

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 14 JUN 2025	DAY: Thursday
TABLED BY:	Hon. Silvanus Oloo (Majority Party Whip)
CLERK-AT-THE-TABLE:	Amastacia

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THE AUDITOR-GENERAL

ON

**CHEPALUNGU TECHNICAL TRAINING
INSTITUTE**

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



1. The first part of the document
 discusses the importance of
 maintaining accurate records
 of all transactions. This is
 essential for the proper
 management of the company's
 finances.



CHEPALUNGU TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

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

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I. Key Chepalungu Technical Training Institute Information and Management

(a)Background Information

The Chepalungu Technical Training Institute was incorporated/ established under the TVET Act on January 2021. The College was mentored by Keroka Technical Training Institute. The Institute is domiciled in Kenya, Bomet County, Chepalungu sub-county and has no branches. Chepalungu TTI is putting in place structures to establish a Centre of excellence in Engineering namely Mechanical Technology. Upon its completion in late 2020, the College got registered under the TVET Act in January 2021 under the Ministry of Education state department of Vocational & Technical Training.

(b)Principal Activities

The principal activity of the Chepalungu Technical Training Institute is to offer quality Technical, Vocational, Education and Training to students to acquire technical skills relevant to the main agenda of government.

Vision:

To be undisputed global leader in nurturing relevant innovations and skills for sustainable development

Mission:

To be a dependable driving force in addressing human challenges in contemporary society using innovations, technology and research for prosperity

Core Objectives:

- 1) To nurture, develop and promote technological advancement through technical skills and produce creative innovative trainees ready to transform the society.
- 2) To promote TVET access through use of ICT, open and distance learning this shall provide technical solutions to emerging issues.
- 3) To acquire training equipment and expand infrastructure which will enhance practical skills that are relevant to trainees and global emerging trends.
- 4) To collaborate with organizations in providing trainees with industrial exposure leading to enhanced technology that solves emerging issues
- 5) To promote trainee welfare through provision of co curriculum facilities, counselling and career services

(c)Key Management

The Chepalungu Technical Training Institute day-to-day management is under the following key organs:

- Board of Governors
- Principal (Accounting officer)
- Deputy Principal
- Registrar
- Dean of students
- Finance Officer
- Procurement Office

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(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Shadrack Toni/ Mark Kitongo
2.	Deputy principal	Emmanuel Cheruiyot
3.	Ag. Registrar	Catherine Kavaya
4.	Ag. Dean of students	Mark letoluo
5.	Head of Finance	Josphat Kibet
6.	Head Of Procurement	Isack Mutai

(e) Fiduciary Oversight Arrangements

Name of the Committee	Members
Finance and Human Resource Committee	1. Benard Cheruiyot 2. Dorothy Bundi 3. Peter Cheruiyot
Education, Training, Projects and research Committee	1. Dorothy Bundi 2. Richard Nyakundi 3. Peter Cheruiyot
Audit Committee	1. Grishon Njongo 2. Joan Chepkirui 3. Richard Nyakundi

(f) Chepalungu Technical Training Institute Headquarters

Chepalungu Technical Training Institute
P.O. Box 175-20401, Chebunyo.
Kiproroget– Chebunyo Road
Bomet

(g) Chepalungu Technical Training Institute Contacts

Telephone : (+254) 0702744650
E-mail: Chepalungutti@gmail.com
Website: www.chetti.ac.ke

(h) Chepalungu Technical Training Institute Bankers

Kenya Commercial Bank
Sotik branch
Kericho /Litein Road
Sotik, Bomet.

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(i)Independent Auditors






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

(j)Principal Legal Adviser




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

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II.The Council/Board of Governors





 <p>1. Kipngetich Kirui</p>	<p>PhD in Education Date of Birth-6/01/1974 Work Experience-Over 20 years</p>
 <p>2.Jackson Ngetich</p>	<p>Bachelor of Education (Technology Education) Principal-Chepalungu TTI Date of Birth – 23/07/1973 Work Experience-Over 20 years</p>
 <p>3. Grishon Njongo</p>	<p>Masters of Business administration (Human Resource option) Date of Birth-04/09/1972 Work Experience- Over 18 years in administrative position in public practice.</p>
 <p>4. Joan Chepkirui</p>	<p>Bachelor of Science (Agricultural Engineering) Date of Birth-20/02/1992 Work Experience-Over 10 years</p>
 <p>5. Richard Nyakundi</p>	<p>PhD Information Technology Date of Birth-25/12/1976 Work Experience-Over 20 years</p>

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 <p>6. Benard Cheruiyot</p>	<p>PhD student Masters of Business Administration (Accounting) CPA (K) - Member ICPAK Kenya School of Government Date of Birth- 25/09/1983 Work Experience - Over 10 years in public and private practice Member ICPAK</p>
 <p>7. Dorothy Bundi</p>	<p>Bsc Food Nutrition & Dietetics - Egerton Date of Birth -1990 Work Experience-Over 5 years</p>
 <p>8. Peter Cheruiyot</p>	<p>Master of Philosophy in Education (Planning and Economics) Date of Birth -8/8/1972 Work Experience-Over 20 years</p>

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III. Management Team

Name	Main area of responsibility
<p>1. Jackson Ngetich</p>  <p>Academic qualification: - Bachelor of Education (Technology Education)</p>	<p>Principal (Accounting Officer)</p>
<p>2. Emmanuel Cheruiyot</p>  <p>Academic qualification: Bachelor of Education (Technology Education)</p>	<p>Deputy Principal</p>
<p>4. Catherine Kavaya</p>  <p>Academic qualification: Bachelor of science (Ecotourism, hotel and institutional management)</p>	<p>Ag. Registrar</p>
<p>5. Mark Letoluo</p>  <p>Academic qualification: - Bachelor of Science (Travel and Tourism Management)</p>	<p>Ag. Dean Of Students</p>

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<p>7. Enock Kiprotich</p>  <p>Academic qualification: Bachelor of Business Management (Finance and Banking) CPA(K) ,ICPAK</p>	<p>Head of Finance</p>
<p>8. Isack Mutai</p>  <p>Academic qualification: -Diploma in Business Studies (Procurement and Supply Chain Management) Professional Qualification -Member of KISM (admitted on 8th March 2022)</p>	<p>Head of Procurement</p>

IV. Chairman's Statement

I take this opportunity to share with you my views on the key initiatives and achievements Chepalungu Technical Training Institute (CHETTI) have had over the year on economic performance, Education sector changes, financial performance and operations and risks associated with the Institution, and our future outlook.

