

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

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DATE: 04 OCT 2023

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TABLED BY: **OF** Hon Naomi wago, mp
Deputy Majority Whip, ^{Party} majority
Finlay Muriuki

THE AUDITOR-GENERAL

ON

**ZIWA TECHNICAL
TRAINING INSTITUTE**

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



Ziwa 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)



ZIWA TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2022



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I. Key entity information and management

(a) Background information

Ziwa Technical Training Institute was established under TVET Act on 1st Jan 2014 and it is domiciled in Kenya. The college is under the Ministry of Education.

(b) Principal Activities

The principal activity of the college is to offer vocational education and training at diploma level as per the TVET Act 2013.

Its mission and vision statements are:

- To be centre of excellence in technology and innovation and
- To train and nurture human capital for a dynamic economy respectively.

(c) Key Management

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

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

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	-Mr. Joseph Kirwa Mibey
2.	Deputy Principal Admin	-Mr Coory Kipkemboi
3.	Deputy Principal Academics	-Mrs. Mary Mueni Kivuva
4.	Finance Officer	-Mr. Augustine Kipkoech
5.	Registrar	-Mr Job Kurgat
6.	Dean of Students	-Mr. Edwin Tanui
7.	HOD Electrical Engineering	-Mr. Kennedy Kemei
8.	HOD Business	-Mr. Patrick Chirchir
9.	HOD Agriculture	- Mr. Jona Kore
10.	HOD Building	-Lucy Bosibori
11.	HOD Mechanical	-James Wambugu
12.	HOD ICT	-Richard Toroitich
13.	HOD HOSPITALITY	-Collins Kipkemboi Kirui
13.	Head of Procurement	-Mr. Betwel K. Serony

(d) Fiduciary Oversight Arrangements

Ziwa Technical Training Institute Board has two basic fiduciary duties which it owes to the government of Kenya:

- a. Duty of care
- b. Duty of loyalty

The Board members must therefore act in good faith with the care of a prudent person, and in the best interest of the college.

They should refrain from self-dealing, usurping college opportunities and receiving improper personal benefits.

They should make decision on an informed basis, in good faith and in the honest belief that the action is taken in the best interest of the college.

Generally, all officers owe the same fiduciary duties as the Board and therefore the officers owe the duty to keep the Board informed, the officers with greater knowledge are subject to higher standards of scrutiny and liability.

The Board has therefore constituted an audit committee which consist of three members who are not part of the college management. Its basic responsibility is to provide oversight of the financial reporting process, the audit process, the college system of internal controls and compliance with laws and regulations

The audit committee is also expected to review significant accounting and reporting issues and recent professional and regulatory pronouncements to understand the potential impact on financial statements.

The committee reviews the results of an audit with the management and external auditors.

It is also responsible for the appointment, compensation and oversight of the work of the auditor.

The internal auditor reports directly to the committee.

The audit committee meets separately with the external auditors to discuss matters that the committee or the auditors believe should be discussed privately. This committee also reviews proposed audit approaches and handle coordination of the audit effort with internal audit staff. The committee approves the audit plan, reviews staffing and organization of the function, and meet with internal auditors and the management on a periodic basis to discuss matters of concern that may arise.

Audit committee have authority over its own budget.

While Board should seek members who can provide a diverse range of competent perspective based on their experience and expertise, it is nevertheless imperative that the audit committee members are knowledgeable and conversant in the language of finance and accounting.

Other oversight activities include project management where by the public works office is appointed as the project manager. The project manager advises the Board on the progress of the project.

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(e) Headquarters

Ziwa Technical Training Institute
P.O. Box 1055-30100
ELDORET, KENYA

(f) Contacts

Telephone: (+254) 705981111
(+254)735981111
E-mail: ziwatti@gmail.com
Website: www.ziwatti.ac.ke

(g) Bankers

1. Co-operative Bank of Kenya
P.O. Box 2948,
Eldoret, Kenya.
2. Kenya Commercial Bank
P.O. Box 6788-30100,
Eldoret, Kenya.


