber with a utility to secure provision of services or any sum paid in advance for utility services to be furnished, that remains unclaimed by the owner for more than two years after termination of the services for which the deposit or advance payment was made shall be presumed abandoned.

Further, no evidence was provided to confirm Management has complied with Section 19 (1) of Unclaimed Financial Assets Authority, 2011 which states that a holder of assets to which this Act applies shall make all reasonable efforts to locate the owner and to notify the owner about those assets and Section 20(1) of the same Act which states that person holding assets presumed abandoned and subject to the custody of the Authority as unclaimed assets under this Act shall make a report concerning the assets to the Authority as provided in this section.

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

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

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Lack of Risk Management Policy**

The Institute Management had not put in place risk management policy, strategies, and risk register to mitigate against risk. It was, therefore, not clear how the management manages risk exposures. This is in contravention of Regulation 165(1)(a) and (b) of the Public Finance Management (National Government) Regulations, 2015 which states that the Accounting Officer shall ensure that the National Government entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

In the circumstances, existence of effective risk management measures could not be confirmed.

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

### **Responsibilities of Management and those Charged with Governance**

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls 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 controls 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 controls 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 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 continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

**Nairobi**

**13 June, 2023**

**XII. Statement of Financial Performance for the year ended 30 June 2022**

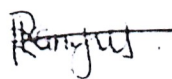
	Notes	2021/2022	2020/2021
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfer from the national governments grants/gift in kind	6a	57,210,000	59,827,500
Transfer from other governments entities-CDF	7	0	
<b>Total Revenue from non-exchange transactions</b>		<b>57,210,000</b>	<b>59,827,500</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	8	61,521,938	26,122,396
Other income	9	876,228	124,075
Rental income	10	105,100	12,000
<b>Revenue from exchange transactions</b>		<b>62,503,266</b>	<b>26,258,471</b>
<b>Total revenue</b>		<b>119,713,266</b>	<b>86,085,971</b>
<b>Expenses</b>			
Use of goods and services	11(a)	49,111,814	28,739,402
Provision for audits fee	11(b)	660,267	660,267
Employee costs	12	14,660,054	6,723,456
Remuneration of directors	13	4,109,258	1,117,000
Depreciation and amortization expense	14	8,681,173	8,894,479
Repairs and maintenance	15	7,907,435	3,247,685
Contracted services	16	459,400	498,000
<b>Total expenses</b>		<b>85,589,401</b>	<b>49,880,289</b>
<b>Net Surplus for the year</b>		<b>34,123,865</b>	<b>36,205,682</b>

*(The notes set out on pages 7 to 36 form an integral part of the Annual Financial Statements).*

The Financial Statements set out on pages 1 to 6 were signed by:



**Chairman of Council/Board**



**Roseline Kanyiri**  
**Finance Officer**  
**ICPAK No:26894**



**Caroline K. Muguna**  
**Principal**

**Date: 12.5.2023**

**Date: 12.5.2023**


**Date: 12.5.2023**

**Mukiria Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

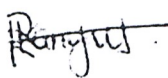
**XIII. Statement of Financial Position as at 30th June 2022**

The Financial Statements set out on pages 1 to 36 were signed by:


	Notes	2021/2022	2020/2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	114,182,850	59,640,217
Receivables from exchange transactions	18	59,333,222	70,333,110
Inventories	20	662,390	0
<b>Total Current Assets</b>		<b>174,178,462</b>	<b>129,973,327</b>
<b>Non-current assets</b>			
Property, plant and equipment	21a	48,122,100	51,050,741
Intangible assets	21b	1,155,000	0
<b>Total Non-current Assets</b>		<b>49,277,100</b>	<b>51,050,741</b>
<b>Total assets</b>		<b>223,455,562</b>	<b>181,024,068</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	22(a)	33,063,459	38,513,497
Audits fees	22(b)	2,641,068	1,980,801
Refundable deposits from customers	23	442,000	442,000
<b>Total Current Liabilities</b>		<b>36,146,527</b>	<b>40,936,298</b>
<b>Non-Current Liabilities</b>			
			0
<b>Total liabilities</b>		<b>36,146,527</b>	<b>40,936,298</b>
<b>Capital and Reserves</b>			
Reserves		88,656,321	75,558,921
Accumulated surplus		98,652,714	64,528,849
<b>Total Liabilities and Capital &amp; Reserves</b>		<b>187,309,035</b>	<b>140,087,770</b>
		<b>223,455,562</b>	<b>181,024,068</b>

