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REPORT

OF


THE AUDITOR-GENERAL

ON

MITUNGUU TECHNICAL TRAINING INSITUTE

FOR THE YEAR ENDED 30 JUNE, 2024



 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 17 JUN 2025	DAY. TUESDAY
TABLED BY:	LEADER OF THE MAJORITY PARTY
CLERK-AT-THE-TABLE:	WILLIS OBERO



MITUNGUU TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE 2024

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

Mitunguu Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2024

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1. Acronyms and Definition of Key Terms

A. Acronyms

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the entity's financial resources.

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

Mitunguu Technical Training Institute is a government sponsored Institute under the Ministry of Education, State Department for Vocational & Technical training. It was started in the year 2015 under the TVET Act 2013. The institution is domiciled in Kenya and has its head office in Mitunguu Town, South Imenti Constituency, in Meru County.

The core mandate of the Institution is to equip young people with knowledge, skills and attitudes needed to secure employment in today's labour market. As a TVET institute, this is recognized as a driving vehicle towards achieving the Country's BIG4 agendas and the Vision 2030

It is a Centre of Excellence in ICT, Mitunguu Technical Training Institute has a student population of over 4,000 trainees

The Institution sits on a 20.2 ha parcel of land properly demarcated a lease of 99 years effective 1st April 2023.

The institution is well equipped and adequately staffed to offer market driven skills and knowledge to its trainees through inspired innovation, creativity, reliability and responsiveness with utmost goal of releasing all rounded graduate.

(b) Principal Activities

The principal activities of Mitunguu Technical Training Institute are to offer skills technical and vocational education and training.

Vision

To be a national centre of excellence in Technical and Vocational Education and Training (TVET).

Mission

To develop professional skills and technical competences, produce proficient and versatile professional managers by providing quality management courses.

(c) Key Management

Mitunguu Technical Training Institute's day-to-day management is under the following key organs:

- Board of Governors
- Accounting officer/ Principal
- Senior Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

1.	Principal	Lucy Mukiri
2.	Deputy principal Finance and Administration	Patrick Kimathi
3	Deputy principal Academics Affairs	Anastacia Mutimbi
4	Registrar	Koruru Miriti
5	Dean of students	Polline Mawira
6	Head of Finance	Mathew Kabete

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

1.	Finance, Infrastructure and Human Resource management committee	1. Kobia wakamau – Chairman 2. Kelvin M Mbaabu – Member 3. Nancy Gitonga – Member 4. Lucy Anampiu– Secretary/Principal
2.	Audit and Risk management committee	1. CPA Titus Mabeya – Chairman 2. Dr. Mary Mwadulo – Member 3. Alexander Mukui– Member
3.	Education, Training and Research committee	1. Prof. Stella Kirui – Chairperson 2. Dr. Mary Mwadulo - Member 3. Margaret Nduhiu – Member

(f) Entity Headquarters

Mitunguu Technical Training Institute
 Along Tunyai-Nkubu Mati Road
 P.O. Box 64-60204
 Mitunguu
 MERU.

(g) Entity Contacts

Telephone :(254) 701 233 591
 E-mail: Mitunguutechnical@gmail.com
 Website: www.mitunguutechnical.ac.ke

(h) Entity Bankers

1. Central Bank of Kenya
 Haile Selassie Avenue
 P.O. Box 60000
 City Square 00200
 Nairobi, Kenya
2. Co-operative Bank of Kenya
 Nkubu branch
 P.O. Box 740-60202
 Nkubu.

3. KCB Bank
Nkubu branch
P.O Box 178-60200
Meru.
4. Equity Bank (Kenya) Ltd
Nkubu branch
P.O Box 60-60202
Nkubu.

(i) Independent Auditors




Auditor-General
Office of Auditor General
Anniversary Towers, university Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(j) Principal Legal Adviser




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

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3.The Board of Governors

MEMBER	DOB	QUALIFICATIONS	EXPERIENCE
 Kenneth Gitonga BOG Chairman	1973	MBA (Strategic management) Bachelor of commerce CPA	The current CEO Meru Central Dairy Union Ltd Previously worked as Deputy CEO at YETU Sacco Ltd and as a Finance Manager South Imenti Tea Growers Sacco Ltd. A performance driven professional whose accomplishments reflect outstanding leadership and focus on maximizing profitability and productivity. Goal oriented leader with a career history spanning over 20 years. Hold demonstrable expertise in orchestrating Performance turnarounds in the cooperative sector and savings and credit society, creating lucrative revenue streams and engineering profitability. Possess high ethical standards and integrity that is beyond reproach, strong believer of hard work, honesty and value addition. Appointed in March 2022.
 Kelvin Mutuma BOG Member	1985	MBA- (Meru University) Ongoing Bachelor of laws (LLB) Postgraduate Diploma in Law (KSL) CPA(K) CPS(K)	A senior partner in Mbaabu M'Inoti Advocates LLP and heads the Conveyancing and Commercial litigation division. He has 14 years of experience and interest in Conveyancing, Commercial litigation, Debt recovery, Insurance Claims, Probate, and Administration. He has been involved in various Landmark cases in commercial transactions. Kelvin is an Advocate of the High Court, Notary Public, and Commissioner for Oaths. Appointed in November 2021.
 Lucy Mukiri BOG Secretary/Principal	1979	PhD -Corporate Governance (UON)- Ongoing Masters in project planning and management Bachelor of science (Maths and Chemistry) KeMU Diploma in science Education (KSTC) Senior Management course (KSG)	Lucy mukiri Anampiu is the current Principal Mitunguu Technical Training Institute with good track record in management. She has attended the senior management course at the Kenya school of government and attained a distinction. Previously she worked at Tigania East TVC as the Principal for two years helping operationalize the new institution, Karumo Technical Training Institute for four years held several responsibilities like assistant dean of students in charge of games and sports, a member of the performance contracting in charge of complaints and compliments, a member of the strategic plan committee, a trainer in applied mathematics and physical science. She worked at St. Cyprian Boys High School for 10 years where she was the head of sciences department, a basketball and rugby coach, a member of the senior management team, teacher's representative to the board of management and she was the subcounty secretary science and engineering fair

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<p>Titus Mabeya</p>  <p>BOG Member and Chairman, Audit and Risk Management Committee</p>	<p>1984</p>	<p>PhD -Finance (UON)-Ongoing MBA-Finance (KU) Bachelor of commerce (KU) CPA(K) GRI certified</p>	<p>CPA Titus M. Mabeya is a member of the Institute of Certified Public Accountants Kenya (ICPAK) in good standing and a Global Reporting Initiative (GRI) Certified on sustainability reporting. He has attended other several courses related to finance, accountancy, performance management, sustainability reporting and governance. He is a GRI certified. He is currently working at the Higher Education Loans Board (HELB). He has cross cutting financial management experience, skills and competencies ranging from private (Standard Chartered Bank), Nongovernmental (European Union) and public (HELB, JKUAT and UON) sectors spanning 11 years. Previously, he worked at Standard Chartered Bank and European Union under Community Development Trust Fund. He has been a member of Boards of schools. He has mobilized and participated in several community transformational initiatives.</p> <p>Appointed in March 2022.</p>
<p>Prof. Stella Kirui</p>  <p>BOG Member and Chairperson Education Training and Research Committee</p>	<p>1965</p>	<p>Ph.D. in Entomology M.Sc. in Entomology Bachelor of Education (Science)</p>	<p>A seasoned academia currently working as an Associate Professor Maasai Mara University Having worked as the Lecturer at Maasai Mara University and Eldoret National Polytechnic and worked as CECM for Agriculture livestock and fisheries and Education in Elgeyo Marakwet county between 2013 and 2017.</p> <p>Appointed in March 2022.</p>
<p>Nancy Gitonga</p>  <p>BOG Member</p>	<p>1970</p>	<p>Bachelor of Commerce (Management Option) Diploma in Sales and Marketing</p>	<p>A seasoned Banker currently working as a Business growth and Development Manager Equity Bank(K) Ltd and also worked as a branch Manager Barclays Bank(K) Ltd, acted as sales manager in the same banks and possess enormous skills in business growth and development, strategic planning and negotiation, project management, portfolio at risk management, relation building and networking with other stakeholders.</p> <p>Appointed in March 2022.</p>

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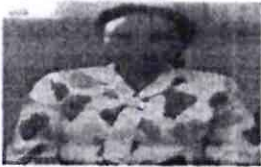