During the year in review there was a change in management when the Principal Mr. Shadrack K. Tonui who had been posted as the college started in 2020 handed over to Mr. Mark Kitongo in January 2021

Economic Focus

In order to ensure efficient and effective provision of Technical Vocational Training, we have developed necessary policies and institutional framework to direct the running of the Institution in line with vision 2030 and Sustainable Development Goals. In the past, the institute experienced a small but steady growth in student enrolment. As at the end of year 2021/2022, the Institute had 140 students.

Review of the Sector and Changes

Though the year was faced with unusual challenge of financial crisis as a result of delays in disbursement of capitations of which this government capitation has always continued to boost the growth in student enrolment due to reduction in fees payable to ensure affordable technical vocational training to every high school graduate who has not met the required threshold to join university education. This initiative of transition by the government has so far been successful, and the future looks quite bright indeed.

Risk Management

The technical training sector presents plenty of opportunities as well as risks, both of which need to be analysed in order to deliver sustainable long-term returns, without compromising training outcomes. Chepalungu Technical Training Institute has worked to ensure that our activities are aligned with our strategic plan objectives.

Operation and Management

In the spirit to excel, we endeavour to be a dependable driving force in addressing human challenges in contemporary society using innovations, technology and research for prosperity. We also work towards producing graduates who are capable of integrating the acquired skills in nation building in line with Vision 2030.

Key Challenges

Capacity and quality of training at Chepalungu TTI will remain a crucial issue. This also applies to the qualifications of students who get admission. The Institution is located in semi urban environment, therefore attracting and retaining technically qualified staff is challenging. This is worsened by the fact that terms and conditions of service in the sector are managed by the TSC while the institution is yet to establish and generate adequate appropriations in aid (A-in-A) to hire and retain quality staff.

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The current infrastructure and training resources are not adequate for the production of competent workforce required at the workplace. There is a need for the GoK to devise and implement a suitable programme for upgrading, equipment, and facilities.

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

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

DR. KIPNGETICH KIRUI
CHAIRPERSON OF THE GOVERNING BOARD

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V. Report of the Principal

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

During the year in review there was a change in management when the Principal Mr. Shadrack Tonui who had been posted in 2020 handed over to Mr. Mark Kitongo in January 2022

With the guidance of the Board of Governors, we worked hard in setting up structures and policies aimed at guiding the institution in the right strategic direction. Under my leadership and the overall direction of the Institute's Board we were able also to be in the forefront in ensuring that financial resources were utilized efficiently and effectively for optimum output. Despite the many challenges brought about by economic constraints, the Institute nevertheless continued to discharge its mandate of training, research and outreach. Chepalungu Technical Training Institute currently offers 11 Diploma, 12 Craft Certificate And 7 Artisan programmes/courses accredited by Technical and Vocational Educational Training Authority (TVETA). The Institute has been registered by Kenya National Examination Council as an examination Centre for both Business and Technical Examinations.

The Institute has partnered with the NG-CDF Chepalungu Constituency, KUCCPS, HELB, Imarisha Sacco society, world Vision and we look forward to more partnerships in future.

The Institute has a potential to admit more students but this will be made possible only if the infrastructure is improved.

Chepalungu Technical Training Institute has a very bright future in the TVET Sub-sector.

Our serious challenge is lack of adequate government trainers, enough classrooms, inadequate sanitary facilities, water shortage and lack of workshop equipment.

HIGHLIGHTS OF FY 2021/2022 PERFORMANCE

The Financial Year 2021/2022 started on a high note with the Government keen to ensure TVET Institutions absorb as many Form 4 leavers as possible.

Previously, in a move to boost student enrolment the Government had introduced Capitation to the tune of Kshs.30,000/= p.a to all joining and current students in all Technical Training Institutions. Annual students fee nationally is capped at Kshs.56,420/= with the Government pledging the above Kshs.30,000/= capitation, while encouraging the needy students to apply through HELB for the balance of Kshs.26,420/= During the year under review, the totals of government receipts were Kshs. 2,000,000 operation grants and Kshs

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2,790,000 Capitation grants. Income from rendering of services was in the tunes of Kshs. 4,014,607 received during FY 2021/2022. The decrease was due to non receipts from HELB.

Students Enrolment;

During the year 2021/2022 the enrolment increased slightly as compared to the previous year when the college was still under the mentor institution.

Activities Undertaken

During the Financial Year under review the institutions undertook the following activities:

- Inauguration of the board of governors
- Transfer of the college account from Keroka Technical Training Institute to Chepalungu technical training institute
- Planting of trees and beautification of the compound.

I have confidence that the trainees are well equipped with the necessary skills that strategically aligns them with opportunities within the country, regionally and globally at the same time contributing to the realization of the quality: Health, Manufacturing, Affordable Housing and Food security.

Chepalungu Technical Training Institute being a Tertiary institution desires to enhance its visibility, performance, and competitiveness in the tertiary education sector in the face of stiff competition. To do so, however the Institute requires a lot of support from the Government and other stakeholders in terms of funding, material support and other contributions. We shall continue to appeal for such support for several years to come.

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

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

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

JACKSON SORIM NGETICH
PRINCIPAL/SECRETARY TO THE BOARD OF GOVERNORS

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VI. Statement of Performance against Predetermined Objectives

Chepalungu Technical Training Institute has no strategic pillars since it is yet to develop its first Strategic plan.

VII. Corporate Governance Statement

Chepalungu Technical Training Institute is committed to good corporate governance, which promotes the long-term interests of the Government of Kenya and any other stakeholder, strengthens Board and management accountability and helps build public trust in the Institute. The Board is appointed by the Government of Kenya through the Cabinet Secretary, Ministry of Education to oversee their interest in the long-term health and the overall success of the institution and its financial strength in order to discharge its mandate in training. The Board serves as the ultimate decision-making body of the Institute, except for those matters reserved to or shared with the Government of Kenya. The Board selects and oversees the members of senior management, who are charged by the Board with conducting the business of the Institute in line with the Technical, Vocational, Education & Training Act of 2013 and the constitution of the Republic of Kenya.