  
**Julius Mbaabu M'Inoti**  
 Chairman of Board

Date: 12.5.2023

  
**Roseline Kanyiri**  
 Finance Officer  
 ICPAK No.26894

Date: 12.5.2023

  
**Caroline K. Muguna**  
 Principal

Date: 12.5.2023

Annual Report and Financial Statements for the year ended 30th June 2022

XIV. Statement of Changes in Net Asset for the year ended 30 June 2022

	Revaluation reserve	Fair value adjustment reserve	Retained earning	capital/Development Grants/Fund	Total
<b>Balance b/f at July 1, 2020</b>	-	-	<b>28,323,167</b>	<b>55,558,921</b>	<b>83,882,088</b>
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Surplus/deficits	-	-	36,205,682	0	36,205,682
Capitalized fund and Development grants received during the year(Appendix V)	-	-	0	20,000,000	20,000,000
Transfer of depreciation/amortization from capital fund to retained earnings	-	-	0		0
<b>Balance c/d as at June 30, 2021</b>	-	-	<b>64,528,849</b>	<b>75,558,921</b>	<b>140,087,770</b>
<b>Balance b/f at July 1, 2021</b>	-	-	<b>64,528,849</b>	<b>75,558,921</b>	<b>140,087,770</b>
Revaluation gain	-	-	-	-	0
Assets received from Young Africa Works	-	-	-		0
Surplus/deficits	-	-	34,123,865	-	34,123,865
Capitalized fund and Development grants received during the year(Appendix V)	-	-	-	13,097,400	13,097,400
Transfer of depreciation/amortization from capital fund to retained earnings	-	-	-		0
<b>Balance c/d as at June 30, 2022</b>	-	-	<b>98,652,714</b>	<b>88,656,321</b>	<b>187,309,035</b>

Note: The development grants received is for Igembe central TVC mentoring institution.

**Mukiria Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

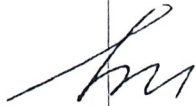
**XV. Statement of Cash Flows for the year ended 30 June 2022**

		2021/2022	2020/2021
	Note	Kshs	Kshs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Transfers from other Government entities/Govt. grants	6(a)	57,210,000	59,827,500
Transfer from other governments entities-CDF			
Rendering of services	8	61,521,938	26,122,396
Other income,	9	876,228	124,075
Rental income	10	105,100	12,000
<b>Total Receipts</b>		<b>119,713,266</b>	<b>86,085,971</b>
<b>Payments</b>			
Use of goods and services	11(a)	49,111,814	28,739,402
Audits fees	11(b)	660,267	660,267
Compensation of employees	12	14,660,054	6,723,456
Board of governors allowances	13	4,109,258	1,117,000
			8,894,479
Repair maintainances and development	15	7,907,435	3,247,685
Contracted services	16	459,400	498,000
			0
<b>Total Payments</b>		<b>76,908,228</b>	<b>49,880,289</b>
<b>Net Surplus</b>		<b>42,805,038</b>	<b>36,205,682</b>
			8,894,479
Less; (Increase)/Decrease in Receivable from Exchange trans.		10,999,888	-24,829,239
Less; Increase/(decrease) in Trade and other payables		-5,450,038	17,982,302
Less; Increase/(decrease) in Provision for audit fees		660,267	660,267
Less;(Increase)/Decrease in inventory		(662,390)	0
Less; (Decrease)/Increase in other payables		-	-
<b>Net cash flow from operating activities</b>		<b>48,352,764</b>	<b>38,913,492</b>
<b>cash flow from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		-6,907,531	-18,573,354
Proceeds from sale of property, plant and Equipment			-
<b>Net cash flows used in investing activities</b>		<b>-6,907,531</b>	<b>-18,573,354</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings			-
Government Development Grants		13,097,400	20,000,000
<b>Net cash flows used in financing activities</b>		<b>13,097,400</b>	<b>20,000,000</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>54,542,633</b>	<b>40,340,138</b>
Cash and cash equivalents at 1 July 2021		<b>59,640,217</b>	19,300,079
<b>Cash and cash equivalents as at 30 June 2022</b>		<b>114,182,850</b>	<b>59,640,217</b>