<p>Kobia Wakamau</p>  <p>BOG Member and Chairperson, Finance, infrastructure and HR Committee</p>	1960	MA, BA, PGD/D/R	<p>Retired county commissioner/Secretary of Administration, served in various capacities as public administrator in various Provinces, Districts, Counties and Ministries</p> <p>Appointed in March 2022.</p>
<p>Mary Mwandulo</p>  <p>BOG Member</p>	1980	Ph.D. in IT M.Sc in IT Bachelor of Science (Maths and Computer Science)	<p>A seasoned academia currently working as the Chairperson Department of Computer Science Meru University of Science and Technology</p> <p>Lecturer at Meru University of science and Technology</p> <p>Appointed in March 2022.</p>
<p>Alexander Mukui</p>  <p>BOG Member</p>	1972	M.Sc. in Civil Engineering	<p>A Registered Civil Engineer working and worked in various public and private companies such as Iiazsons Civil Engineering Co., Ministry of Roads and Public Works, Safaricom Ltd, Alan Dick &Co. East Africa, H Young & Co. ltd, Director in various companies such as Voltex Ltd, Structural Ventures Ltd, H.P Gauff Ingenieure.</p> <p>Appointed in March 2022.</p>

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4. Key Management Team

MEMBER	DOB	QUALIFICATIONS	EXPERIENCE
 BoG Secretary/Principal	1979	PhD -Corporate Governance (UON)-Ongoing Masters in project planning and management Bachelor of science (Maths and Chemistry) KeMU Diploma in science Education (KSTC) Senior Management course (KSG)	Lucy Mukiri Anampiu is the current Principal Mitunguu Technical Training Institute with good track record in management. She has attended the senior management course at the Kenya school of government and attained a distinction. Previously she worked at Tigania East TVC as the Principal for two years helping operationalize the new institution, Karumo Technical Training Institute for four years held several responsibilities like assistant dean of students in charge of games and sports, a member of the performance contracting in charge of complaints and compliments, a member of the strategic plan committee, a trainer in applied mathematics and physical science. She worked at St. Cyprian Boys High School for 10 years where she was the head of sciences department, a basketball and rugby coach, a member of the senior management team, teacher's representative to the board of management and she was the subcounty secretary science and engineering fair
 D/Principal Finance and Administration	1983	Bachelor of Technology in Computer Technology Technical University of Kenya (TUK) Diploma in Technical Education - Kenya School of TVET Diploma in Information Technology - Jomo Kenyatta University of Agriculture and Technology (JKUAT)	The D/principal administration and Finance Mitunguu Technical Training Institute, previously worked at Kiirua Technical Training Institute for 14 years as the Head of Department in ICT and in charge of Sports, Games and Recreation. Been a trainer in ICT, A member of Performance Contracting as the Chairperson Automation. He attended a two weeks training on HOD Capacity Building organized by Ministry of Education. He has taught Computer Studies at Kithirune Girls and Akithii Girls for five (5) years; 2005 - 2007 and 2008 - 2009 respectively. In high school he had other responsibilities like the coach in both handball and badminton, Coordinator and judge in Science Congress.
 D/Principal Academics Affairs	1974	Bachelor of Education Senior Management course (KSG)	The D/principal Mitunguu Technical Training Institute, worked as Registrar and Examination Officer Mitunguu Technical Training Institute, Office administrator 2 at the Ministry of Health and a trainer at Meru National Polytechnic.
 Registrar	1970	Bachelor of Education - Science Senior Management course (KSG)	The Registrar Mitunguu Technical Training Institute, worked as Dean of Students Mitunguu Technical Training Institute, Deputy Principal Kaubau day secondary school, Ntharene Day Secondary School and Nkuene Boys Secondary School

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<p>Polline Mawira</p>  <p>Dean of Students</p>	1979	Bachelor of Education- Arts	The Dean of students Mitunguu Technical Training Institute, worked as Guidance and Counselling Mitunguu Technical Training Institute and as HOD Kionyo Secondary School
<p>Mathew Kabete</p>  <p>Finance Officer</p>	1986	MBA(Finance) Bachelor of Commerce (Accounting Option) CPA(K) Senior Management course (KSG)	The current Finance Officer Mitunguu Technical Training Institute, previously worked at Kabete National Polytechnic as Accountant 1 and Tharaka Boys High School as Accountant 2

5. Chairman's Statement

Mitunguu Technical Training Institute is situated in Meru County, 32 kilometers from Meru town and 17 kilometers from Nkubu town in the Eastern region of Kenya and approximately 235 kilometers Northeast of Nairobi. Meru County borders five other counties namely; Isiolo to the North, Nyeri to the South West, Tharaka-Nithi to the South East and Laikipia to the West. Meru County is made up of nine constituencies; Igembe South, Igembe Central, Igembe North, Tigania West, Tigania East, North Imenti, Buuri, Central Imenti and South Imenti where the Institute is situated

Mitunguu Technical Training Institute is established and registered by Technical and Vocational Education and Training Authority (TVETA) established by the TVET Act No. 29 of 2013. The institute sits on a 50-acre piece of land. The vision of the institute is to be national centre of excellence in technical and vocational and training. The mission is to produce proficient and versatile human resource by providing quality relevant, and innovative technical and vocation education and training.

The major successes and strengths of the institute include: -

- The state- of- the- art infrastructure
- Consistent good performance in Performance Contracting
- The Institute enjoys political good will in promoting technical vocational and training (TVET),
- Good catchment area for the trainees from Tharaka Nithi, Mbeere and Embu areas.
- accessible road network: the instituted along the Mati Road connecting to Embu County and Nkubu Town in Meru County
- Adequate land the institute is on 20.2 hectares of land parcel no. 2863
- Electricity supply: the institute is connected to the National Grid on three phase supplies
- Establishment of the state department of TVET
- Developing vibrant strategic plan aligned to big four agenda, and vision 2030.

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The Institute has its challenges bearing in mind that it started in May 2015 with little or no resources some of which include the following:

- ✓ Late disbursement of capitation grants which affects the liquidity and slows the projects implementation.
- ✓ Lack of Boarding facilities.
- ✓ Rising number of the trainees versus physical facilities.
- ✓ Inadequate funds to meet learning infrastructural needs of the trainees.
- ✓ The connectivity of the institute to the internet is very low and the government fibre optical cable is not available
- ✓ Inadequate learning and training resources. The government provide basic resources to start the institute in electrical & electronics and information Communication Technology departments however, the departments require very many consumable resources on daily basis which are not available.
- ✓ Floods during the rainy seasons
- ✓ Changing technology which makes the facilities provided by the government need replacement frequently
- ✓ Competition from other institutions offering similar courses in shorter durations
- ✓ Inadequate staff

The way forward for the Mitunguu Technical Training Institute is allocate more funds on marketing and publicity so as increase gross enrolment, enhance collaboration partnerships with the local community and other agencies, integrate ICT in education and training, improve the human resource capacity through enhancing competencies and team building.

The institute will also strife to improve physical facilities and infrastructure, institute's safety and security through developing security policy, asset management by developing and updating asset inventory and train staff and trainees on first aid, firefighting skills and disaster management skills.

The vision for Mitunguu Technical Training Institute is to be a national centre of excellence in Technical & Vocational Education and Training.

6. Report of the Principal

LOCATION AND ESTABLISHMENT

Mitunguu Technical Training Institute is situated in Meru County, 32 kilometers from Meru town and 17 kilometers from Nkubu town in the eastern region of Kenya and approximately 235 kilometers northeast of Nairobi.

Mitunguu Technical Training Institute was established and registered by Technical and Vocational Education and Training Authority (TVETA) established by the TVET Act No. 29 of 2013. The institute sits on a 52-acre piece of land. Its construction was funded by the government of Kenya between the years 2011 and 2015 with the core mandate of providing training to the large number of young people who graduate annually from secondary and primary school system. This is in the realization that producing a properly and effectively trained, disciplined and patriotic human resource can make a positive contribution to the development of the nation and globally in line with United nations 2030 agenda for sustainable development, Agenda 2063 National development priorities, Kenya Vision 2030, big 4 Agenda.

The Institute was designed to be constructed in phases. The first phase of the Institute was designed to offer courses mainly in Electrical & Electronic Engineering and Information & Communication Technology. The Institute opened its doors in May 2015 and admitted eight (8) students in Electrical Installation (Artisan). It had one (1) TSC teacher (Principal), two (2) BOG teachers and two (2) non-teaching staff. Currently the institute is made up of 47 courses in six departments. The institute population comprises over 3,000 trainees, 27 public service commission trainers, 49 BOG trainers and 17 non-training staff.