The Board have established Corporate Governance Guidelines which provide a framework for the effective governance of the Institute. The guidelines address matters such as the Governing Board's Vision and mission, overall strategy, members' responsibilities, Board committee structure, recommendation of the Chief Executive Officer, Over-sighting the performance and evaluation of management. The Board regularly reviews developments in corporate governance and updates the Corporate Governance Guidelines and other governance materials as it deems necessary and appropriate. The Institute's corporate governance materials, including the Corporate Governance Guidelines, the Institute's legal order, the terms and reference for each Board committee, the Institute's Codes of Business Conduct, information about how to report concerns about the Institute and the Institute's public policy engagement and technological contributions policy.

Attendance of board meetings

During FY 2021/2022, there was 99% eligible attendance at all meetings of the Board and Committees. The following table shows the number of meetings held during 2021/2022, the attendance of each Member;

FY 2021/2022 BOARD MEETINGS HELD

BOG MEMBER	FINANCE AND HUMAN RESOURCE MEETING	INFRASTRUCTURE, EDUCATION , TRAINING AND RESEARCH	AUDIT AND RISK COMMITTEE MEETINGS	FULL BOARD MEETINGS
NAME	DATE	DATE	DATE	DATE
KINGETICH KIRUI	06/01/2021			28/9/2021 17/12/2021 4/2/2022 8/4/2022 24/6/2022

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SHADRACK TONUI	06/01/2021			28/9/2021 17/12/2021
MARK KITONGO				4/2/2022 8/4/2022 24/6/2022
PETER CHERUIYOT	06/01/2021			28/9/2021 17/12/2021 4/2/2022 8/4/2022 24/6/2022
BENARD CHERUYOT	06/01/2021			28/9/2021 4/2/2022 24/6/2022
RICHARD NYAKUNDI				28/9/2021 17/12/2021 4/2/2022 8/4/2022 24/6/2022
DOROTHY BUNDI				28/9/2021 17/12/2021 4/2/2022 8/4/2022 24/6/2022
JOAN CHEPKIRUI				28/9/2021 17/12/2021 4/2/2022 8/4/2022 24/6/2022
GHRISHON NJONGO				28/9/2021 17/12/2021 4/2/2022 24/6/2022

Note:

- 1) There were 5 full board meeting, 1 finance committee meetings, 0 audit and Risk committee meeting and 0 Infrastructure, Education Training and Research committee meeting held during the year
- 2) No board charter exists at the moment.
- 3) No Succession plan in place.
- 4) No board remuneration.

Prior to the beginning of each year, Board meetings are scheduled in line with the key financial reporting dates. A more detailed agenda, together with the Board papers, is distributed in a timely manner before each Board meeting. All Members receive sufficient relevant information on financial, Academics and development issues to enable informed decisions to be taken by them at the Board meetings. Any specific actions arising during meetings are agreed by the Board and a follow-up procedure monitors their completion. Time is allocated at all meetings to discuss any other business, which all Members are invited

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by the Chair to raise. All Members participate in strategy development and decisions required to implement actions to progress towards meeting the objectives of the institution.

The Board Chairperson's primary role is to ensure the effective running of the Board and that the Board as a whole plays a full and constructive part in the development and determination of the Group's strategy and overall objectives.

The principal's primary role is to deal with the running of the Institute and executive management of all the staff. He advises the Board and reports directly to the Chair on Institute Governance matters. He also advises the Board on legal and governance matters, helping to ensure that Board procedures and applicable rules and regulations are observed.

The Members are also able to take independent professional advice in the furtherance of their duties as necessary.

The Role and Functioning of the Board

The Board is comprised of a BOG Chairperson, Principal (Secretary to Board) and five board Members. The Members have a balance and depth of skills and experience, together with knowledge of the Institute's operations, which enables them to discharge their respective duties and responsibilities effectively. The Board is collectively responsible for the long-term success of the Institute. There is a formal schedule of matters reserved for consideration by the Board, which include responsibility for the following:

- i) Approval of overall Institute strategy and objectives.
- ii) Approval of the annual budget and monitoring progress towards its achievement.
- iii) Review and approval of the annual financial statements.
- iv) Approval of Institute's financing arrangements from donors and other government agencies.
- v) Approval of major unbudgeted expenditure.

These reserved matters are reviewed by the Board, at least annually, to ensure they remain appropriate and complete. The board Members are non-executive.

VIII. Management Discussion and Analysis

Chepalungu Technical Training Institute operational and financial performance

During the year ended June 2022, the Institution had 160 students. The reduced government capitation was due to non-receipt of 4th Quarter capitation. During 2021/2022 Rendering of services was Kshs.4,014,607 in year 2021/2022 which decrease due to non receipts of HELB.

The Institution is experiencing a steady growth and the management will have to vigorously pursue additional funding and technical support from the Government agencies and development partners. At the Institution level, activity-based costing method will be adopted both as a tool for activity planning and financial control. This will serve the role of ensuring that the Institution allocates resources based on planned and prioritized activity. This means that the cost of each activity will be traced to the product or service as per the Institution plan.

To further enhance service delivery through effective financial management, the Institute will concentrate on eliminating wastages.

In this regard, the Institution will lobby and mobilize financial resources for Technical Training, Innovation and Research on Technical fields from the following sources;

i. Government Funding

With regard to Government funding, the Institution will prepare, present and justify proposals as a basis for resource bidding within the Government's budgetary processes.

ii. Constituency Development Fund (CDF)

With regard to CDF, the Institution will prepare, present and justify proposals on development projects within the plan. The proposals will be presented to the Chepalungu CDF Development Committee for consideration.

iii. Donors (Development Partners)

The Institute currently has a working relationship with development partners across the country and will continuously seek collaborations with like-minded institutions within and outside the country. The Institution as part of its national linkages will engage the support of development partners to fill in the resource gap between the resources allocated by the government through recurrent and development allocations as well as grants.

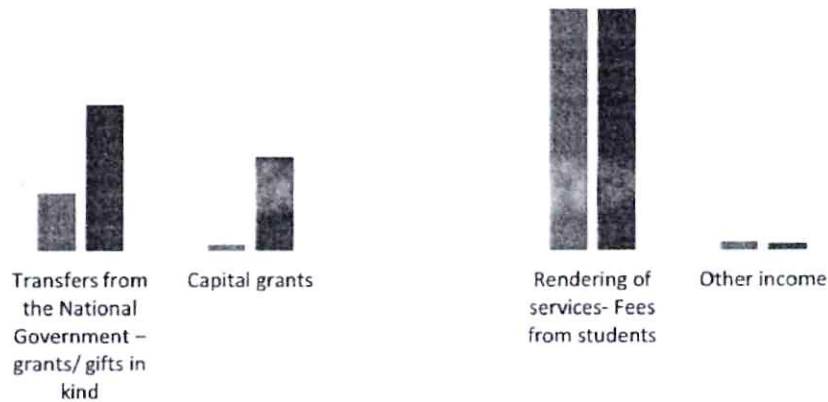
iv. County Government of Bomet

Chepalungu Technical Training Institute is within Bomet County. The institution can benefit from the County Government through County bursaries to students and also through partnerships and collaborations.