**Mukiria Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

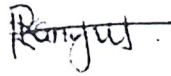
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The Financial Statements set out on pages 1 to 6 were signed by:



**Julius Mbaabu M'Inoti**  
Chairman of Council/Board

**Date:12.5.2023**



**Roseline Kanyiri**  
Finance Officer  
ICPAK No:26894

**Date:12.5.2023**



**Caroline K. Muguna**  
Principal

**Date:12.5.2023**

**Mukiria Technical Training Institute  
Annual Report and Financial Statements for the year ended 30th June 2022**

**XVI. Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022**

Description	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		Utilization Difference	
	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	%
<b>Revenue</b>												
Transfers from other govt entities and govt grants	120,100,000		0		120,100,000		74,307,400	45,792,600			61.87	
Public contributions and donations	0		0		-		0	-				
Rendering of services- fees from students	56,893,000		2,235,000		59,128,000		45,420,403	13,707,597			76.82	
Sale of goods	289,000		111,000		400,000		279,528	120,472			69.88	
Finance income	0				-		-	-				
Other income	0				-		596,700	(596,700)				
Gains on disposal, rental income and agency fees	0				-		105,100	(105,100)				
<b>Total Income</b>	<b>177,282,000</b>		<b>2,346,000</b>		<b>179,628,000</b>		<b>120,709,131</b>	<b>58,918,869</b>				
<b>Expenses</b>												
Compensation of employees	15,744,564		-931,324		14,813,240		14,660,054	153,186			98.97	
Use of goods and services	55,112,150		(1,837,976)		53,274,174		49,111,814	4,162,360			92.19	
Repairs and maintenance	6,496,000		2,994,300		9,490,300		7,907,435	1,582,865			83.32	
Contracted services	960,000		(310,000)		650,000		459,400	190,600			70.68	
Remuneration of directors	4,189,286		300,000		4,489,286		4,109,258	380,028			91.53	
Capital and development	94,780,000		2,131,000		96,911,000		6,907,533	90,003,467			7.13	
<b>Total Expenditure</b>	<b>177,282,000</b>		<b>2,346,000</b>		<b>179,628,000</b>		<b>83,155,494</b>	<b>96,472,506</b>				
<b>Surplus For the Period</b>							<b>0</b>	<b>37,553,637</b>				

**XVII. Notes to the Financial Statements**

**1. General Information**

Mukiria TTI is established by and derives its authority and accountability from TVET Act, 2013. The Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institute's principal activity is to teach and train in Technical and Vocational Education & Training; Research and Innovation and Community Service.

**2. Statement of Compliance and Basis of Preparation**

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

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

The financial statements have been prepared in accordance with the PFM Act 2012, the State Corporations Act 2012, the TVET Act 2013, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2022.

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

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

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>

**Mukiria Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

Standard	Effective date and impact:
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> </ul>

**Mukiria Technical Training Institute  
Annual Report and Financial Statements for the year ended 30th June 2022**

Standard	Effective date and impact:
	<p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> <li>• <i>IPSAS 39: Employee Benefits</i></li> </ul> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p>
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

**iii. Early adoption of standards**

The Institute did not early-adopt any new or amended standards in year 2022.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions**

**Rendering of services**

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

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

**Sale of goods**

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

**Interest income**

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

**Dividends**

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

4 Summary of Significant Accounting Policies (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

**Rental income**

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget information

The original budget for FY 2021/2022 was approved by the Council or Board on **14.01.2022**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of **Ksh62,503,266** on the FY 2021/2022 budget following the Board's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section of these financial statements.

c) Taxes

**Current income tax**

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

**Sales tax/ Value Added Tax**

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Notes to the Financial Statements (Continued)

**d) Investment property**

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

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

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

Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant and equipment**

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

Depreciation is on Straight Line basis and rates are as below;

1. Motor vehicles - 25%
2. Computer & accessories-30%
3. Furniture & Fittings - 12.5%
4. Plant & Equipments - 12.5%

## Notes to the Financial Statements (Continued)

### 4 Summary of Significant Accounting Policies (Continued)

#### f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

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

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

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

#### g) Intangible assets

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 intangible asset is amortised at 30% on straight-line basis.