The major successes and strengths of the institute include: -

STRENGTHS

- Adequate land
- Good & modern physical structures
- Internet available
- Supply of clean water
- Electricity supply
- Qualified personnel
- Conducive environment

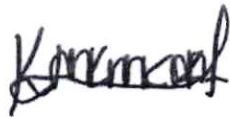
SUCSESSES

- Funding support from the government
- Political Goodwill
- High population density for trainees
- Economically endowed region
- Accessible road network
- Support from neighbouring institutions
- Increasing demand for technical education
- Implementation of Kenya Vision 2030
- Establishment of the state department of TVET

CHALLENGES

The Institute has its challenges which include the following:

- Lack of boarding facilities
- Inadequate of Institute transport facilities
- Inadequate of recreational facilities
- Inadequate Automation level
- Low enrolment
- Inadequate learning & training resources
- Inadequate financial resources



Mercy K. Kirima

Principal

7. Statement of Performance against Predetermined Objectives

Science Technology and Innovation

1. Expand Facilities and Infrastructure

- **Performance Statement:** Successfully expanded the physical and technological infrastructure of Mitunguu TTI to accommodate growing trainee numbers and evolving educational needs. New facilities were completed on time and within budget, contributing to a more robust learning environment.

2. Improve Existing Facilities and Infrastructure

- **Performance Statement:** Implemented significant upgrades and maintenance to existing facilities, enhancing functionality and safety. These improvements have led to increased satisfaction among trainees and staff, and a more conducive learning and working environment.

3. Asset Management

- **Performance Statement:** Established and maintained an effective asset management system, ensuring optimal utilization and tracking of physical and digital assets. This has improved asset reliability and reduced instances of loss or mismanagement.

4. Information Security Management

- **Performance Statement:** Implemented comprehensive information security measures to safeguard sensitive data. Regular audits and updates to security protocols have minimized data breaches and enhanced trust in our information systems.

5. Security Policy and Work Environment

- **Performance Statement:** Developed and enforced a robust security policy, fostering a safe and secure work environment. Regular security drills and policy reviews have contributed to a safer campus and a well-prepared staff.

6. Promote Health and Safety

- **Performance Statement:** Instituted health and safety programs that prioritize the well-being of trainees and staff. Health screenings, safety training, and emergency response plans have significantly reduced incidents and improved overall safety.

Education and Training

7. Develop and Implement Processes and Procedures

- **Performance Statement:** Developing and in the process of implementing standardized processes and procedures, including the adaptation of a Quality Management System (QMS) and management reviews. These initiatives will streamline operations and enhanced service delivery.

8. Zero Tolerance to Corruption

- **Performance Statement:** Enforced a strict zero-tolerance policy towards corruption, resulting in a transparent and accountable operational environment. Regular audits and anti-corruption training (workshops and seminars) have reinforced ethical practices.

9. Ensure Continued Relevance of the Service Delivery Charter

- **Performance Statement:** Regularly reviewed and updated the Service Delivery Charter to align with current educational standards and stakeholder needs. This has ensured that our services remain relevant and effective.

10. Students' Governance

- **Performance Statement:** Strengthened student governance structures to enhance trainees' representation and involvement in decision-making processes. This has led to improved trainee satisfaction and engagement.

11. Source for Funding

- **Performance Statement:** Actively sourced and secured funding from various sources, contributing to financial stability and the ability to support key initiatives and programs. (County Government, NG-CDF) and KCB Foundation)

12. Collaborate with the Local Community

- **Performance Statement:** Fostered strong relationships with the local community through collaborative projects and partnerships. This has enhanced community support and integration into the educational environment. (Local casual labourers)

13. Collaboration with Other Agencies

- **Performance Statement:** Established successful collaborations with other educational and professional agencies, leading to shared resources, knowledge exchange, and enhanced program offerings. (GTZ, KCB Foundation, Rwompo Mentorship Program)

14. Enhance Management of Financial Resources

- **Performance Statement:** Improved the management of financial resources through effective budgeting, forecasting, and financial controls. This has led to more efficient use of funds and improved financial health. (Adherence to PFM Act and PPM/AGPPO)

15. Operate Within the Set Budgetary Allocations

- **Performance Statement:** Adhered to budgetary allocations, ensuring financial discipline and avoiding overspending. Regular budget reviews and financial monitoring have supported this achievement. (Board approvals)

16. Diversify Sources of Income

- **Performance Statement:** Expanded income sources through innovative strategies, reducing reliance on traditional funding streams. This diversification has increased financial resilience and sustainability. (Production Unit)

17. Reduce Costs

- **Performance Statement:** Implemented cost-reduction measures that have optimized operational expenses while maintaining quality. These efforts have led to significant savings and more efficient resource allocation. (Use of solar energy as alternative for borehole water pumping and security slighting, solar power back-up instead of petrol/diesel generator for administration office)

Human Resource Management and Development

18. Enhance Competencies

- **Performance Statement:** Focused on enhancing competencies through targeted training programs, leading to improved staff skills and performance. Continuous professional development has strengthened overall capabilities. (Staff attending trainings, workshops and seminars/conferences)

19. Team Building

- **Performance Statement:** Promoted team building activities that have fostered collaboration, improved communication, and strengthened team cohesion. This has resulted in a more motivated and effective workforce. (Last financial year 2 team building activities for staff, 1 for trainees' council and 2 benchmarking for management activities took place)

20. Staff Appraisal

- **Performance Statement:** Established a comprehensive staff appraisal system that provides regular feedback and recognizes achievements. This has improved staff performance and job satisfaction.

21. HR Policy

- **Performance Statement:** Developing and in the process of implementing an updated HR policy that addresses key issues such as recruitment, performance management, and employee relations. This policy will support a fair and productive work environment.

22. Transfer of Skills

- **Performance Statement:** Facilitated the transfer of skills through mentorship and training programs, ensuring that knowledge is effectively shared and applied across the organization. (Engaged tutors for teaching practice, staff for internship, participated in various exhibitions, regional and national trade fairs)

23. Succession Planning

- **Performance Statement:** Implemented a robust succession planning strategy to ensure continuity in key positions. This proactive approach has prepared the organization for future leadership transitions. (Where each actor or leadership post has a lead person, an assistant and committees)

24. Staff Motivation

- **Performance Statement:** Enhanced staff motivation through recognition programs, incentives, and a supportive work culture. These efforts have contributed to higher staff morale and engagement.

Information and Communication Technology (ICT)

25. Integrate ICT

- **Performance Statement:** Successfully integrated ICT solutions into various operational areas, improving efficiency and accessibility. This integration has supported better data management and communication. (two more computer labs were equipped with 100 computers)

26. ERP System

- **Performance Statement:** Implemented an Enterprise Resource Planning (ERP) system that has streamlined operations and enhanced data accuracy. The ERP system has improved overall organizational efficiency. (Various updates took place)

Gender and Youth Development

27. Intensify Marketing

- **Performance Statement:** Increased marketing efforts to raise awareness and attract new students. Enhanced marketing strategies have led to higher enrolment rates and greater visibility. (Road show marketing activities took place especially during Tvet@100)

28. Expand the Curriculum

Performance Statement: Expanded the curriculum to include new CBET programs and courses that meet current industry demands. This expansion has enriched the educational offerings and provided trainees with diverse learning opportunities.

8. Corporate Governance Statement

Audit and Risk Management Committee		
S/No:	Meeting Date	Attendees
1.	7 th August, 2023	1. Mr. Kenneth Gitonga – BoG Chairperson (In Attendance) 2. CPA. Titus Mabeya – Committee Chairperson 3. Eng. Alexander Mukui – Member 4. Dr. Mary Mwadulo - Member
2.	30 th November, 2023	1. CPA. Titus Mabeya – Committee Chairperson 2. Eng. Alexander Mukui – Member 3. Dr. Mary Mwadulo - Member
3.	13 th March, 2024	1. CPA. Titus Mabeya - Committee Chairperson 2. Dr. Mary Mwadulo - Member
4.	18 th June, 2024	1. CPA. Titus Mabeya – Committee Chairperson 2. Eng. Alexander Mukui – Member 3. Dr. Mary Mwadulo - Member
Education, Training and Research Committee		
1.	4 th August, 2023.	1. Prof. Stella Kirui – Committee Chairperson 2. Mr. Nicodemus Nzyuko – Member 3. Dr. Mary Mwadulo – Member 4. Margaret Nduhiu - Member
2.	30 th November, 2023	1. Mr. Nicodemus Nzyuko – Member 2. Dr. Mary Mwadulo – Member
3.	22 nd March, 2024.	1. Dr. Mary Mwadulo – Member
4.	18 th June, 2024.	1. Prof. Stella Kirui – Committee Chairperson 2. Mr. Nicodemus Nzyuko – Member 3. Dr. Mary Mwadulo – Member 4. Mrs. Margaret Nduhiu – Member
Finance, Infrastructure and HR Committee		
1.	31 st July, 2023	1. Mr. Kenneth Gitonga – BoG Chairperson (In Attendance) 2. Margaret Nduhiu – CD TVET (In Attendance) 3. Mr. Kobia Wakamau – Committee Chairperson 4. Mrs. Nancy Gitonga – Member 5. Mr. Kelvin Mutuma Mbaabu – Member 6. Mrs. Lucy Mukiri Anampiu - Principal
2.	29 th November, 2023	1. Mr. Kobia Wakamau – Committee Chairperson 2. Mrs. Nancy Gitonga – Member 3. Mr. Kelvin Mutuma Mbaabu – Member 4. Mrs. Lucy Mukiri Anampiu - Principal
3.	11 th January, 2024	1. Mr. Kobia Wakamau – Committee Chairperson