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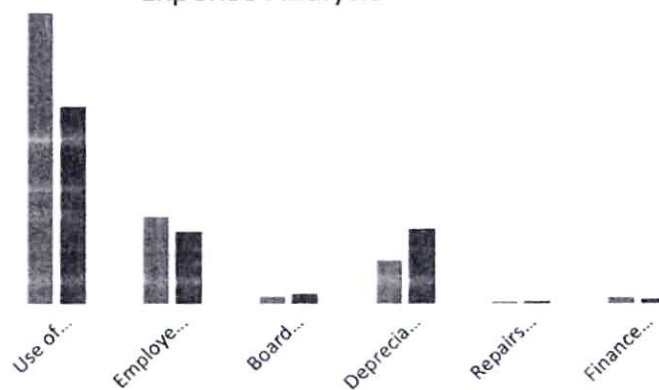
Below is analysis of revenues and expenses for year 2021/2022

Income Analysis



Transfers from the government were lower in 2021/2022 due to non-receipt of 4th Quarter capitation. The expense for the financial year 2021/2022 increased due to increase purchase of practical materials and equipment for students.

Expense Analysis



v.Chepalungu Technical Training Institute compliance with statutory requirements

Chepalungu Technical Training institute complies to deduction and remittance of statutory deductions such NHIF, NSSF and PAYE

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vi. Key projects and investment decisions

There were no key projects during the period under review

vii. Corporate Social Responsibility / Community Engagements

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

1. Sustainability strategy and profile -

The triple Bottom Line concepts analyses the sustainability of an organization based on three concepts: Profits, people (social) and Planet (environment).

Profit: The institute is yet to adopt a transformation strategy aimed at ensuring that she remains financially sound in the face of dwindling funding from the central government.

Social: The institute is yet to develop a succession management policy to address the welfare of employees in the future and ensure that the organization is sustainable in the future

Environment: The board of governance has plans to undertake an environmental sustainability audit and develop an environmental policy to address the issues of environmental sustainability that will be identified during the audit.

2. Employee welfare

At Chepalungu Technical Training Institute, we value our employees and our many stakeholders, including the wider community where the training of our students has the potential to bring positive social and environmental change. We value the contribution that individuals and external entities make to our Institute through community consultation process.

We integrate the principles of social responsibility into our core mandate internally by exhibiting the behaviors of good corporate governance, ethical decision making, and providing our personnel with opportunities to develop and excel. We integrate the principles of social responsibility into our training activities externally by minimizing our environmental impact and seeking to enhance the amenity of residential communities.

a) Policies guiding hiring process

The following are the Chepalungu Technical Training Institute Board policies that guide hiring process;

S/no	Title	Review Period	Remarks
1	Career Progression	Regularly	Vacant positions are filled competitively both internally and externally. This largely depends on availability of funds
2	Human Resource Manual	Regularly	Terms and conditions of service governing employees are applied across the board without discrimination
3	Internship Policy and guidelines	Regularly	Intern positions are filled competitively and without discrimination
5	Gender Mainstreaming	Regularly	Chepalungu Technical Training Institute observes equal employment opportunities during staff recruitment across all genders

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6	Disability Mainstreaming	Regularly	The institute offers equal employment opportunities to officers living with disability. The institute also offers rights and privileges as provided in the PWDs Act and Board employment policies
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**1. Market place practices-
Responsible Supply Chain and Supplier relations**

The institute has maintained good business practice by complying with the government policy and Section 227 of The Constitution of Kenya.

All procurement activities have continuously been carried out where Supply Chain ensured that there are sufficient funds to meet the obligations of the resulting contract and are reflected in the approved budget estimates. Knowledge of available funds acts as a guide in knowing what to procure and when to procure. The organization has maintained and continuously updated list of registered suppliers, contractors and consultants in various specific categories of goods, works or services according to its procurement needs. Chepalungu Technical Training Institute has at all-time ensured responsible treatment of the suppliers in various ways as featured below;

- i) Ensuring proper communication channels e.g. Telephone lines and emails are open so as to make sure information is passed across efficiently and effectively between the procurement department and the suppliers.
- ii) Providing customer support when and where required. This entails listening keenly to suppliers, contractors and consultants and responding appropriately.
- iii) When doing procurement planning the institute has complied with preference and reservation requirements.
- iv. Supply Chain function has ensured timely submission of the suppliers' invoices to facilitate payment process by the finance department after delivery of goods, services or works is completed. This helps in making sure that the payment process is not delayed. Timely payment of suppliers helps in maintaining a good relationship with the supplier and also avoiding of penalties that may arise from delayed payment.
- iv. Supply Chain also makes follow ups of invoices issued to finance for payment process to ensure timely payments of suppliers.

2. Community Engagements-

During the year under review, the institute carried out various CSR activities to impact the society. Such activities include tree planting, cleaning the environment amongst others.

Corporate Social Responsibility / Community Engagements

Chepalungu Technical Training Institute exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence

IX. Environmental and Sustainability Reporting Statement

1. Sustainability strategy and profile -

The triple Bottom Line concepts analyses the sustainability of an organization based on three concepts: Profits, people (social) and Planet (environment).

Profit: The institute is yet to adopt a transformation strategy aimed at ensuring that she remains financially sound in the face of dwindling funding from the central government.

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Social: The institute is yet to develop a succession management policy to address the welfare of employees in the future and ensure that the organization is sustainable in the future

Environment: The board of governance has plans to undertake an environmental sustainability audit and develop an environmental policy to address the issues of environmental sustainability that will be identified during the audit.

2. Employee welfare

At Chepalungu Technical Training Institute, we value our employees and our many stakeholders, including the wider community where the training of our students has the potential to bring positive social and environmental change. We value the contribution that individuals and external entities make to our Institute through community consultation process.