#### h) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit.

During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments

*Financial assets*

*Initial recognition and measurement*

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

*Held-to-maturity*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Entity has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

*Impairment of financial assets*

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or an entity of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the entity of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

#### 4 Summary of Significant Accounting Policies (Continued)

##### i) Financial instruments (Continued)

###### *Financial assets (Continued)*

###### *Impairment of financial assets (Continued)*

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

###### *Financial liabilities*

###### *Initial recognition and measurement*

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

###### *Loans and borrowing*

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

##### j) Inventories

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

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

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

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

**Inventories (Continued)**

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

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

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

**k) Provisions**

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

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

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

The provision for bad debts will be approved by the Board of Governors for implementation.

***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.

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

**l) Nature and purpose of reserves**

The Entity creates and maintains reserves in terms of specific requirements. (*Entity to state the reserves maintained and appropriate policies adopted*).

**m) 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.

**n) Employee benefits**

**Retirement benefit plans**

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

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

**o) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**p) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

Notes to the Financial Statements (Continued)

**4 Summary of Significant Accounting Policies (Continued)**

**q) 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 Principal and senior managers.

**r) Service concession arrangements**

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

**s) 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.

**t) Comparative figures**

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

**u) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**Notes to the Financial Statements (Continued)**

**Estimates and assumptions**

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

**Useful lives and residual values**

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

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

**Provisions**

No Provisions were raised during the year under review.

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.

Mukiria Technical Training Institute  
Annual Report and Financial Statements for the year ended 30th June 2022  
Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	KShs	KShs
	2021-2022	2020-2021
<b>Unconditional grants</b>		
Capitation	57,210,000	59,827,500
	57,210,000	59,827,500
<b>Conditional grants</b>	0	0
		0
<b>Total government grants and subsidies</b>	<b>57,210,000</b>	<b>59,827,500</b>

(a) Transfers from other Government entities (Categorized)

6(b) Name of the entity sending grants	Amount recognized to Statement of Comprehensive Income Ks	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2020-2021
	KShs	KShs	KShs	KShs	KShs
State Department Of Technical Training	57,210,000			57,210,000	59,827,500
<b>Total</b>	<b>57,210,000</b>		<b>0</b>	<b>57,210,000</b>	<b>59,827,500</b>

Notes to the Financial Statements (Continued)

7. Grants from Donors and Development Partners

Description	2021-2022	2020-2021
	Kshs	Kshs
JICA- Research Grant	0	0
World Bank Grants	0	0
In-Kind Donations	0	0
Other Grants	0	0
<b>Total Grants from Development Partners</b>	<b>0</b>	<b>0</b>

**Mukiria Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

**Notes to the Financial Statements (Continued)**

**8. Rendering of Services**

	<b>2021-2022</b>	<b>2020-2021</b>
<b>Description</b>	<b>KShs</b>	<b>KShs</b>
Activity fee	2,710,370	3,827,437
Adminstration	0	
KUCCPS placement fee	2,613,000	915,000
Electricity water and conservancy	2,644,372	592,415
Exams	15,576,712	1,987,410
Industrail attachments/insurance	2,428,302	4,397,000
Local travel and transport	2,413,419	4,376,010
Mecha tronic Training	0	
Personal emoluments	9,370,928	1,927,680
Registration	522,600	294,900
Repair maintainance and improvements	1,328,709	2,410,104
Student identy card	348,400	121,400
Tuition	21,565,125	5,273,040
<b>Total revenue from rendering of services</b>	<b>61,521,938</b>	<b>26,122,396</b>

NB;The registration amount was erroneously typed as ksh 94,900 instead of ksh 294,900 in the 2020/21 FS,which has been corrected.