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		2. Mrs. Nancy Gitonga – Member 3. Mr. Kelvin Mutuma Mbaabu – Member 4. Mrs. Lucy Mukiri Anampiu - Principal
4.	8 th February, 2024	1. Mr. Kobia Wakamau – Committee Chairperson 2. Mrs. Nancy Gitonga – Member 3. Mr. Kelvin Mutuma Mbaabu – Member 4. Mrs. Lucy Mukiri Anampiu - Principal
5.	18 th June, 2024	1. Mr. Kobia Wakamau – Committee Chairperson 2. Mrs. Nancy Gitonga – Member 3. Mr. Kelvin Mutuma Mbaabu – Member 4. Mrs. Lucy Mukiri Anampiu - Principal
Full Board of Governors		
1.	27 th September, 2023	1. Mr. Kenneth Gitonga - Chairperson 2. Mr. Kelvin M. Mbaabu –Member 3. Mr. Nicodemus Nzyuko – Member 4. Mr. Kobia Wakamau - Member 5. Mrs. Nancy Gitonga - Member 6. CPA. Titus Mabeya- Member 7. Mr. Alexander Mukui – Member 8. Mrs. Lucy Mukiri Anampiu – Principal/Secretary
2.	1 st December, 2023	1. Mr. Kenneth Gitonga - Chairperson 2. Mr. Kelvin M. Mbaabu –Member 3. Mr. Nicodemus Nzyuko – Member 4. Mr. Kobia Wakamau - Member 5. Mrs. Nancy Gitonga - Member 6. CPA. Titus Mabeya- Member 7. Mr. Alexander Mukui – Member 8. Prof. Stella Kirui – Member 9. Dr. Mary Mwadulo - Member 10. Mr. Peter Kaume - CDTVET 11. Mrs. Lucy Mukiri Anampiu – Principal/Secretary
12.	28 th March, 2024.	1. Mr. Kenneth Gitonga - Chairperson 2. Mr. Kelvin M. Mbaabu –Member 3. Mr. Nicodemus Nzyuko – Member 4. Mr. Kobia Wakamau - Member 5. Mrs. Nancy Gitonga - Member 6. CPA. Titus Mabeya- Member 7. Mr. Alexander Mukui – Member 8. Dr. Mary Mwadulo - Member 9. Mr. Peter Kaume – CDTVET 10. Mrs. Lucy Mukiri Anampiu – Principal/Secretary
11.	19 th June, 2024.	1. Mr. Kenneth Gitonga - Chairperson 2. Mr. Kelvin M. Mbaabu –Member

Mitunguu Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2024

		<ol style="list-style-type: none">3. Mr. Nicodemus Nzyuko – Member4. Mr. Kobia Wakamau - Member5. Mrs. Nancy Gitonga - Member6. CPA. Titus Mabeya- Member7. Mr. Alexander Mukui – Member8. Dr. Mary Mwadulo - Member9. Prof. Stella Kirui - Member10. Mrs. Lucy Mukiri Anampiu – Principal/Secretary
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Succession Plan

Appointment of Board members is done by the ministry of Education
Appointments of various chairpersons of committees by the Board chairperson
Members of the board sign a conflict of interest register in every meeting

Existence of a Board Charter

The board charter is available and in place.

9. Management Discussion and Analysis

The Operational and Financial Performance of Mitunguu Technical Training Institute

Mitunguu Technical Training Institute mandate is Education and Training. It was established to train in Electrical & Electronics Engineering, and Computing and Informatics. The Institute has been able to address the industry demands by introducing new courses in Building and Civil Engineering department, Hospitality and Institutional Management, Fashion and Design Department, Agriculture and Environmental Studies department, Mechanical and Automotive Engineering Department, Computing and Informatics Department & Business Studies Department. The enrolment has gradually increased over the years from six male trainees in 2015 to over 5,000 trainees' net enrolment. The Institute has also been able to admit 536 trainees from the NYS under the sponsorship of the government and 407 Trainees sponsored by KCB Foundation. Despite delays in remitting funds by the government, the Institute has been able to mitigate the financial constraints through preparation of supplementary budget during the year. Some of the challenges that the Institute is experiencing is lack of boarding facilities, inadequate learning & training resources, lack of recreational facilities, low enrolment, inadequate financial resources among others. The Institute enjoys political goodwill, accessible road network, increasing demand for technical education, establishment of the state department of TVET, economically endowed region, adequate land for expansion among others.

Compliance with Statutory Requirements

Mitunguu Technical Training Institute has complied with the statutory requirements for instance KRA Returns- PAYE, NSSF, NHIF, HELB and NITA. The institute has not been involved in any court case since it started in 2015 to-date. The community is very supportive and there has not been any claim of any Institute property.

SECTION C

Key Projects and Investments Decisions the Entity is planning /Implementing

The Institute is building a student's center, Hair and beauty workshop and procuring textbooks to enhance training for the trainees from the savings. Construction of Tuition block and an Ablution block is to commence soon.

SECTION D

Major Risks facing the Institute

The Institute has risks like flooding due to high water table and long dry spell during the dry seasons. Competitions from the neighbouring Institutions offering similar courses hence low enrolment, drug & substance abuse, inadequate staffing by the Ministry of Education, changing technology, HIV/AIDS, Post Covid-19 pandemic, changing government policy, political interference, changing economic times, information security, legal and statutory regulations among others.

SECTION E

Material Arrears in Statutory /Financial Obligations

The institute has no arrears in statutory or financial obligations and this is demonstrated by financial statements.

10. Environmental And Sustainability Reporting Statement

Sustainability strategy and profile

1. The Institute environmental club has planted over 1,000 exotic and indigenous trees within the compound
2. Drainage around the institute has been improved
3. Litter bins have been set up around to avoid pollution of the environment
4. Compost pits have been dug at strategic points within the compound

Employee welfare

The hiring process is clearly stipulated in the human resource manual as outlined in the below extract. The manual is to be reviewed as need arises in cases of new regulation and a review of the whole document every 5 years.

Recruitment and Selection

- I. The Institute strives to recruit and select the best-qualified candidates to support The Institute's vision and mission.
- II. Equal opportunities shall be provided for all persons throughout The Institute in recruitment, appointment, promotion, payment, training, and other employment practices without discrimination against people based on race, ethnic, gender, disability, national origin, colour, religion, marital status, or political affiliation.
- III. Employees shall be correctly placed on the occupations that match their skills and abilities while taking cognizance of special needs.
- IV. Recruitment of Employees shall be done as per the recruitment policy and procedures for all cadres of staff. Equity shall be exercised at all times.

The organization undertakes a training needs analysis, skills gaps analysis and puts up mechanisms of addressing the gaps among them sending employees on skills improvement trainings and workshops, and benchmarking on best practices.

The below is an extract from the manual which shows the institution commitment to compliance with OSHA

The Institute Board recognizes and commits itself to the achievement of the highest standards of health and safety in the workplace, and the elimination or minimization of health and safety hazards and risks that may affect its employees. In this regard, it will develop and implement policies and programmes that assure their protection from such hazards and disasters. The

policies and programmes will be implemented in compliance with the provisions of Occupational Safety and Health Act, 2007 and other Labour Laws.

The institute as acquired among others fire extinguishers, first aid boxes and clearly marked emergency exits in compliance with occupational safety and health act 2007.

Market place practices

To develop and improve sports the management has:

1. Sponsored various ball games for competition up to the national level.
2. Sponsored various athletics teams and indoor games up to the national level.
3. Participated in friendly matches with the neighbouring institutions.

On health care the institute did the following:

1. Conducted a training on first Aid and safety measures to Trainers and Trainees.
2. Conducted sensitization on HIV&AIDS for trainees and trainers.
3. Conducted sensitization on NCDs and Mental Health Wellness.
4. Facilitated production of handwash and sanitizer
5. Provision of First Aid kits.

On anti-corruption practices,

1. Received complaints and resolved them.
2. Conducted sensitization to trainees and trainers.

Corporate Social Responsibility/Community Engagements

Corporate Social Responsibility CSR is a self-regulating business model that helps organization to be socially accountable to its self, stakeholders and the public. By practicing CSR organization can be conscious of the kind of impact they are having on all aspects of society including economic, social and environmental.

The following are some of the CSR activities carried out by Mitunguu Technical Training Institute during the FY 2023/2024

1. The institute paid two visits to the Shalom children's home during the year.
2. Greening the institute where community can come for recreation
3. Employment of community people as workers in the institute thus giving back to the society
4. Christian movement and young Christian society movement have organized crusades with local churches, secondary schools and primary schools around the area
5. The Institute held a cultural day whereby the community has come to watch their children's talents this has brought harmonious co-existence.

11. Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of Mitunguu Technical Training Institute's affairs.

Principal activities

The principal activities of Mitunguu Technical Training Institute are to offer technical and vocational education and training at the institute level.

Results

The results of the Mitunguu Technical Training Institute for the year ended June 30 2024 are set out on page 1 to 5

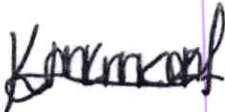
Board of Governors

The members of the Board who served during the year are shown on page vii to ix. During the year 2023/2024 none of the board members retired or appointed.

Auditors

The Auditor General is responsible for the statutory audit of the Mitunguu Technical Training Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Mitunguu Technical Training Institute for the year ended June 30, 2024, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



Secretary of the Board

Date:26/09/2024

12. Statement of Board of Governors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013*) - require the Board members to prepare financial statements in respect of that *Mitunguu Technical Training Institute*, which give a true and fair view of the state of affairs of the *Mitunguu Technical Training Institute* at the end of the financial year and the operating results of the *Mitunguu Technical Training Institute* for that year. The Board members are also required to ensure that the *entity* keeps proper accounting records which disclose with reasonable accuracy the financial position of *Mitunguu Technical Training Institute*. The Board members are also responsible for safeguarding the assets of *Mitunguu Technical Training Institute*.

The Board members are responsible for the preparation and presentation of the *Mitunguu technical training institute's* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial period ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *entity*; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of *Mitunguu Technical Training Institute*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for *Mitunguu Technical Training 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 State Corporations Act, and the TVET Act*).

The Board members are of the opinion that *Mitunguu Technical Training Institute's* financial statements give a true and fair view of the state of *Mitunguu Technical Training Institute's* transactions during the period ended June 30, 2024, and of the *Mitunguu Technical Training Institute's* financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for *Mitunguu Technical Training Institute*, which have been relied upon in the preparation of the *Mitunguu Technical Training Institute's* financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the principal has assessed the *Mitunguu Technical Training Institute's* ability to continue as a going concern. Nothing has come to the attention of the board members to indicate that the *Mitunguu Technical Training Institute* will not remain a going concern for at least the next twelve months from the date of this statement.

Mitunguu Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2024

Approval of the financial statements

The *Mitunguu Technical Training Institute* financial statements were approved by the Board on and signed on its behalf by:

Name: Kenneth Gitonga

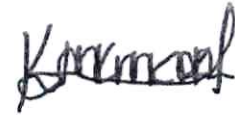
Name: Mercy Kirima

Signature



Chairperson of the Board

Signature



Principal

REPUBLIC OF KENYA



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

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

REPORT OF THE AUDITOR-GENERAL ON MITUNGUU TECHNICAL TRAINING INSITUTE FOR THE YEAR ENDED 30 JUNE, 2024

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

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 Mitunguu Technical Training Institute set out on pages 1 to 35, which comprise of the statement of financial position

as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the 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 Mitunguu Technical Training Institute as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards Accrual Basis and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.83,398,368 as disclosed in Note 20 to the financial statements. Review of the property, plant and equipment schedule reveals that the reflected values were not supported by the records, and Management explained that the balance was estimated, but no asset valuation exercise had been carried out to determine the actual value of the assets.

In the circumstances, the accuracy of the property, plant, and equipment balance of Kshs.83,398,368 could not be confirmed.

2. Unsupported Biological Assets

The statement of financial position reflects biological assets balance of Kshs.220,000 as disclosed in Note 22 to the financial statements. However, physical inspection of the Institute's biological assets conducted in April, 2025 revealed goats, chicken, cows and mango trees, However, valuation report was not provided for audit review. In addition, biological assets were classified as current assets instead of non-current assets as required under IPSAS 1 – Presentation of financial statements.

In the circumstances, the accuracy and completeness of biological assets balance of Kshs.220,000 could not be confirmed.

3. Inaccurate Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.138,141,680 being student debtors net of impairment allowance of Kshs.7,270,615 as disclosed in Note 17 to the financial statements. However, Management did not provide Board approval and how the impairment allowance was

arrived at. In addition, receivables balance of Kshs.102,134,445 have been outstanding for more than one year.

In the circumstances, the accuracy and full recoverability of the receivables from exchange transactions balance of Kshs.138,141,680 could not be confirmed.

4. Inaccuracies in the Statement of Cash Flows

The statement of cash flows reflects net cash flows from operating activities amount of Kshs.34,046,486 which as disclosed in Note 25 to the financial statements, is net of gain on disposal, decrease in receivables and increase in non-exchange receivables amounts of Kshs.4,629,793, Kshs.(6,560,659) and Kshs.2,125,766 respectively. However, recast of Note 25 to the financial statements results in net cash flows from operating activities amount of Kshs.33,846,486 leading to unexplained and unreconciled variance of Kshs.200,000.

In addition, no documentary evidence was provided to confirm the gain on disposal amount of Kshs.4,629,793. Further, review of the statement of financial position reveals decrease in receivables and decrease in non-exchange receivables amounts of Kshs.6,560,659 and Kshs.6,733,620 respectively leading to unexplained and unreconciled variances of Kshs.13,121,318 and Kshs.4,607,854 respectively.

In the circumstances, the accuracy of the statement of cash flows could not be confirmed.

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

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budgeted versus actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.183,831,760 and Kshs.195,039,656, respectively, resulting in over funding of Kshs.11,207,896 or 6 % of the budget. The Institute spent an amount of Kshs.177,240,909 against actual receipts of Kshs.195,039,656, resulting to under-utilization of Kshs.17,798,747 or 9% of actual receipts.

The under-utilization affected the planned activities and may have impacted negatively on service delivery to the public.

2. Unrealized Technical Capitation

During the financial year, the Institute received a capitation grant amounting to Kshs.37,704,500 from the Ministry of Education, State Department for Vocational and

Technical Training. During the year under review, NEMIS reported a total number of one thousand, two hundred and fifty-six (1,256) students while the enrolment records provided by the School indicated a total number of three thousand, six hundred and three (3,603) students, resulting in an unexplained variance of two thousand, three hundred and forty seven (2,347) students. As a result of the variances, the Institute was underfunded by an amount of Kshs.70,385,500.

In the circumstances, the under-funding of the Institute may have affected service delivery.

My opinion is not modified in respect of these matters.

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. Except for the effect of matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Audit Issues

Review of the progress on follow up on prior year auditor's recommendations reveal that, several issues were raised under the Report on Financial Statements which remained unresolved contrary to Section 149(2)(l) of the Public Finance Management Act, 2012 which require Accounting Officers designated for county government entities to try to resolve any issues resulting from an audit that remain outstanding.

Other Information

The Management is responsible for the Other Information set out on page ii to xxix which comprise of Institute's information and Management, Chairman's Statement, Report of the Principal, Statement of Performance against the Institute's predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Council of Governors and the Statement of Council's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit of the Institute's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

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, I confirm that, except for the effect of 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 with the Public Sector Accounting Standards Board Financial Reporting Requirements

Review of the financial statements presented for audit revealed that headings in the financial statements and Notes to the financial statements are not legible implementation status of Auditor-General recommendations have not been signed by the Accounting Officer.

In the circumstances, the financial statements have not been prepared in compliance with the Public Sector Accounting Standards Board financial reporting requirements and IPSAS.

2. Non-Compliance on Staff Ethnic Composition

Review of staff records indicates that the Institute is not in compliance with the staff ethnicity requirement, as stipulated by relevant laws and diversity policies. It was noted that fifty-six (56) or 56% of the total workforce of one hundred (100) staff belongs to the dominant community.

Further review of records revealed that the Institute employed ten (10) staff during the year under review. However, five (5) or 50% were from the dominant community. This was contrary to Section 7(2) of National Cohesion and Integration Act, 2008 which provides that the staff establishments of public entities should reflect the diversity of the people of Kenya with least 30% of employees from other ethnic communities.

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

3. Long Outstanding Trade and Other Payables

The statement of financial position and as disclosed in Note 23 to the financial statements reflects trade and other payables from exchange transactions balance of Kshs.14,523,735. Included in this value were trade payables of Kshs.4,255,382 which had been outstanding for more than one year. This was contrary to Section 53 (8) of the Public Procurement and Asset Disposal Act, 2015 which states that 'an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contracts are reflected in approved budget estimates.