(h) Independent Auditors


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

(i) Principal Legal Adviser

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



II. The Board of Governors

<p>MR. Elkanah K. Lagatt (Board Chairman)</p>		<p>Mr. Elkanah Lagatt was born in 1957 in Nandi county, Kenya. He has the following qualifications: He is a holder of master's degree in Education. Course attended includes;</p> <ol style="list-style-type: none"> i. Kenya Schools of Government-Strategic Leadership Development Program. ii. Mashav Education training Centre-Education for sustainable Development iii. Bristol University UK (2000-2001) MED iv. University of East Africa Baraton (1996) Educational Leadership. v. KEMI – Management (1998) <p>Professional Responsibilities</p> <ul style="list-style-type: none"> • Kenya institute of Special Education(KISE)- Jan 2009-July 2017 • Deputy Director (KISE)- Nov 2007-Dec 2008 • Kenya Science Teachers College (KSTC) Jan 2006-2007. • Snr. Principal & Later Chief Principal Kapsabet Boys. 1994-Dec 2005 • Uasin-Gishu High School (Principal) 1998-1994. • Kipsangui High School (Head Teacher) 1986-1987. <p>His past membership Association of special Needs Education.2009 – 2017), Academic board (KICD)-2007-2017, Principals associations(TTC'S) - 2005-2017, Member of Seniors Management(MOE) - 2009-2017, Academic Board ACK Diocese of Eldoret- 2009-2012, Council Member (KNEC)-2006-2007, Kenya Secondary Schools Ass. - 1986-2005.</p>
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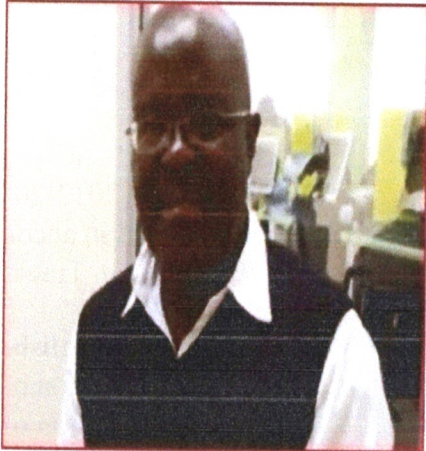
<p>MR. JOSEPH K MIBEY (Board Secretary)</p>		<p>Joseph Kirwa Mibey was born in 24th Sep. 1964 in Nandi County, Kenya.</p> <p>He has the following qualification: Part-time Master Degree of Education in Technology Education – on going -University of Eldoret Degree (Bachelor of Education in Technology Ed. Building & Civil Eng. – 2nd Class Honours – Upper Division)- Moi University(Sep. 2002- Aug. 2005) Diploma in Technical Education(Building & Civil Engineering) Passed in 2nd class Diploma - Kenya Technical Teachers College(Jan 1992-May 193) Technical Examination in Block Laying and Concreting: Adv. Craft III – Passed - Credit Craft II – Passed – Credit Craft I – Passed - Pass - Rift Valley Institute of Science and Technology(May 1986-Nov 1989) KCE Passed with Div. III - Labret Secondary(Jan 1980 – Nov 1993) CPE Passed with 30 Points - Ol'lessos Primary(Jan 1971 – Nov 1979)</p> <p>Other courses and workshops:</p> <p>He has undergone several professional seminars and workshops as indicate in the Curricular Vitae</p> <p>Professional Responsibilities: Chief Principal- Ziwa TTI(JG-S) (27/02/2023 to Date) Senior - Gilgil TVC(JG-R) 17/01/2023 to 27/02/2023) Principal – Kipsinende TVC(JG-P)-2017-To 17/01/2023) Registrar –Ol'lessos TTI(JG-M)2013-2017 Clerk of works (2011-2017) Chairman to Health and Safety Committee(2008-2014) Tender committee member(2005-2013) H.o.D - Building & Civil Eng. OTTI(JG-L)(2005-2013) Member of G&C Dept. (Kapsabet High School (KHS)(1999-2002)</p>