We integrate the principles of social responsibility into our core mandate internally by exhibiting the behaviors of good corporate governance, ethical decision making, and providing our personnel with opportunities to develop and excel. We integrate the principles of social responsibility into our training activities externally by minimizing our environmental impact and seeking to enhance the amenity of residential communities.

b) Policies guiding hiring process

The following are the Chepalungu Technical Training Institute Board policies that guide hiring process;

S/no	Title	Review Period	Remarks
1	Career Progression	Regularly	Vacant positions are filled competitively both internally and externally. This largely depends on availability of funds
2	Human Resource Manual	Regularly	Terms and conditions of service governing employees are applied across the board without discrimination
3	Internship Policy and guidelines	Regularly	Intern positions are filled competitively and without discrimination
5	Gender Mainstreaming	Regularly	Chepalungu Technical Training Institute observes equal employment opportunities during staff recruitment across all genders
6	Disability Mainstreaming	Regularly	The institute offers equal employment opportunities to officers living with disability. The institute also offers rights and privileges as provided in the PWDs Act and Board employment policies

**3. Market place practices-
Responsible Supply Chain and Supplier relations**

The institute has maintained good business practice by complying with the government policy and Section 227 of The Constitution of Kenya.

Chepalungu Technical Training Institute

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All procurement activities have continuously been carried out where Supply Chain ensured that there are sufficient funds to meet the obligations of the resulting contract and are reflected in the approved budget estimates. Knowledge of available funds acts as a guide in knowing what to procure and when to procure. The organization has maintained and continuously updated list of registered suppliers, contractors and consultants in various specific categories of goods, works or services according to its procurement needs. Chepalungu Technical Training Institute has at all-time ensured responsible treatment of the suppliers in various ways as featured below;

vi) Ensuring proper communication channels e.g. Telephone lines and emails are open so as to make sure information is passed across efficiently and effectively between the procurement department and the suppliers.

vii) Providing customer support when and where required. This entails listening keenly to suppliers, contractors and consultants and responding appropriately.

viii) When doing procurement planning the institute has complied with preference and reservation requirements.

ix) Supply Chain function has ensured timely submission of the suppliers' invoices to facilitate payment process by the finance department after delivery of goods, services or works is completed. This helps in making sure that the payment process is not delayed. Timely payment of suppliers helps in maintaining a good relationship with the supplier and also avoiding of penalties that may arise from delayed payment.

x) Supply Chain also makes follow ups of invoices issued to finance for payment process to ensure timely payments of suppliers.

4. Community Engagements-

During the year under review, the institute carried out various CSR activities to impact the society.

Such activities include tree planting, cleaning the environment amongst others.

Corporate Social Responsibility / Community Engagements

Chepalungu Technical Training Institute exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence.

X. Report of the Board of Governors

The Council/Board members submit their report together with the audited financial statement for the year ended June 30, 2022, which show the state of the Chepalungu Technical Training Institute affairs.

Principal activities

The principal activity of the Chepalungu Technical Training Institute is to offer quality Technical, Vocational, Education and Training to students to acquire technical skills relevant to the main agenda of government.

Results

The results of the Chepalungu Technical Training Institute for the year ended June 30.2022 are set out onpage 1 to 27.

Board of Governors

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


Auditors

The Auditor General is responsible for the statutory audit of the Chepalungu Technical Training Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or BACE Certified Public Accountants were nominated by the Auditor General to carry out

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

the audit of the Chepalungu Technical Training Institute for the year ended June 30, 2022, 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


Jackson Ngetich
Secretary of the Board/Council
Nairobi

Date: 28/01/2025

XI.Statement of Board of Governors/ Council’s 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 - (entities should quote the applicable legislation under which they are regulated)) require the Board members to prepare financial statements in respect of that Chepalungu Technical Training Institute, which give a true and fair view of the state of affairs of the Chepalungu Technical Training Institute at the end of the financial year/period and the operating results of the Chepalungu Technical Training Institute for that year/period. The Board members are also required to ensure that the Chepalungu Technical Training Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Chepalungu Technical Training Institute. The council members are also responsible for safeguarding the assets of the Chepalungu Technical Training Institute.

The council members are responsible for the preparation and presentation of the Chepalungu Technical Training Institute’s financial statements, which give a true and fair view of the state of affairs of the Chepalungu Technical Training Institute for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Chepalungu Technical Training Institute, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Chepalungu Technical Training Institute, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for the Chepalungu 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) – entities should quote applicable legislation as indicated under). The council members are of the opinion that the Chepalungu Technical Training Institute’s financial statements give a true and fair view of the state of Chepalungu Technical Training Institute’s transactions during the financial year ended June 30, 2023, and of the Chepalungu Technical Training Institute’s financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the Chepalungu Technical Training Institute, which have been relied upon in the preparation of the Chepalungu Technical Training Institute’s financial statements as well as the adequacy of the systems of internal financial control.

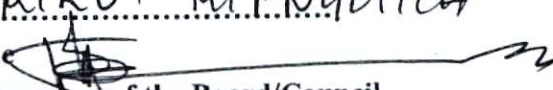
Chepalungu Technical Training Institute
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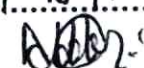
In preparing the financial statements, the principal has assessed the Chepalungu Technical Training Institute's ability to continue as a going concern (disclose as applicable, matters relating to the use of going concern basis of preparation of the financial statements.) OR

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

Approval of the financial statements

The Chepalungu Technical Training Institute's financial statements were approved by the Board on _____ 2023 and signed on its behalf by:

DR. KIRUI DIPNETHICA
.....
Name 
Chairperson of the Board/Council

KURGAT A.K.
.....
Name 
Accounting Officer/Principal

REPUBLIC OF KENYA

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



Enhancing Accountability

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

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

PREAMBLE

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

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

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

The accompanying financial statements of Chepalungu Technical Training Institute set out on pages 1 to 26 which comprise the statement of financial position as at

30 June, 2022 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information, have been audited on my behalf by BACE Partners LLP Certified Public Accountants (Kenya), auditors appointed under Section 23 of the Public Audit Act, 2015. The auditors have duly reported to me the results of their audit and on the basis of their report, I am satisfied that all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit were obtained.

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 Chepalungu Technical Training Institute as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Employee Costs

The statement of financial performance reflects employee costs of Kshs.1,678,010 as further disclosed in Note 10 to the financial statements. However, seven (7) months payroll schedules in support of employee costs of Kshs.1,040,035 were not provided for audit review.