In the circumstances, Management was in breach of the law and there was risk of loss of public funds through litigations, interests and penalties.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The Standards require 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 comply 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Staff Establishment

Review of the payroll provided for audit showed that the Institute had ninety-three (93) employees. However, approved scheme of service for the year under review was not provided for audit. This was contrary to Section 5 on the delegation of Public Service Commission Human Resource functions to the cabinet Secretary (revised August, 2015) on staff establishment which states that Ministries/State Departments shall rationalize staffing levels in line with their current Ministerial mandates and approved budgets. Proposals on the staff establishment shall be approved by the Public Service Commission before implementation.

Further, the salary structure was not approved by the Board of Governors and besides staff establishment was not maintained contrary to Section C 2(1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which stipulates that public service salary structure will be based on the grading levels spelled out in the various career progression guidelines and Policy B.2(1) of the Human Resource Policies and Procedures Manual for the Public Service, 2016 which requires every public entity to prepare Human Resource Plans based on comprehensive job analysis to support the achievement of goals and objectives in their Strategic Plans.

In the absence of an approved scheme of service, the adequacy and appropriateness, job description and requirements, the existence and the necessity to fill vacancies or the possibility of staff career progression could not be confirmed.

2. Lack of Public Finance Management Standing Committee

During the financial year under review, the Institute had an approved budget amount of Kshs.183,831,760. However, there was no Public Finance Management Committee (Standing Committee) in place as required by Regulations 18(1) of the Public Finance Management (National Government) Regulations, 2015 which requires that there should be an established in every National Government entity a Committee to be known as the Public Finance Management Standing Committee (hereinafter referred to as the "Standing Committee) to provide strategic guidance to the entity on public finance management matters.

In the circumstances, the effective performance of the budget formulation and monitoring 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 the Board of Governors

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

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

and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 May, 2025

Mitunguu Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2024

14. Statement of Financial Performance for The Year Ended 30 June 2024

		2023/2024	2022/2023
Revenue from non-exchange transactions			
Transfers from the National Government –Capitation	6	47,704,500	24,971,000
Transfers from other levels of government-NYS	7	14,190,400	
Total Revenue from non-exchange transactions		61,894,900	24,971,000
Revenue from exchange transactions			
Rendering of services- Fees from students	8	131,283,866	115,437,199
Sale of goods	9	684,500	413,930
Other income	10	1,176,390	909,800
Revenue from exchange transactions		133,144,756	116,760,929
Total revenue		195,039,656	141,731,929
Expenses			
Use of goods and services	11	125,186,936	59,106,735
Employee costs	12	20,119,741	15,053,885
Remuneration of Directors	13	5,000,817	2,060,000
Depreciation and amortization expense	14	2,631,034	2,065,657
Repairs and maintenance	15	12,099,928	5,629,679
Total expenses		165,038,456	83,915,956
Net Surplus for the period		30,001,200	57,815,973

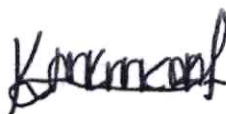
(The notes set out on pages 6 to 37 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 5 were signed by:



Chairman of Board

Date:26/09/2024



Principal

Date:26/09/2024



Finance Officer

ICPAK No. 19316

Date:26/09/2024

Mitunguu Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2024

15. Statement of Financial Position as at 30th June 2024

Assets			
Current assets			
Cash and cash equivalents	16	12,381,839	12,453,184
Receivables from exchange transactions	17	138,141,680	144,702,339
Receivables from non-exchange transactions	18	17,163,302	23,896,922
Inventories	19	3,770,096	1,455,200
Total Current Assets		171,456,917	182,507,645
Non-current assets			
Property, plant and equipment	20	83,398,368	38,952,864
Intangible Assets	21	136,001	194,289
Biological Assets	22	220,000	120,000
Total Non-current Assets		83,754,370	39,267,153
Total assets		255,211,287	221,774,798
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	23	14,523,735	11,089,487
Refundable deposits from customers	24	2,363,940	2,362,900
Total Current Liabilities		16,887,675	13,452,387
Total liabilities		16,887,675	13,452,387
Net Assets		238,323,611	208,322,411
Capital and Reserves			
Accumulated surplus		205,822,398	175,821,198
Capital Fund		32,501,213	32,501,213
Total Capital and Reserves		238,323,611	208,322,411
Net Assets		238,323,611	208,322,411

The Financial Statements set out on pages 1 to 5 were signed by:



Chairman of Board

Date: 26/09/2024



Principal

Date: 26/09/2024



Finance Officer

ICPAK No.19316

Date: 26/09/2024

16. Statement of Changes in Net Asset for The Year Ended 30 June 2024

	Revenue	Capital Fund	Total
At July 1, 2022	118,005,225	32,501,213	150,506,438
Surplus for the year	57,815,973		57,815,973
Capital grants received during the year		-	-
At June 30, 2023	175,821,198	32,501,213	208,322,411
At July 1, 2023	175,821,198	32,501,213	208,322,411
Surplus for the year	30,001,200		30,001,200
At June 30, 2024	205,822,398	32,501,213	238,323,611

17. Statement of Cash Flows for The Year Ended 30 June 2024

Cash flows from operating activities		
Receipts		
Transfers from other Government entities/Govt. grants	61,894,900.00	24,971,000.00
Rendering of services- Fees from students	126,848,974.00	45,193,665.00
Sale of goods	684,500.00	413,930.00
Other income	1,176,390.00	909,800.00
Total Receipts	190,604,764	71,488,395.00
Payments		
Compensation of employees	20,119,741	15,053,885.00
Use of goods and services	119,337,792.00	53,901,699.00
Board expenses	5,000,817.00	2,060,000.00
Repairs and maintenance	12,099,928.00	5,629,679.00
Total Payments	156,558,278.00	76,645,263.00
Net Cash flows from Operating activities	34,046,486.00	(5,156,868.00)
Cash flows from investing activities		
Purchase of property, plant, equipment and intangible assets	(34,117,831.00)	(3,329,467.00)
Purchase of biological assets		(5,000.00)
Net cash flows used in investing activities	(34,117,831.00)	(3,334,467.00)
Cash flows from financing activities		
Proceeds From Borrowing	-	
Net cash flows from financing activities	-	-
Net Increase/(decrease) in cash and cash equivalents	(71,345.00)	(8,491,335.00)
Cash and cash equivalents at 1 July 2023	12,453,184.00	20,944,519.00
Cash and cash equivalents at 30 June 2024	12,381,839.00	12,453,184.00

Mitunguu Technical Training Institute
 Annual Report and Financial Statements for the year ended 30th June 2024
 18. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2024

Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other Govt entities	48,000,000	14,000,000	62,000,000	61,894,900	(9,894,900)	(0.17)
Rendering of services- Fees from students	120,720,000	-	120,720,000	131,283,866	(10,563,866)	(8.75)
Other income	1,811,760	(700,000)	1,111,760	1,860,890	(749,130)	(67.38)
Total income	170,531,760	13,300,000	183,831,760	195,039,656	(11,207,896)	(6.10)
Expenses						
Compensation of employees	15,093,777	4,500,000	19,593,777	20,119,741	(525,964)	(2.68)
Use of goods and services	110,000,410	(17,298,399)	93,655,410	125,186,936	(31,531,526)	(33.67)
Remuneration of Directors	4,902,000	0	4,902,000	5,000,817	(98,817)	(2.02)
Repairs and maintenance	6,335,573	6,020,000	12,355,573	12,099,928	255,645	2.07
Development expenditure	34,200,000	19,125,000	53,325,000	14,833,487	38,491,513	72.18
Total expenditure	170,531,760	12,346,601	183,831,760	177,240,909	(32,156,307)	(17.49)
Surplus for the period	-	953,399	-	17,798,747	20,948,411	11

(Budget notes)

1. variance of 19.03% on other income was due to increased facility hire
 2. variance of 33.67% on use of goods and services was due to high revenue collection due to the new funding model thus more purchases due to increased demand.
 3. Variance of 72.18 % on Development expenditure was due to projects starting at the end of financial year rolling over to the next financial year though commitment and all due process was completed but no payment could be done.
- The total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual)

19. Notes to the Financial Statements

1. General Information

Mitunguu Technical Training Institute is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal activity of Mitunguu Technical Training Institute is to offer skills technical and vocational education and training.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, 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 *Mitunguu technical training 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. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Mitunguu Technical Training Institute. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.

There are no new standards in the year ended 30th June 2024

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

<p>IPSAS 43: Leases</p>	<p><i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i> The Standard requires, 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: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:</p>

**Mitunguu Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2024**

	<p>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</p> <p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>

iii. Early adoption of standards

Mitunguu Technical Training Institute did not early-adopt any new or amended standards in year 2023.

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. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance 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.

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 2023/2024 was approved by the Board on **07/06/2023**. 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 to conclude the final budget. Accordingly, the entity recorded additional appropriations of **(19,125,000)** on the FY 2023/2024 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 cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

c) Taxes

Current income tax

The entity is exempt from paying taxes.

Sales tax/ Value Added Tax

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

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. 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 or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. 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.