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		<p>H.o.D -Building Construction(KHS) (1996-2002) Member of Academics Dept.(KHS) (1996-2002) Christian Union Patron(KHS) (1996-2002) House Masters(KHS) (1996-2002) Technical Teacher(KHS)(JG-K)(1996-1999) Assistant Teachers(St. Teresa Kabula High school)(JG-J) (1993-1995) Instructor (Kapretwa Youth Poly) (1990-1991) Assistant Teacher(UT-Ndoroto Primary (1985-1986) Casual – KCC Eldoret (3/3/84-30/11/84)</p> <p>His membership Members of Kenya Association of Technical Training Institutes:</p> <ul style="list-style-type: none"> - Rift Valley Region Chairperson Sports and Recreation(2017-2022) - National Chairperson Sports and Recreation (2022-Date) <p>Synod Member (ACK Diocese of Kapsabet - 2016-Date) Synod Member (ACK Diocese of Eldoret - 2005-2015) Scrip Control Chairman Gideon's International-Kapsabet Group - 2002- Date Vicar's Warden-ACK Ol'lessos Parish - 2002-Date</p>
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<p>Roda Chemutai Miso</p>		<p>Roda Chemutai Miso was Born on the 10th of June 1984. Her Academic Qualification are; Bachelor of Business Administration (Accounting Option) University of East Africa Baraton 2005-2009 KCSE; St. Cecilia Girls Misikhu. (2001-2004). KCPE; The Crane Academy (1993-2000). Professional Leadership</p> <ul style="list-style-type: none"> • Member of Board of Governor’s at Sabatia technical & Vocational College. • Chairperson Finance, infrastructure and development committee at Sabatia technical & Vocational College. <p>She has worked in the following areas;</p> <ul style="list-style-type: none"> • 2016 to Date; Managing Director at Tanasha Enterprises & Tanasha Steel limited. • Manager at Ndama Distributers – 2015-2016. • Business Development Officer at Kenya Women Finance Trust Limited Eldoret branch. 2011-2013. • Tied Life Agent at Insurance Company of East Africa limited Eldoret. (2010-2011). • Receptionist at Rift Valley Bottles Ltd Eldoret.
<p>Mutheu .V. Paul Mutei</p>		<p>Mrs. Virginia Mutheu Paul was born on the 1st of January 1972.</p> <p>Academic Qualification</p> <ul style="list-style-type: none"> • She has a PHD in communication studies – Moi University 2017. • Masters of philosophy in Educational communication technology-Moi University 2007. • Bachelor of Education arts(Eng. &LIT) • Diploma in public Relations Management. KIMs