In the circumstance, the accuracy, completeness and propriety of employee costs of Kshs.1,678,010 could not be confirmed.

2. Unsupported Cash on Hand Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.478,259. The balance includes cash on hand totalling Kshs.67,472 as disclosed in Note 14 to the financial statements. However, board of survey certificate in support of the cash on hand balance was not provided for audit review.

Further, Note 14 to the financial statements has not been presented in the recommended format.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.478,259 could not be confirmed.

3. Unsupported Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions of Kshs.371,590 in respect of student debtors as disclosed in Note 15 to the financial

statements. However, student ledgers and schedules in support of the student debtors were not provided for audit review.

In the circumstances, the accuracy, completeness and existence of receivables from exchange transactions balance of Kshs.371,590 could not be confirmed.

4. Inaccuracy in Accumulated Loss Balance

The statement of financial position reflects accumulated loss balance of Kshs.347,675 which differs with the surplus balance reflected in the statement of change in net assets of Kshs.1,174,220 by Kshs.1,521,895. The balance in the statement of change in net assets includes transfer of depreciation from accumulated surplus to capital grants of Kshs.1,521,895. The transfer has however, not been explained or supported with a journal voucher.

In the circumstances, the accuracy and completeness accumulated loss of Kshs.347,675 could not be confirmed.

5. Inaccuracy in Capital Fund Balance

The statement of financial position reflects capital grant balance of Kshs.55,179,870 when the statement of changes in net assets reflects Kshs.53,657,975. The balance is net of transfer of depreciation of Kshs.1,521,895 from accumulated surplus to capital grants as reflected in the statement of changes in net assets. However, the transfer has not been explained or supported.

In the circumstances, the accuracy and completeness capital grant balance of Kshs.55,179,870 could not be confirmed.

6. Inaccuracy in the Statement of Cash Flows

The statement of cash flows reflects total cash inflows and total cash outflows of Kshs.7,433,017 and Kshs.7,885,147, respectively, resulting to net decrease in cash and cash equivalents balance of Kshs.452,130. However, the statement does not include the cash flows from investing and financing activities. This is contrary to the recommended format of preparing the statement.

Further, Note 19 to the financial statements reflects additions to property, plant and equipment amount of Kshs.254,760 which has been omitted from cash flow statement under investing activities when there is no corresponding liability for purchase of the same.

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

7. Missing Notes to the Financial Statements

The statement of financial position reflects Notes 20 and 21 against trade and other payables from exchange transactions and refundable deposits from customers,

respectively, when no such Notes exists in the financial statements. Instead, a parallel Note 20 exists for capital grants.

In the circumstance, the accuracy of Notes 20 and 21 to the financial statements could not be determined.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Information

Management is responsible for the other information set out on page iii to xxv which comprise of Key Entity Information and Management, the Board of Governors, Key Management Team, Chairman's Statement, Report of the Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting Statement, Report of the Board of Governors and Statement of Board of Governors' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on 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, 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, 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. Irregular Recruitment of Employees

The statement of financial performance reflects employee costs of Kshs.1,678,010. Review of Human Resource records revealed that nine (9) employees were recruited during the year under review. However, the vacancies were not advertised. This was contrary to Section B.4 (1) of Human Resource Policies and Procedures Manual for the Public Service, 2016 which requires a Public entity to advertise all vacant posts in a manner that reaches the widest pool of potential applicants and allow for at least twenty-one (21) days before closing the advertisement.

Further, no interviews were conducted for seven (7) out of nine (9) employees hired during the year. This cast doubt on the fairness and competitiveness of the recruitment process. The recruited employees did not also sign employment contracts .

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

2. Non-Compliance with Law on Ethnic Composition

Review of Human Resource records revealed that the Institute has twenty (20) employees out of whom eighteen (18) or 90% of the employees are members of the dominant ethnic community. This is contrary to section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that no public institution shall have more than one-third of its staff establishment from the same ethnic community.

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

The audit was conducted in accordance with ISSAI 3000 and 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 EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

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

Basis for Conclusion

Lack of Internal Audit Function

Review of the records and functions revealed that the Institute had not established an internal audit function for oversight of the operations of Management. This was contrary to Section 73 (1) (a) of the Public Finance Management Act, 2012 which states that a National Government entity shall ensure that it has appropriate arrangements for conducting internal audit according to the guidelines issued by the Accounting Standards Board.

In the circumstances, the oversight on effectiveness of operations of Management could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and 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 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 comply 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 ISSAI 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

19 May, 2025

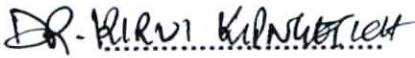
Chepalungu Technical Training Institute
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XVI.Statement of Financial Position as at 30th June 2022

	Notes	2021/2022
		Kshs
Assets		
Current assets		
Cash and cash equivalents	31	478,259
Receivables from exchange transactions	32	371,590
Receivables from non-exchange transactions	33	1,000,000
Inventory		-
Total Current Assets		1,849,849
Non-current assets		
Property, plant and equipment		53,912,735
Total Non-current Assets		53,912,735
Total assets		55,762,584
Liabilities		
Current liabilities		
Trade and other payables from exchange transactions	34	-
Refundable deposits from customers	35	-
Total Current Liabilities		-
Total liabilities		-
Capital and Reserves		
Reserves		930,389
Capital grants	37	55,179,870
Accumulated losses		(347,675)
		55,762,584
Total Capital and Reserves		55,762,584
Total Liabilities and Capital & Reserves		55,762,584

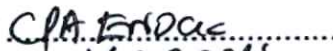
Chepalungu Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022

The Financial Statements set out on pages 1 to 27 were signed by:

.....

...
Chairman of
Council/Board


Date 28/01/2025

.....