**9. Sale of Goods**

	<b>2021-2022</b>	<b>2020-2021</b>
<b>Description</b>	<b>KShs</b>	<b>KShs</b>
Cosmetoogy sales	2,085	
Gowns fee	596,700	
Hotel sales	74,953	42,575
Bus hire	196,990	76,000
Agriculture production units	1,500	1,000
Tender sales	4,000	2,000
seats hire	0	2,500
	<b>876,228</b>	<b>124,075</b>

*In the FY the institute had the 2<sup>nd</sup> graduation thus increasing the income.*

**10. Rental revenue from facilities and equipment**

	<b>KShs</b>	<b>KShs</b>
Hire of Facilities and Equipment	105,100	12,000
<b>Total</b>	<b>105,100</b>	<b>12,000</b>

**Mukiria Technical Training Institute  
Annual Report and Financial Statements for the year ended 30th June 2022**

**Notes To The Financial Statements (Continued)**

**11. Use Of Goods And Services**

	<b>2021-2022</b>	<b>2020-2021</b>
<b>DESCRIPTION</b>	<b>KShs</b>	<b>KShs</b>
Activity	2,404,729	579,870
Administration	1,572,384	2,537,677
Agriculture production units	0	700
Fuel,Oils &Lubricants	1,206,365	0
Automation	1,372,460	660,000
Bank charges	345,662	146,452
TVETA	187,000	0
Electricity water and conservancy	519,220	480,788
Exam	11,431,094	9,376,809
Students wellfare	733,670	0
Graduation	2,924,322	0
Internets services	757,198	177,434
international standard organisation certification (iso)	1,105,225	0
Kenya association of technical training	100,000	0
Cleaning & detergents expenses	186,990	0
Local travel and transport	3,062,416	2,173,593
Marketing	3,005,069	666,765
Hospitality	2,309,407	0
Industrial attachments/medical	1,165,912	0
Performance contracts	911,665	406,760
Tuition expenses	9,074,207	10,297,903
Robotics/Trade fair	1,023,249	0
Insurance	223,833	0
Telephone/communication&postage	496,985	362,856
Valuation	214,853	0
Corporate Social Responsibility	37,600	0
Leases	348,000	0
Training/developments	2,392,298	871,795
<b>Total</b>	<b>49,111,814</b>	<b>28,739,402</b>

<b>11 b). AUDIT FEES</b>		
<b>Description</b>	<b>KShs</b>	<b>KShs</b>
	<b>2021-2022</b>	<b>2020-2021</b>
Audit fees	660,267	660,267
<b>Total</b>	<b>660,267</b>	<b>660,267</b>

**Mukiria Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2022**  
**Notes to the Financial Statements (Continued)**

**12. Employee Costs**

	KShs	KShs
DESCRIPTION	2021-2022	2020-2021
Name	KShs	KShs
Helb deductions	427,278	104,476
National security social fund	282,400	207,947
Nita levy	7,600	5,750
National Hospital insurance fund	488,850	217,270
Paye as you earn	182,894	335,803
Personal emoluments (net)	13,271,032	5,852,210
<b>Total</b>	<b>14,660,054</b>	<b>6,723,456</b>

**13. Board Expenses**

Description	KShs	KShs
	2021-2022	2020-2021
Board of Governors allowances	4,109,258	1,117,000
<b>Total remuneration of directors</b>	<b>4,109,258</b>	<b>1,117,000</b>

**14. Depreciation and Amortization expense**

	2021-2022	2020-2021
Property, plant and equipment	8,186,173	8,894,479.46
Intangible assets	495,000	0
<b>Total depreciation and amortization</b>	<b>8,681,173</b>	<b>8,894,479.46</b>

**15. Repairs and Maintenance**

Description	2021-2022	2020-2021
	KShs	KShs
Repair, Maintenance and Improvement	7,907,435	3,247,685
<b>TOTAL</b>	<b>7,907,435</b>	<b>3,247,685</b>

**16. Contracted Services**

Description	2021-2022	2020-2021
	KShs	KShs
Sanitary services	41,400	42,000
Security services	418,000	456,000
<b>Total contracted services</b>	<b>459,400.00</b>	<b>498,000</b>