<p>MR. ADAN ALI HASSAN</p>		<p>Mr. Adan Ali Hassan was born on 4th August 1988.</p> <p>Academic Qualification</p> <ul style="list-style-type: none"> • Bachelor's Degree in business management (purchasing and supplies option) • Diploma in Human Resource Management-University of Nairobi • Diploma in Disaster Management-UNDP training • Certificate in computer-Mekk Computer College • He has worked in the following areas; • Served as a government officer in the office of the president, provisional administration and internal security-2008-2011 • Involved in the implementation of USAID-OTI/KTI programmes -2009-2011 • Served in procurement and supplies office-2012-2013 • Served in accounts office-2014-2015 • Director Track Mark East Africa-2016-2020 <p>Other accomplishments</p> <ul style="list-style-type: none"> • Coordination of peace projects • Coordination of youth programmes
<p>Viola Maina</p>		<p>Viola Maina studied her O- level certificate course at Kipsigis Girls from the year 1984-1987 where she proceeded for her A-level certificate at Chogoria Girls High School Meru in the year 1988-1989. She is a holder of Bachelor's degree from University of Nairobi (Geography and Political Sciences) (1990-1993) she is also a holder of Honours Degree Program (Environment and Geographical Sciences) (1995)</p>

<p>Mr. Daniel Kirongo</p>		<p>Mr. Daniel Kipkogei Kirongo was born on February 1988. He did his Primary Education Course at Sinendet Primary School from the year 1997-2006. He later on proceeded to Tulon Secondary School and did his KCSE examination in the year 2008.</p> <p>Mr. Daniel Kipkemei Kirongo is a holder of Bachelor of Education Arts degree from Kenyatta University (KU). He is currently the personal assistant to Soy Constituency Member of Parliament.</p>
<p>Mr. Agunda Ochanda</p>		<p>Mr. Agunda Ochanda was born on 28th February 1962. He is a holder of the following qualifications</p> <ol style="list-style-type: none"> 1. Certified Human Resource Professional 2. Master of Business Administration 3. Diploma in Health Systems Management 4. Certified Secretary 5. Strategic Leadership Development Programme(SLDP) 6. Advanced Level Certificate (KNEC) 7. Ordinary Level Certificate Award <p>He has vast experience for he has worked for over 15 years at Co-operate and senior level management position. Developed several key institutional strategies and Policies</p> <p>He has worked as;</p> <p>HR Consultancies Governance Audits and Entrepreneur</p> <p>Moi Teaching and Referral Hospital-as a Deputy Director (Administration and Finance)</p> <p>He is a member of the following professional bodies</p> <p>Kenya Institute of Management Institute of Certified Secretaries Institute of Human Resource Management of Kenya.</p>

<p>Arch. Nicholas Koech</p>		<p>Mr Nicholas Tirop Koech was born on 17th November 1985. He is a registered architect (by Board of Registration of Architects and Quantity Surveyors) in good standing He is a holder of Bachelor's degree (Bachelor of Architecture) from University of Nairobi. He completed his secondary school education in the year 2003 at Starehe Boys Centre after completing his Primary School Education in the year 1999 at Mosoriot Primary School. He has worked as architecture (2008-2009) at Studio Partners Architects in Nairobi where he worked in a number of projects including commercial, Institutional and Residential assignments. He has also worked as a Project Architect at Archigrid Systems whereby he was in charge of project implementation from feasibility studies, preliminary designs, detailed designs etc. Currently he is the Principal Architect at House of Architecture Ltd. He is in charge of administration of projects implementation, feasibility studies, preliminary designs and other related activities.</p>
<p>Mr. Gichuru Mutulili</p>		<p>Mr. Gichuru Mutulili was born on 3rd September 1966. He is the current TVET Director for Uasin-Gishu, Nandi and Elgeyo Marakwet counties. He is the Ministry's representative in the Board and therefore, provides advice and guidance on Ministry's strategic goals, mandate and policy direction. He holds Master's in Business Administration (Management Information Systems) and Bachelor of Education degree (Mathematics and Business Studies). He has a wealth of experience in public service particularly in Education management ISQ training performance management, project management, financial management, procurement management and monitoring and evaluation of programmes and projects. He has served as a teacher and education officer in various positions and counties,</p>




III. Management Team

<p>Mr. MR.JOSEPH K MIBEY (Principal)</p>		<ul style="list-style-type: none"> -College accounting officer. -Recruitment of college staff -Secretary to the Board of governors. -Overseeing daily operations of the institution -Implementation of college policies <p>- He has the following qualification: Part-time Master Degree of Education in Technology Education – on going - University of Eldoret Degree (Bachelor of Education in Technology Ed. Building & Civil Eng. – 2nd Class Honours – Upper Division)- Moi University(Sep. 2002- Aug. 2005)</p>
<p>Mr. Coory Kipkemboi (Deputy principal administration)</p>		<ul style="list-style-type: none"> -Deputize the principal -Train students -Supervise training in the college -Supervise the non-teaching staff work - Holder of Masters degree.
<p>Mrs. Mary Kivuva (Ag. Deputy Principal Academics)</p>		<ul style="list-style-type: none"> Deputize the principal -Train students -Supervise training in the college -Head of Academics at the institute - Holder of Bachelors degree.
<p>Job Kurgat Registrar</p>		<ul style="list-style-type: none"> - Ag Registrar - Train applied science students - In charge of admissions - In charge of marketing of institutes' courses. - In charge of external examinations <p>- He has the following qualification: - Degree in Bsc Computer Science</p>