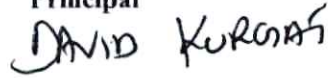
... Kiprondit
Finance Officer

ICPAK No 26207

Date 28/01/2025



...
Principal



Date 28/01/2025

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

	Accumulated surplus	Other reserves	Capital grants	Total
Balance b/f as 1 July 2021	-	-	-	-
Net deficit for the year	- 347,675			- 347,675
Transfers during the year *Transfers from Keroka (mentor tvet)		930,389		930,389
Capital grants received during the period			55,179,870	55,179,870
Transfer of depreciation from accumulated surpluses to capital grants	1,521,895		- 1,521,895	-
Balance c/d as at June 30, 2022	1,174,220	930,389	53,657,975	55,762,584

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

		2021/2022
	Note	Kshs
Cash inflows		
Government grants and capitation		3,790,000
Receipts from students		3,316,090
Other income		326,927
Total cash receipts		7,433,017
Cash outflows		
Use of goods and services		5,186,961
Employee costs		1,678,010
Remuneration of directors		392,000
Repairs and maintenance		628,176
Total cash outflows		7,885,147
Net decrease in cash and cash equivalents		(452,130)
Cash and cash equivalents at 1 July 2021		930,389
Cash and cash equivalents at 30 June 2022	31	478,259

The Financial Statements set out on pages 1 to 27 were signed by:

DR. KIRUI KIPNGETICH *[Signature]* *[Signature]*
 Chairman of Council/Board Finance Officer
 ICPAK No 26207
 Date 28/1/25 Date 28/01/2025 Principal **DAVID KURUMAT**
 Date 28/01/2025

XVII. Statement of Comparison of Budget & Actual for the year ended 30 June 2022

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other govt entities and govt grants	5,480,000	(-)	5,480,000	4,790,000	690,000	13
Rendering of services- fees from students	3,064,720	(-)	3,064,720	4,014,607	-949,887	-31
Total Income	8,544,720	(-)	8,544,720	8,804,607	-259,887	-3
Expenses						
Compensation of employees	1,701,234	-	1,701,234	1,678,010	23,224	1
Use of goods and services	3,066,594	(-)	3,066,594	5,045,201	-1,978,607	-65
Remuneration of directors	767,200	(-)	767,200	392,000	375,200	49
Depreciation and amortization expenses	0		0	1,521,895	-1,521,895	
Repairs and maintenance	598,160		598,160	515,176	82,984	14
Total Expenditure	6,133,188	(-)	6,133,188	9,152,282	-3,019,094	-49
Surplus For the Period	2,411,532	-	2,411,532	-347,675	-2,759,207	114

XVIII. Notes to the Financial Statements

1. General Information

Chepalungu Technical Training Institute is established by and derives its authority and accountability from PFM Act. The Chepalungu Technical Training Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. The Chepalungu Technical Training Institute's principal activity is registered by the TVETA.

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 Chepalungu 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 in Note xx.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, (include any other applicable legislation), 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. Relevant new standards and amendments to published standards effective for the year ended 30 June 2022.

IPSASB deferred the application date of standards from 1st January 2022 owing to covid19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of Chepalungu Technical Training Institute's future cash flows.

**Chepalungu Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2023**

Standard	Effective date and impact:
	<p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between Chepalungu Technical Training Institute's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>(State the impact of the standard to the Chepalungu Technical Training Institute</p> <p>There is no impact of the standard to Chepalungu Technical Training Institute)</p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Chepalungu Technical Training Institute provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Chepalungu Technical Training Institute; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Chepalungu Technical Training Institute's financial performance, financial position and cash flows. <p>(State the impact of the standard to the Chepalungu Technical Training Institute if relevant) ((There is no impact of the standard to Chepalungu Technical Training Institute)</p>

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Standard	Effective date and impact:
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p>(State the impact of the standard to the Chepalungu Technical Training Institute if relevant) ((There is no impact of the standard to Chepalungu Technical Training Institute)</p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • IPSAS 22 Disclosure of Financial Information about the General Government Sector. <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • IPSAS 39: Employee Benefits <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p>(There is no impact of the standard to Chepalungu Technical Training Institute)</p>
<p>IPSAS 43</p>	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of</p>

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Standard	Effective date and impact:
	<p>financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of Chepalungu Technical Training Institute.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>(There is no impact of the standard to Chepalungu Technical Training Institute)</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>(There is no impact of the standard to Chepalungu Technical Training Institute)</i></p>

iii. Early adoption of standards

The Chepalungu Technical Training Institute did not early-adopt any new or amended standards in year 2022

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 Chepalungu Technical Training Institute and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

Rendering of services

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The Chepalungu Technical Training Institute 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 Chepalungu Technical Training Institute.

Interest income

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

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Chepalungu Technical Training Institute's right to receive payments is established.

ii) Revenue from exchange transactions (continued)

a) Rental income

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

b) Budget information

The original budget for FY 2021/2022 was approved by the Council or Board. 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 Chepalungu Technical Training Institute upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Chepalungu Technical Training Institute recorded additional appropriations of on the FY 2021/2022 budget following the Council/Board's approval.

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

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

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

b) Taxes

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Current income tax

The Chepalungu Technical Training Institute is exempt from paying taxes as per schedule xxx of the xxx Act.

Sales tax/ Value Added Tax

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

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

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

4. Investment property

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

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

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

5. Property, plant and equipment

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

6. Leases

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Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Chepalungu Technical Training Institute. 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 Chepalungu Technical Training Institute also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

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

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Chepalungu Technical Training Institute 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 Chepalungu Technical Training Institute. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

7. 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

8. Research and development costs

The Chepalungu Technical Training Institute expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Chepalungu Technical Training Institute 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.

9. Financial instruments

Financial assets

Initial recognition and measurement

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

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Chepalungu Technical Training Institute determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

i) Financial instruments (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Chepalungu

Notes to the Financial Statements (Continued)

Technical Training Institute determines the classification of its financial liabilities at initial recognition.

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

Loans and borrowing

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

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

10. 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

Inventories (Continued)

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

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

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

11. Provisions

Provisions are recognized when the Chepalungu 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 Chepalungu Technical Training Institute expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

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

Contingent liabilities

The Chepalungu 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

The Chepalungu 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 Chepalungu Technical Training Institute in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise

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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.

12. Nature and purpose of reserves

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

13. Changes in accounting policies and estimates

The Chepalungu 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.

14. Employee benefits

Retirement benefit plans

The Chepalungu Technical Training Institute provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Chepalungu Technical Training Institute pays fixed contributions into a separate Chepalungu Technical Training Institute (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.

15. 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.

16. 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.

17. Related parties

The Chepalungu Technical Training Institute regards a related party as a person or Chepalungu Technical Training Institute with the ability to exert control individually or jointly, or to exercise significant influence over the Chepalungu Technical Training Institute, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

18. Service concession arrangements

The Chepalungu 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 Chepalungu Technical Training Institute 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 Chepalungu Technical Training Institute also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

19. 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.