**Mukiria Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

**Notes to the Financial Statements (Continued)**

**17. Cash and Cash Equivalents**

Description	2021-2022	2020-2021	
	KShs	KShs	
<b>Current account</b>			
Cooperative bank	63,812,543	12,497,325	
National bank developments accounts	4,317,323	4,318,523	
National bank recurrents accounts	29,622,793	39,488,984	
National bank Igembe Central TVC	16,426,415	3,330,215	
Cash at hand	3,777	5,170	
<b>Total cash and cash equivalents</b>	<b>114,182,850</b>	<b>59,640,217</b>	
<b>17 (a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS</b>			
		<b>2021-2022</b>	<b>2020-2021</b>
<b>Financial institution</b>		<b>KShs</b>	<b>KShs</b>
<b>a) Current account</b>	<b>Accounts number</b>		
Cooperative bank	1129021590500	63,812,543	12,497,325
National bank developments accounts	1071226198200	4,317,323	4,318,523
National bank recurrents accounts	1248040062400	29,622,793	39,488,984
National bank Igembe Central TVC	1022218425000	16,426,415	3,330,215
<b>Sub- total</b>		<b>114,179,073</b>	<b>59,635,047</b>
<b>b) Others(specify)</b>			
cash in hand		3,777	5,170
Unsurendered imprest		0	0
<b>Sub- total</b>		<b>3,777</b>	<b>5,170</b>
<b>Grand total</b>		<b>114,182,850</b>	<b>59,640,217</b>

**18. Receivables from Exchange transactions**

Description	2021-2022	2020-2021
<b>Current Receivables</b>		
Student Debtors	59,333,222	70,333,110
<b>Total Current Receivables</b>	<b>59,333,222</b>	<b>70,333,110</b>

Mukiria Technical Training Institute  
Annual Report and Financial Statements for the year ended 30th June 2022  
Notes to the Financial Statements (Continued)

19. Receivables from Non-Exchange transactions

Current Receivables	0	0
<b>Total Current Receivables</b>	<b>0</b>	<b>0</b>

20. Inventories

	2021	2020
Consumable stores	662,390	0
<b>Total Inventories at lower of Cost and Net Realizable Value</b>	<b>662,390</b>	<b>0</b>

21. Property, Plant and Equipment

	Motor vehicles	Furniture and fittings	Computers and accessories	Plant and Equipment	Capital Work In Progress	Total
Depreciation rate	25%	12.5%	30%	12.5%		
Cost	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2020	7,140,000	1,002,000	715,887	51,629,134	12,396,096	72,883,117
Additions	-	-	275,250	1,628,100	16,670,004	18,573,354
<b>At 30th June 2021</b>	<b>7,140,000</b>	<b>1,002,000</b>	<b>991,137</b>	<b>53,257,234</b>	<b>29,066,100</b>	<b>91,456,471</b>
Additions		578,000	2,889,013	1,339,790	2,100,730	6,907,533
transfer to asset	0	0	0	0	-1,650,000	-1,650,000
<b>At 30th June 2022</b>	<b>7,140,000</b>	<b>1,580,000</b>	<b>3,880,150</b>	<b>54,597,024</b>	<b>29,516,830</b>	<b>96,714,004</b>
At 1 July 2020	5,355,000	153,375	435,184	25,567,692	0	31,511,251
Depreciation	1,785,000	125,250	327,075	6,657,154	-	8,894,479
<b>At 30 June 2021</b>	<b>7,140,000</b>	<b>278,625</b>	<b>762,259</b>	<b>32,224,846</b>	<b>0</b>	<b>40,405,730</b>
Depreciation	0	197,500	1,164,045	6,824,628	0	8,186,173
<b>At 30 June 2022</b>	<b>7,140,000</b>	<b>476,125</b>	<b>1,926,304</b>	<b>39,049,474</b>	<b>0</b>	<b>48,591,903</b>
<b>Net Book Values</b>						
At 30 June 2021	0	723,375	228,878	21,032,388	29,066,100	51,050,741
At 30 June 2022	0	1,103,875	1,953,845	15,547,550	29,516,830	48,122,100

Work in progress include:

1. igembe TVC payments
2. Student ablution block
3. Civil and engineering workshop.