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<p>Edwin Tanui Dean of Students</p>		<ul style="list-style-type: none"> - In charge of Students - In charge of all student's activities - In charge of students Discipline - Supervising Catering Services - He has the following qualification: <ul style="list-style-type: none"> - Bsc degree
<p>Mr Patrick Chirchir HOD Business department</p>		<ul style="list-style-type: none"> -Head the business department -Train business students -Supervising teaching in the department -Advising the principal on staffing of the department
<p>Lucy Bosibori HOD Building and Civil Engineering.</p>		<ul style="list-style-type: none"> -Head of the Building and Civil Engineering Department. -Supervising Teaching in his Department -Enrolls student in the Building and civil department -Advising the principal on staffing of the department - He has the following qualification: Bsc degree
<p>James Wambugu HOD Mechanical Engineering Department</p>		<ul style="list-style-type: none"> -Head of the Mechanical Engineering. -Supervising Teaching in his Department. -Enrolls student in the Mechanical department. -Advising the principal on staffing of the department - He has the following qualification: HND In mechanical engineering Diploma in Technical Education
<p>Jona Kore HOD Agriculture</p>		<ul style="list-style-type: none"> -Head of the Agriculture Department -Supervising Teaching in his Department. -Enrolls student in the Applied Science department. -Advising the principal on staffing of the department - He has the following qualification: Bachelors degree in animal science- JKUAT

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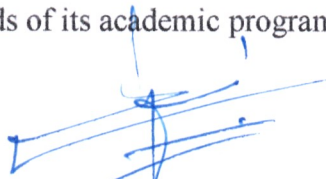
<p>Mr. Richard Toroitich HOD ICT</p>		<ul style="list-style-type: none"> -Head of the ICT Department. -Supervising Teaching in his Department. -Enrolls student in the Applied Science department. -Advising the principal on staffing of the department - He has the following qualification: BSC in IT Masinde Muliro University of Science and Technology.
<p>Mr. Augustine Kipkoech Finance Officer</p>		<ul style="list-style-type: none"> -Preparation of books of accounts. -Budgeting -Preparation of payroll and processing of employee's salary. -Preparation of suppliers payments and reconciliation of their balances. - He has the following qualification: Bachelor of Commerce-CUEA CPA-K CPS part II
<p>Mr. Betwel Seroney Procurement Officer</p>		<ul style="list-style-type: none"> -Receiving and keeping records of all incoming and outgoing goods from the central stores; -Maintains ledgers professionally, for permanent expendable and consumables -Issuing of goods to persons and departments -Stock taking. - He has the following qualification: Bachelor of Business Management- Purchasing and supplies

IV. Chairman's Statement

The BOG Ziwa Technical Training Institute during the year 2021-2022 aligned the strategic plan 2021-2025 to the Big Four Agenda so as to enable the college to contribute towards the attainment of vision 2030. In order to give guidance to the institution the Board undertook full board induction which greatly enhanced Board services to the College.

Indeed the Board of Governors Ziwa Technical Training institute is committed to improving infrastructure for effective learning and teaching and to meet the demand of the growing enrolment, the Board embarked on construction of the Administration and ICT centre.

On behalf of the Board of Governors, I would like to express my appreciation and gratitude to The Ministry of Education for unlimited support and guidance to tertiary education. This has resulted in tremendous growth in the sector. It is our intention that Ziwa Technical Training Institute continues to contribute to the achievement of the vision of the country by continuously improving and enriching the standards of its academic programmes.



Mr. Elkanah K Lagatt
Board Chairman- Ziwa TTI

V. Report of the Principal

On behalf of Ziwa Technical Training Institute management team, I am pleased to present this report on financial and operating performance and the accompanying financial statements for the year ended 30th June 2022.