20. Comparative figures

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

21. Subsequent events

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

22. Significant Judgments and Sources of Estimation Uncertainty

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

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.

Notes to the Financial Statements (Continued)

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The Chepalungu Technical Training Institute 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 Chepalungu Technical Training Institute. 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 Chepalungu Technical Training Institute
- 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. Additional disclosure of these estimates of provisions is included in Note xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

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Notes to the Financial Statements (Continued)

23. Transfers from other National Government entities

Description	2021-2022	2020-2021
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	2,000,000	-
Operational Grant	2,790,000	-
	4,790,000	-
Conditional Grants	-	-
Total Government Grants and Subsidies	4,790,000	-

24. Public contributions and subsidies

25. Rendering of Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition Fees	4,014,607	-
Total Revenue from The Rendering of Services	4,014,607	-

26. Use of Goods and Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Teaching and learning materials	2,666,644	-
Industrial attachment costs	0	-
Electricity	151,906	-
Subscriptions/KATTI	103,800	-
Examination fees	404,090	-
Travelling and accommodation	1,653,875	-
Other expenses	45,416	-
Bank charges	13,470	-
KCCPS	6,000	-
Total goods and services	5,045,201	-

27. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and wages	1,678,010	-
Employee Costs	1,678,010	-

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28. Board/Council Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
Chairman's Honoraria	-	-
Directors Emoluments	-	-
Other Allowances	-	-
Other Board/Council Expenses	392,000	-
Total	392,000	-

29. Depreciation and Amortization expense

Description	2021-2022	2020-2021
	Kshs	Kshs
Other	1,521,895	-
Total depreciation and amortization	1,521,895	-

30. Repairs and Maintenance

Description	2021-2022	2020-2021
	Kshs	Kshs
Other	515,176	-
Total Repairs and Maintenance	515,176	-

31. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Current account-KCB AC	410,787	-
Cash on hand	67,472	-
Total Cash and Cash Equivalents	478,259	-

32. Receivables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Student Debtors	371,590	-
Total Current Receivables	371,590	-

33. Receivables from Non-Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Capitation Grants*	0	-
Transfers from Other Govt. entities	1,000,000	-
Less: Impairment Allowance	(-)	-
Total Current Receivables	1,000,000	-

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34. Trade and other Payables from Exchange Transactions

35. Refundable deposit from student

36) PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Furniture, fittings and other equipment	Computers	Plant and equipment	Capital Work in Progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Rate	0%	2%	12.50%	30%	12.50%	0.00%	
At 1 st July 2021	-	-	-	-	-	-	-
Additions	91,000	63,760	-	100,000	-	-	254,760
Transfer/adjustments	350,000	52,214,740	1,609,500	682,480	323,150	-	55,179,870
At 30 th June 2022	441,000	52,278,500	1,609,500	782,480	323,150	-	55,434,630
Depreciation and impairment							-
At 1 st July 2021	-	-	-	-	-	-	-
Depreciation	-	1,045,570	201,188	234,744	40,394	-	1,521,895
At 30 June 2022	-	1,045,570	201,188	234,744	40,394	-	1,521,895
Net book values							-
At 30 th June 2022	441,000	51,232,930	1,408,313	547,736	282,756	-	53,912,735

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Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). These amounts were adopted in the financial statements on xxx.

37. Capital Fund

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost
	Kshs
Land	350,000
Buildings	52,214,740
Plant And Machinery	323,150
Computers and Related Equipment	682,480
Office Equipment, Furniture, And Fittings	1,609,500
Total	55,179,870

38. Employee Benefit Obligations

The Chepalungu Technical Training Institute also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Chepalungu Technical Training Institute's obligation under the scheme is limited to specific contributions legislated from time to time. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

Notes to the Financial Statements (Continued)

39. Non-Current Provisions

(NB: The current portion deducted in this note should tie to line on current portion transferred from non- current provisions under note 34)

40. Financial Risk Management

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

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

(i) Credit risk

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

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

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

(i) Credit risk (continued)

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

The Chepalungu Technical Training Institute has significant concentration of credit risk on amounts due student fees.

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 Chepalungu Technical Training Institute's directors, who have built an appropriate liquidity risk management framework for the management of the Chepalungu Technical Training Institute's short, medium and long-term funding and liquidity management requirements. The Chepalungu Technical Training Institute manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

(iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Chepalungu Technical Training Institute's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable

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parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Chepalungu Technical Training Institute's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Chepalungu Technical Training Institute's exposure to market risks or the manner in which it manages and measures the risk.

Interest rate risk is the risk that the Chepalungu Technical Training Institute'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 Chepalungu Technical Training Institute 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.

iv)Capital Risk Management

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

41. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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

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The transaction and balances with the related parties during the year are as follows

Description	2021-2022	2020-2021
	Kshs	Kshs
Transactions with Related Parties		
a) Grants/Transfers from the Government		
Grants from National Government	0	-

42. Segment Information

(Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an Chepalungu Technical Training Institute to present segmental information of each geographic region or department to enable users understand the Chepalungu Technical Training Institute's performance and allocation of resources to different segments)

43. Contingent Assets and Contingent Liabilities

Contingent Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Contingent Assets		
Insurance Reimbursements	-	-
Assets arising from determination of Court Cases	-	-
Reimbursable Indemnities and Guarantees	-	-
Others (Specify)	-	-
Total	-	-

44. Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

45. Events after the Reporting Period

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

46. Ultimate and Holding Chepalungu Technical Training Institute

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

Currency

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

XIX. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

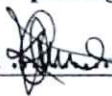
Name
Accounting Officer
Head of Chepalungu Technical Training Institute
Date

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Confirmation of amounts received by [Chepalungu Technical Training Institute] as of 30 th June 2022							
Reference Number	Date Disbursed	Amounts Disbursed by [TIVET] (Kshs) as at 30th June 2022			Total (D)=(A+B+C)	Amount Received by [beneficiary Chepalungu Technical Training Institute] (Kshs) as at 30 th June 2021 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)			
GRANT 2	23/11/2021	500,000			500,000		
GRANT 1	23/11/2021	500,000			500,000		
CAPITATION	23/11/2021	870,000			870,000		
CAPITATION	02/03/2022	870,000			870,000		
CAPITATION	03/06/2022	1,050,000			1,050,000		
Total		3,790,000			3,790,000		

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

Head of Accountants department of beneficiary Chepalungu Technical Training Institute:

Name CPA Francis Kiprop Sign:  Date 28/9/2025