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 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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

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.

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *Mitunguu Technical Training Institute does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the entity's financial statements.* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL).

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

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.

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.

Inventories (Continued)

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 Mitunguu Technical Training Institute.

k) Provisions

Provisions are recognized when Mitunguu Technical Training Institute has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

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

Contingent assets

Mitunguu Technical Training Institute does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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.

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

m) Nature and purpose of reserves

Mitunguu Technical Training Institute creates and maintains reserves in terms of specific requirements.

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

Mitunguu Technical Training Institute 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.

p) 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.

q) 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.

r) Related parties

Mitunguu Technical Training Institute 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 BOG, the Principal and senior managers.

s) Service concession arrangements

Mitunguu Technical Training Institute 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.

t) 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.

u) Comparative figures

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

v) 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, 2024.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available.

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.

6. Transfers from National Government Ministries

Unconditional grants		
Capitation grants	37,704,500	24,971,000
Conditional grants		
Transfer from state department of TVET	10,000,000	
Total Government grants and subsidies	47,704,500	24,971,000

7. Transfers from other Government entities

Transfer from National youth service	14,190,400	-
Total transfers	14,190,400	-

8. Rendering of Services

Tuition fees	59,193,718	42,267,667
Activity fee	5,782,118	4,780,670
Examination fee	17,381,540	8,581,152
Facilities and materials	38,027,190	45,448,370
attachment	1,891,350	5,575,500
Student ids	200,566	517,100
student welfare	1,888,100	2,478,400
Repair and maintenance	4,915,434	5,788,340
Registration fees	2,003,850	
Total revenue from the rendering of services	131,283,866	115,437,199

8 (a) Cashflow rendering of services from exchange transactions

Total revenue from the rendering of services	131,283,866	115,437,199
Decrease in receivables	(6,560,659)	52,888,622
Decrease in non-exchange receivables	2,125,766	17,354,912
Total rendering of services	126,848,974	45,193,665

9. Sale of Goods

Sale of farm produce	684,500	413,930
Total from sale of goods	684,500	413,930

10. Other Income

Income from production unit	405,390	207,500
Graduation fees		588,300
Bus hire	771,000	114,000
Total other income	1,176,390	909,800

11. Use of Goods and Services

Teaching and learning materials	18,339,106	13,728,320
Industrial attachment	1,891,350	482,900
Electricity	4,491,480	2,536,136
activity	3,115,579	2,038,380
Security	1,391,680	1,068,000
School equipment and stores	6,337,448	2,283,850
Marketing	2,855,226	2,036,260
Examination fees	29,844,785	7,942,932
Academic trips	724,825	547,880
Performance contracting	1,027,328	624,550
Travelling and accommodation	8,277,436	3,672,418
Motor vehicle expenses	2,114,516	1,238,595
Admin expenses	14,234,197	4,044,555
Students' welfare	4,976,858	1,263,680
farm expenses	1,646,090	1,829,154
Printing and stationery	425,660	287,250
medical expenses	42,080	17,305
Mys upkeep	382,900	191,100
Cleaning	2,101,460	1,226,037
Nys students upkeep	5,821,960	5,480,560
Internet expenses	1,115,730	600,653
Training expenses	1,916,163	681,500
BES	2,476,800	2,087,000
Graduation expenses	366,500	2,177,630
Insurance	135,474	
Guidance and Counselling	11,950	55,950
Annual subscriptions	252,500	225,400
TVET Greening	17,500	
CBET Implementation	519,000	
Staff retreat	534,000	
ISMS	-	210,000
Audit fee provision	528,740	528,740
Bad debts provision	7,270,615	
Total goods and services	125,186,936	59,106,735

11 (a) Cashflow Use of goods and services

Total use of goods and services	125,186,936	59,106,735
Increase in payables	3,434,248	5,953,646
increase in inventory and biological assets	2,414,896	748,610
Total use of goods and services	119,337,792	53,901,699

12. Employee Costs

Salaries and wages	20,119,741	15,053,885
Employee cost	20,119,741	15,053,885

13. Board Expenses

Directors' emoluments	5,000,817	2,060,000
Other allowances	-	-
Total Directors' emoluments	5,000,817	2,060,000

14. Depreciation and Amortization expense

Property, plant and equipment	2,572,747	1,982,391
Intangible assets	58,287	83,267
Investment property carried at cost	-	-
Total depreciation and amortization	2,631,034	2,065,657

15. Repairs and Maintenance

Property	12,099,928	5,629,629
Total repairs and maintenance	12,099,928	5,629,629

16. Cash and Cash Equivalents

	2023-2024	2022-2023
Current account	12,380,852	12,453,184
Cash in hand	987	
Total cash and cash equivalent	12,381,839	12,453,184

16 (a). Detailed Analysis of Cash and Cash equivalents

2023-2024			
a) Current account			
Kenya Commercial bank	1169208630	11,852,420	12,449,192
Co-operative bank	1139206659600	3,744	3,744
Equity Bank	0370279113346	524,688	248
Sub-Total		12,380,852	12,453,184
Cash withdrawn from bank			
Cash in hand		987	-
Total		12,381,839	12,453,184

17. Receivables from Exchange transactions

2023-2024			2022-2023	
Current receivables				
Student debtors	145,412,295		144,702,339	
Rent debtors	-		-	
Consultancy debtors	-		-	
Other exchange debtors				
Less: impairment allowance	7,270,615		-	
Total current receivables	138,141,680		144,702,339	

17 (a) Ageing Analysis on Receivables from Exchange Transactions

Description	2023-2024	% of the total	2022-2023	% of the total
Less than 1 year	36,007,235	26	52,888,622	23
Between 1- 2 years	23,602,345	17	21,140,944	17
Between 2-3 years	17,629,651	13	15,209,580	40
Over 3 years	60,902,431	44	55,463,193	20
Total	138,141,680	100	144,702,339	100

18.Receivables from Non-Exchange transactions

18		
Current receivables		
Capitation grant*		
Other debtors (non-exchange transactions)	17,163,302	23,896,922
Total current receivables	17,163,302	23,896,922

18 (a) Ageing Analysis on Receivables from Non-Exchange Transactions

Description	2023-2024	% of the total	2022-2023	% of the total
Less than 1 year	12,887,200	75	17,354,912	100
Between 1- 2 years	760,200	5	6,542,010	0
Between 2-3 years	3,515,902	20	0	0
Over 3 years	0	0	0	0
Total	17,163,302	100	23,896,922	100

19.Inventories

19		
Consumable stores	2,744,391	357,800
Cleaning materials	100,900	154,6000
Electrical stores	286,001	217,800
I M/Catering stores	638,804	725,000
Total inventories at the lower of cost and NRV	3,770,096	1,455,200

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20. Property, Plant and Equipment

At 1 July 2022	21,167,660	887,468	3,427,840			32,161,096
Additions			837,400	559,000	1,933,067	3,329,467
Transfers	12,122,819				(12,122,819)	
At 30th June 2023	33,290,479	887,468	4,265,240	559,000	1,933,067	40,935,254
Additions	12,045,442		2,788,045		34,117,831	48,951,318
At 30th June 2024	45,335,921	887,468	7,053,285	559,000	36,050,898	89,886,572
Depreciation and Impairment						
At 1 July 2022						
Depreciation	542,761	126,781	856,960			1,526,502
Accumulated depreciation 30 th June 2023	832,262	110,934	853,048	186,147		1,982,391
Depreciation charge for year	1,112,591	97,067	1,240,047	123,041		2,572,747
Accumulated depreciation 30 th June 2024	1,944,853	208,001	2,093,095	309,188	0	4,555,138
NBV as at 30th June 2023	32,458,217	776,534	3,412,192	372,853	1,933,067	38,952,864
NBV as at 30th June 2024	43,391,068	679,467	4,960,190	249,812	34,117,831	83,398,368

Note: Land has no value since Valuation process has not been completed

21. Intangible Assets

Description		
Cost		
At beginning of the year	194,289	277,556
Additions		
At end of the year	194,289	277,556
Amortization and impairment		
At beginning of the year	-	-
Amortization	58,287	83,267
At end of the year	58,287	83,267
NBV	136,002	194,289

22. Biological Assets

Description		
Pigs		42,000
Cows	65,000	18,000
Goats	150,000	60,000
Chicken	5,000	
Total	220,000	120,000

23. Trade and Other Payables

Trade payables	10,268,353	7,132,152
Fee paid in advance	1,726,642	785,155
Audit fees b/d	2,643,700	2,643,440
Audit fee paid during the year	643,700	
Audit fees provision	528,740	528,740
Total trade and other payables	14,523,735	11,089,487