Ziwa Technical Training Institute is well placed to providing adequate and relevant knowledge to its students that will enable them to contribute towards the attainment of our countries vision 2030 goals and the Big Four Agenda. We have committed ourselves to consistently review improve and consolidate our academic programmes in several ways that will ensure their competitiveness in terms of quality and relevance.

Ziwa Technical Training Institute strategic plan is greatly informed by, vision and mission of the college and the government development policies e.g. the Big 4 Agenda and Vision 2030. Our courses have therefore been selected with great consideration of the above strategic plan. With the interest of offering the best quality education in the region, the Board has employed qualified trainers to supplement those employed by the government.

In order to absorb all eligible students in the region the management carried out rigorous marketing strategies which enabled us to admit 800 students to undertake different courses. We were able to send 400 students to different companies and businesses for attachment.

The college participated in two KNEC examination series whereby there was a tremendous improvement in pass rate therefore indicating a brighter future for the college.

I would like to take this opportunity to thank the Ministry, The Board and the Management team for their selfless effort towards success of the college.



Mr. Joseph K Mibey
BOG Secretary/ Principal - Ziwa TTI

VI. Statement of Performance against Predetermined Objectives

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

Ziwa Technical Training Institute has 2 strategic pillars and 5 objectives within current Strategic Plan for the FY 2021-2025. These strategic pillars are as follows:

To promote high standards of training and learning.

To have adequate physical infrastructure and facilities to train and learn

Ziwa Technical Training Institute develops its annual work plans based on the above 2 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Ziwa Technical Training Institute achieved its performance targets set for the FY 2021/22 period for its 2 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
To promote high standards in training and learning.	To initiate market-driven and relevant training programmes To develop an internal quality assurance system To develop partnerships and exchange programmes	List of new programmes mounted. Available reports on needs assessment. Evaluation reports. No of staff trained. No of new technologies used. No of equipment and facilities acquired.	Practical oriented training and learning Mounting of new programmes Tracking and reporting of training and learning Use of new technologies in training and learning	Four additional programmes mounted Blended online / in person learning and training Reports of assessment and evaluation availed Four renovated class rooms.
To have adequate physical infrastructure and facilities to train and learn	To budget for adequate facilities and infrastructure. To procure adequate facilities and infrastructure.	Number of equipment and facilities acquired Funds approved Purchase of the required equipment. New technologies installed and used	i. procurement process for new equipment and infrastructure ii. Budgetary/ procurement process put in place. Construction of facilities and infrastructure	Workshops and laboratories equipped Two hostels build Electrical and mechanical engineering workshops equipped

VII. Corporate Governance Statement

Ziwa Technical Training Institute Board of Governors recognizes its accountability to the government and to the public at large and therefore it values honesty, openness and integrity in governance. It ensures that the college is governed according to the relevant laws and regulations.

The Board consist of one (1) executive member while the rest nine (9) are non-executive members. Members of the Board are drawn from different professional fields hence bringing into board different skills and experience.

The Principal (CEO) carries out day to day activities of the college on behave of the board, however, the Board retains its accountability to the government to ensure that the college is managed diligently.

Board Meetings

There are at least three meetings in a year as per the TVET Act 2013. The Chairperson presides over every meeting at which he is present, but in the absence of the Chairperson the members present may elect one from among their number to preside.

The quorum for the Board meeting is seven members.

Sub-committee meetings are held from time to time depending on agency of the matters at hand.

Committees of the Board

Ziwa Technical Training Institute board has three standing committees namely:

- i. Education and Human Resource committee
- ii. Finance Development and General purpose committee
- iii. Audit committee

Education and Human Resource committee

Education and Human Resource committee consist of five members. Its responsibilities are:
Overseeing the conduct of education and training in the institution in accordance with the provisions of TVET Act 2013.

Promoting and maintaining standards, quality and relevance in education and training in the institution in accordance to TVET Act 2013.