**21b Intangible Assets**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
cost	1,650,000	
Intangible assets (software) dep	495000	-
<b>Total</b>	<b>1,155,000</b>	<b>-</b>

**Mukiria Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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**Notes to the Financial Statements (Continued)**

**22. Trade and Other Payables from Exchange transactions**

Description	2021-2022	2020-2021
	KShs	KShs
Trade payables	2,004,099	3,795,946
Fees paid in advance	16,850,060	7,243,001
Other payables(helb,cdf,capitation)	14,209,300	27,474,550
<b>Total trade and other payables</b>	<b>33,063,459</b>	<b>38,513,497</b>

22 (b) PROVISION FOR AUDIT FEES		
Description	2021-2022	2020-2021
	KShs	KShs
Audit fees	2,641,068	1,980,801
<b>Total</b>	<b>2,641,068</b>	<b>1,980,801</b>

**23. Refundable deposits from students**

Description	2021-2022	2020-2021
	KShs	KShs
Caution money	442,000	442,000
<b>Total deposits</b>	<b>442,000</b>	<b>442,000</b>

**24. Deferred Income**

Description	2021-2022	2020-2021
	KShs	KShs
National Government	0	0
<b>Total Deferred Income</b>	<b>0</b>	<b>0</b>

**25. Financial Risk Management**

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

**(i) Credit risk**

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs
<b>At 30 June 2022</b>			
Receivables from exchange transactions	59,333,222	59,333,222	-
Bank balances	114,182,850	114,182,850	-
<b>Total</b>	<b>173,516,073</b>	<b>173,516,073</b>	-
<b>At 30 June 2021</b>			
Receivables from exchange transactions	70,333,110	70,333,110	-
Bank balances	59,640,217	59,640,217	-
<b>Total</b>	<b>129,973,327</b>	<b>129,973,327</b>	-

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**Financial Risk Management (Continued)**

**(i) Credit risk (continued)**

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

The Institute has significant concentration of credit risk on amounts due from students.

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

**(ii) Liquidity risk management**

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

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

	Less than month	Between 1-5 months	Over months	
	Kshs	Kshs	Kshs	
<b>At 30 June 2022</b>				
Trade and other payables from exchange transactions	2,004,099	14,209,300	16,850,060	<b>33,063,459</b>
Audits fees		-	2,641,068	2,641,068
Refundable deposits from customers			442,000	442,000
<b>Total</b>	<b>2,004,099</b>	<b>14,209,300</b>	<b>19,933,128</b>	<b>36,146,527</b>
<b>At 30 June 2021</b>				
Trade payables	38,513,497	-	-	38,513,497
Provisions	1,980,801	-	-	1,980,801
Refundable deposits from customers	442,000			442,000
<b>Total</b>	<b>40,936,298</b>	<b>-</b>	<b>-</b>	<b>40,936,298</b>

**Financial Risk Management (Continued)**

**(iii) Market risk**

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

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

The Institute's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

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

**iv) Capital Risk Management**

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

	2021-2022	2020-2021	2019-2020
	Kshs	Kshs	Kshs
Reserves	88,656,321	75,558,921	28,323,167
Accumulated Fund	98,652,714	64,528,849	55,558,921
<b>Total funds</b>	<b>187,309,035</b>	<b>140,087,770</b>	<b>83,882,088</b>
Total borrowings	-	-	-
Less: cash and bank balances	(114,182,850)	(59,640,217)	(19,300,079)
<b>Net debt/(excess cash and cash equivalents)</b>	<b>73,126,185</b>	<b>80,447,553</b>	<b>64,582,009</b>

**26. Related Party Balances**

**Nature of related party relationships**

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

**Government of Kenya**

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

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- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors;

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

	2021-2022	2020-2021
	Kshs	Kshs
<b>Transactions with related parties</b>		
Training and conference fees paid to govt. agencies	-	-
Others (specify)	-	-
<b>Total</b>	-	-
<b>a) Grants /Transfers from the Government</b>		
Grants from National Govt	70,307,400	79,827,500
Grants from County Government	-	-
Donations in kind	0	0
<b>Total</b>	<b>70,307,400</b>	<b>79,827,500</b>
<b>b) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for BOG employees	14,660,054	6,723,456
<b>Total</b>	<b>14,660,054</b>	<b>6,723,456</b>
<b>c) Key management compensation</b>		
Directors' emoluments	4,109,258	1,117,000
Compensation to key management	-	-
<b>Total</b>	<b>4,109,258</b>	<b>1,117,000</b>

**CAPITAL COMMITMENTS**

Capital commitments	2021-2022	2020-2021
	Kshs	Kshs
Authorised for		
Authorised and contracted for	-	-
<b>Total</b>		