Ageing analysis:	2023-2024	% of the Total	2022-2023	% of the Total
Under one year	10,268,353	71	8,446,047	76
1-2 years	1,726,642	12	1,057,480	10
2-3 years	528,740	3	1,057,220	9.5
Over 3 years	2,000,000	14	528,740	4.5
Total (to tie to totals above)	14,523,735	100	11,089,487	100

24. Refundable Deposits from Customers/Students

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Caution money b/d	1,340,500	1,320,500
Caution money	1,000	20,000
Students' welfare	1,022,400	1,022,400
Total deposits	2,363,900	2,362,900

Ageing analysis:	2023-2024	% Of the Total	2022-2023	% Of the Total
Under one year	1,000	0.04	20,000	1
1-2 years	20,000	0.7	1,320,500	56
2-3 years	1,320,500	56	1,022,400	43
Over 3 years	1,022,400	43.3	0	0
Total (to tie to totals deposits above)	2,363,900	100	2,362,900	100

25. Cash generated from operations.

Surplus for the year before tax	30,001,200	57,815,973
Adjusted for:		
Depreciation	2,631,034	2,065,657
Gain on disposal	4,629,793	5,000
Working Capital Adjustments		
Increase in inventory	(2,314,896)	(735,110)
Decrease in receivables	(6,560,659)	(52,888,622)
Increase in biological assets	(100,000)	(18,500)
Increase in payables	3,434,248	5,953,646
Increase in non-exchange receivables	2,125,766	(17,354,912)
Net cash flow from operating activities	34,046,486	(5,156,868)

26. Financial Risk Management

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

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

(i) Credit risk

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

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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 entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

At 30 June 2023				
Receivables from exchange transactions	144,702,339	0	0	0
Receivables from non-exchange transactions	23,896,922	0	0	0
Bank balances	12,453,184	0	0	0
Total	181,052,445	0	0	0
At 30 June 2024				
Receivables from exchange transactions	138,141,680	0	0	0
Receivables from non-exchange transactions	17,163,302	0	0	0
Bank balances	12,381,839	0	0	0
Total	167,686,821	0	0	0

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

Financial risk management (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 entity has significant concentration of credit risk on amounts due from xxxx

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

(ii) Liquidity risk management

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

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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.

Financial risk management (continued)

At 30 June 2023				
Trade Payables	11,089,487	11,089,487	xxx	11,089,487
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred Income	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	11,089,487	-	-	11,089,487
At 30 June 2024				
Trade Payables	14,523,735	0	0	14,523,735
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred Income	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	14,523,735	-	-	14,523,735

Financial risk management (continued)

(iii) Market risk

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

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

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

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

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

At 30 June 2024			
Financial Assets (Investments, Cash, Debtors)	-	-	-
Liabilities			
Trade and Other Payables	-	-	-
Borrowings	-	-	-
Net Asset/(Liability)	-	-	-

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Financial risk management (continued)

Foreign currency sensitivity analysis

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

2023			
Euro	10%	xxx	xxx
Usd	10%	xxx	xxx
2024			
Euro	10%	xxx	xxx
Usd	10%	xxx	xxx

b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs- (2024: Kshs -). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs - (20XX - Kshs -)

Notes to the Financial Statements (Continued)
Financial risk management (continued)

iv) Capital Risk Management

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

Description		
Revaluation Reserve	-	-
Retained Earnings	205,822,398	175,821,198
Capital Reserve	32,501,213	32,501,213
Total Funds	238,323,611	208,322,411
Total Borrowings	-	-
Less: Cash and Bank Balances	(12,381,839)	(12,453,184)
Net Debt/ (Excess Cash and Cash Equivalents)	225,941,772	194,826,454
Gearing	95%	94%

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

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

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

Transactions with related parties		
a) Sales to related parties		
Sales of goods	684,500	413,930
Sales of services		
Total	684,500	413,930
b) Grants from the Government		
Grants from National Govt	10,000,000	
Grants from County Government		
Total	10,000,000	
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	20,119,741	15,053,885
Payments for goods and services	125,186,936	59,106,735
Total	145,306,677	74,160,620
d) Key management compensation		
Directors' emoluments	5,000,817	2,060,000
Total	5,000,817	2,060,000

6. Capital Commitments

Authorised for Capital projects		-
Authorised and Contracted for Capital projects	32,184,763.60	-
Total	32,184,763.60	-

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the entity but at the end of the year had not been contracted or those already contracted for and ongoing)

27. Events After the Reporting Period

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

28. Ultimate and Holding Entity

The entity is a 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) and the values are rounded off to the nearest shilling.

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20. 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.

	Issues raised by the Auditor	Management Comments	Status	Date Closed
	Report on the financial statements			
1	Inaccurate statement of cashflows	Corrections have been done	Resolved	30/9/2023
2	Inaccurate cash and cash equivalent	Corrections have been done	Resolved	30/9/2023
3	Inadequate disclosure of Biological Assets	Agricultural officer did the valuation of the assets	Resolved	31/12/2023
4	Unsupported revenue from exchange transactions	Control mechanisms enforced	Resolved	30/9/2023
5	Lack of provision for bad and doubtful debts and ageing analysis	Credit policy in place	Resolved	30/9/2023
6	Accuracy of refundable deposits from customers	Corrections were done	Resolved	30/9/2023
7	Unsupported payments for construction of bus park	Payments supported with all reports	Resolved	30/9/2023
8	Unsupported trade and other payables	Ledger and the ageing analysis done	Resolved	31/8/2023
9	Unsupported caution money	Caution money Ledger in place	resolved	31/8/2023
10	Unsupported fees paid in advance	Fees Ledger in place	resolved	31/8/2023
11	Lack of ownership documents, valuation and No-disclosure of land	Lease agreement released	Resolved	30/04/2024
	Other matter			
1	Budgetary control and performance	Regularise budget semi annually	Resolved	30/4/2024
2	Unresolved prior year matters	In progress	Resolved	31/12/2023
	Report on lawfulness and effectiveness in use of public resources			
1	Irregularities in staff recruitment	Strict adherence to recruitment guidelines	Resolved	30/9/2023

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Sl. No.	Description of the Issue	Action Taken	Status	Date
2	Non-compliance with law on ethnic composition	Mechanisms to comply underway	Not Resolved	31/12/2023
3	Non gazettement of Board members	Did Follow up with the ministry and informed gazettement done to National polytechnics only	Resolved	31/12/2023
4	Incomplete work plan	The plan is in place	Resolved	31/12/2023
5	Irregularities on procurement	Documentations were retrieved	Resolved	30/9/2023
6	Lack of disposal plan	Policy is in place	Resolved	30/9/2023
7	Irregularities on procurement of security services	Security bid provided	Resolved	30/9/2023
8	Irregular procurement of Administration expenses	Documentations were retrieved	Resolved	30/9/2023
9	Irregular procurement and installation of 8 meters 2000 litres water tank Tower	Documentations were retrieved	Resolved	31/12/2023
10	Lack of Assets register	Asset listing done and valuation on going	Not Resolved	31/12/2024
11	Non-competitive process on teaching and learning materials	Anomalies corrected	Resolved	31/12/2023

Mercy K. Kirima
Accounting Officer
Principal
Date: 26/09/2024

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Appendix II: Projects Implemented by Mitunguu Technical Training Institute

Status of Projects completion

Project Name	Estimated Cost (m)	Actual Cost (m)	Completion %	Disbursements (m)	Actual Cost (m)	Source of Funds
Admin Block 1	42.5m	27.5	75%	15m	42.5m	Internal savings

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Appendix III- Inter-Entity Confirmation Letter



Mitunguu Technical Training Institute
P.O Box 64-60204
Mitunguu

The state department of vocational and technical training wishes to confirm the amounts disbursed to you as at 30th June 2024 as indicated in the table below.

Confirmation of amounts received by Mitunguu technical training Institute as at 30th June 2024										
Amounts Disbursed by the state department of vocational and technical training (Kshs) as at 30th June 2024										
	Reference Number	Date Disbursed	Recurrent-Grants	Development	Capitation	Scholarship	Amount Received by Mitunguu TTI	Differences	Total Recurrent	Total Development
Q1	FT23271ZYHV1	28-sep-23			10,682,000		10,682,000.00			
Q2	FT24018X6DQF	18-jan-24			12,610,500		12,610,500.00			
Q3	FT24031JYG8P	05-feb-24			14,412,000		14,412,000.00			
	FT24040QFS5N	9-Feb-24				40,004,330.60	40,004,330.60			
	FT24058PH190	27-Feb-24				779,392.40	779,392.40			
	FT24032DM5D3	1-feb-24	10,000,000				10,000,000.00			
	Total		10,000,000		37,704,500	40,783,723.00	88,488,223.00	-	88,488,223.00	-
I confirm that the amounts shown above are correct as of the date indicated.										
Head of Accounts department						 Signature			Date:26/09/2024	
Name: Mathew M. Kabete										