Developing and reviewing programs for training and to make representations thereon to the Board.

Regulating the admission and exclusion of students from the institution, subject to a qualifications framework and provision of TVET Act 2013.

Approving collaboration or association with other institutions and industries in and outside Kenya.

Recruiting and appointing trainers from among qualified professionals and practicing trades persons in relevant sectors of industry

Making regulations governing organization, conduct and discipline of the staff and students.

Finance Development and General purpose committee

Finance Development and General Purpose committee ensures that there is proper management of college finances as per the PFM Act 2013.

It also does the following functions as per the TVET Act 2013.

Prepare annual estimates of revenue and expenditure for the institution.

Determine fees payable and prescribe condition under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of TVET Act 2013.

Audit Committee

This committee consist of three members. Its responsibilities are as follows:

The primary purpose of Ziwa TTI audit committee is to provide oversight of the financial reporting process, the audit process, the college's system of internal controls and compliance with laws and regulations.

The audit committee can expect to review significant accounting and reporting issues and recent professional and regulatory pronouncements to understand the potential impact on financial statements. An understanding of how management develops internal interim financial information is necessary to assess whether reports are complete and accurate.

The committee reviews the results of an audit with management and external auditors, including matters required to be communicated to the committee under generally accepted auditing standards. Controls over financial reporting, information technology security and operational matters fall under the purview of the committee.

Audit committees meet separately with external auditors to discuss matters that the committee or auditors believe should be discussed privately. The committee also reviews proposed audit approaches and handle coordination of the audit effort with internal audit staff. When an internal audit function exists, the committee will review and approve the audit plan, review staffing and organization of the function, and meet with internal auditors and management on a periodic basis to discuss matters of concern that may arise.

Audit committees must have authority over their own budgets and over external auditors. It is through these protections that stake holders will come to trust the financial reports released by the college.

While boards should seek members who can provide a diverse range of competent perspectives based on their experience and expertise, it is nevertheless imperative that board members are knowledgeable and conversant in the language of finance and accounting. This need is particularly acute for the audit committee.

Board's accountability

Despite delegation of its duties to different committees, the Board is fully aware of its accountability to the government of Kenya.

Resignation of appointment, revocation of appointment, and vacation of office.

Ziwa Technical Training Institute applies provisions Second schedule of TVET Act when dealing with resignation of appointment, revocation of appointment and vacation of office by Board members.

Boards succession planning

Ziwa Technical Training Institute has taken a holistic board succession planning approach whereby the nomination committee, after considering the strategic direction of the college, plays a critical role in analysing the needs of every board. The Boards tenure is three years and the existing members can be re-

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nominated for another one term except the chairman. The college has kept a bank of CVs for those who have been identified as potential and therefore in case of any vacancy it will be easily replaced.

Conflict of interest

Ziwa Technical Training Institute applies provisions of the Second schedule of TVET Act as far as Conflicts of interests are concerned

III. Management Discussion and Analysis

This team is constituted by officers holding the following positions:

1. The Principal
2. The Deputy Principal Administrations
3. The Deputy Principal Academics
4. The Registrar
5. The Dean of students
6. HODs
7. The Finance Officer and procurement officer.
8. The Procurement Officer

In this year the college had 10 board members, 12 senior management staff and 87 other permanent staff. This is the team that has tirelessly facilitated operations in the college. The college has a total of 1800 students who pursue different courses.

Ziwa TTI is growing vigorously due to its location at an environment with a lot of amenities like roads piped water etc. We have taken advantage of the amenities to encourage the students to join the college.

Financially the college has performed very well with the little resources that we collect from students and government. We have constructed the Administration and ICT centre block which is now at a 52% completion rate. This building will help the college ease shortage of classes problem.

Students pass rate has improved constantly for the last three year. We have also considered the rate at which the students complete their course and found out that it's at 99%. We also considered discipline issue in the college and found out that the students at Ziwa TTI are generally discipline.