**27. Events After The Reporting Period**

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

**28. Ultimate And Holding Entity**

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

**29. Currency**

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

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**XVIII. Appendices**

**Appendix 1: Implementation Status of Auditor-General Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Timetable (Provide date when you expect the issue to be resolved)
UER/AUD/MU KIRIA TTI/2020-2021/6	Wasteful Expenditure on Tuition Expenses	We have developed and submitted a proposal to the Board of Governors for approval on the rates of allowances payable on different assignments.	resolved	
	Land	Mukiria Technical Training Institute is in the process of acquiring the title deeds for the two parcels of land, Registration Number ; Abo/Mariene 2/781 measuring 2.75 acres and Nyweri/Mariene / 779 measuring 2.6 acres and the process of valuation has been initiated.	unresolved	
	Motor Vehicle with Private Number Plate	The management shall ensure the motor vehicle is registered as a parastatal property and the revaluation of the depreciated motor vehicles is done.	unresolved	
	Ethnic Balancing	On employment of staff the Board of Governors endeavors to have the 1/3 rule on National Cohesion. However, the applications received may not capture the same. The amount of salary	unresolved	

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Reference No. of the report	Issue description	Management comments	Status (Resolved / Not Resolved)	Timeframe (Put a date when you expect the issue to be resolved)
		<p>paid to trainers may not attract applicants from far. They are also hired on short term as the Institute awaits posting from the Government. In future the Board will try to explore more ways of attracting other regions.</p>		
	<p><b>1.2 Irregular Recruitment and Engagement of Trainers.</b> <b>1.3 Irregular Recruitment and Engagement of Contract staff.</b></p>	<p>Advertisement, shortlisting, interviewing and recruitment of trainers were done in the year 2019 and databank maintained which is usually used whenever a need of a trainer arises. Whenever a trainer resigns during the session the objective of the institution of training cannot be achieved hence the management cannot risk the effects of students remaining without the trainers during the session, however the we endeavor to follow procedure</p>	<p>unresolved</p>	
	<p><b>Lack of Operational Internal Audit</b></p>	<p>The institute has hired an Internal Auditor who reported on 5<sup>th</sup> August 2021 as per the regulations. We have attached the advertisement, shortlisting, interviews, minutes, appointment letter for the internal auditor</p>	<p>resolved</p>	

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Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Status (Resolved / Not Resolved)	Timeline (If a date when you expect the issue to be resolved)
	<b>Lack of Public Finance Management Standing Committee</b>	The management has since established a Public Finance Management Standing Committee as per the regulations.	resolved	
	<b>Operating without a scheme of service</b>	The Management has developed the institute scheme of service, career progression and pay structure presented to the Board of Governors for approval.	resolved	

**Accounting Officer  
Mrs Carolyne K. Muguna  
Secretary to the Board/Principal**



**Signature**

**Date.:12.5.2023**

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**Appendix II: Projects Implemented by Mukiria Technical Training Institute**

**Status of Projects completion**

	Project	Total project	Total expenditure	Completion % to date	Budget	Actual	Source of funds
1	Building and civil engineering workshop	23,520,690	0	0%	25,000,000	23,520,690	Mukiria TTI
2	Student Ablution Block	2,865,536	1,743,608	60%	3,200,000	2,865,536	Mukiria TTI
3	Igembe Central TVC	59,062,878	26,670,000	50%	60,000,000	59,062,878	GoK

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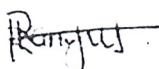
Appendix III- Inter-Entity Confirmation Letter

	<b>INSTITUTE NAME:</b>	Mukiria Technical Training Institute		
	<b>Break down of Transfers from the State Department of technical and vocational training</b>			
	<b>FY 2021/2022</b>			
a.	capitation Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		18/11/2021	20,490,000	2021/2022
		03/03/2022	20,490,000	2021/2022
		03/06/2022	16,230,000	2021/2022
		<b>Total</b>	<b>57,210,000</b>	
b.	Development Grants	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Igembe Central TVC	01/12/2021	6,097,400	2021/2022
		22/06/2022	7,000,000	2021/2022
		<b>Total</b>	<b>13,097,400</b>	
c.	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
		<b>Total</b>	<b>0</b>	
d.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
			-	
		<b>Total</b>	<b>0</b>	

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

**Head of Accountants department of Mukiria Technical Training Institute:**

Name Roseline Kanyiri Sign



Date 12.5.2023

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