The college has a capacity of 5,000 students and therefore the management is working out marketing strategy to ensure that all students that have completed their secondary school education achieve 100% absorption rate.



Mr. Joseph K Mibey
CHIEF PRINCIPAL

IX. Environmental and Sustainability Reporting Statement

Ziwa 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 highlight of strategies and activities that promote the organization's strategic objectives.

Sustainability strategy and profile.

In her strive towards achieving vision 2030; Kenya is searching for more sustainable economic and financial alternatives e.g. renewable energy, lower carbon footprints and greater social equity. In doing so, Kenya intends to put people at the centre of the three pillars of sustainable development ie Environmental, Social and Economic pillars. Ziwa TTI has therefore participated in struggle to ensure that Kenya achieves its goals through several ways which include but not limited to the following:

Construction of energy saving stoves

The college has acquired three energy saving stoves which use fire wood efficiently and effectively. The stoves produce less smoke as compared to the traditional stoves which produce a lot of emission to the environment. These stoves have saved the college a lot of money and also helped in conserving the environment.

Economical use of resources

The college has resolved to keenly analyze its spending so to avoid incurring a lot of cost due to purchase of inappropriate goods. We currently go for light and cheaper printing papers for examination purposes. This has proved to serve the same purpose for examination purposes but at a cheaper cost and lower volumes.

Environmental Performance

We have also incorporated at least four out of eight environmental sustainability targets in our performance contract. We are further submitting quarterly reports to the National Environment and Management Authority (NEMA) on environmental sustainability. These reports are analyzed by NEMA and give their reports on our performance they also submit a copy of the analyzed feedback and quarterly report to the secretary.

Employee welfare

Human Resource Policies and Procedures

Our human resource policies and procedures are formal commitments to how we treat employees. The following policies and procedures have been developed over time, taking into account wherever possible of the views of employees.

Our aim is to provide a supportive working environment that helps employees feel valued and rewards behavior that helps us to develop as an organization and achieve our overall objectives.

If you feel that they can be improved, please discuss with the HR Team

These policies and procedures do not form part of any contract of employment and are subject to change at the Boards discretion.

ZTTI's total reward framework

At Ziwa TTI, we take care to promote an environment in which people feel appreciated and empowered. We believe that people work best when they feel rewarded – not just by external factors such as good pay, pensions and terms and conditions, but also by the internal factors that motivate them as individuals.

For this reason, we have adopted a total reward framework in which we explicitly value the financial and non-financial motivators.

The financial rewards include the following:

Base pay

Overtime pay

The non-financial rewards include the following

Learning and development

Quality of work life

Employee assistance programme

We provide a confidential employee assistance programme which is available to all staff. The provider of this service can help staff with a wide range of stressful issues such as bereavement, and relationship, legal and financial problems.

Recruitment and Selection Policy

Our aim is to ensure that we appoint highly qualified employees and conform to the relevant laws and regulations, well suited to the Institution and to the job concerned, always selecting on merit and in ways which conform to the best practice in diversity and equal opportunities.

Established Posts

Ziwa TTI Executive monitors, and from time to time agrees revisions, to the employee establishment. All requests to fill vacancies must firstly be discussed with HR. If recruitment is required it must be considered and approved by the Board, using a Proposal to appoint template.

Requests to the Principal to appoint staff must include a job description, person specification and team structure diagram. The job description and person specification will be available for candidates to see as part of the recruitment process. The person specification provides the basis of the selection criteria and methods to be used.

The following principles for recruitment will apply:

A proposal to appoint will need to be approved and signed by the Principal;

All posts will be advertised for 10 days (occasionally we may decide to advertise internally only, and if we do not recruit we will then advertise for 10 days.

If the vacancy still exists options such as secondment, sandwich placement, apprenticeships, will be considered, and if appropriate the necessary steps taken;

If the vacancy still exists, advertise externally, using fixed term appointments where appropriate, but with the ability to appoint permanently if required;

Market place practices

At Ziwa TTI We promote fair competition whichever form it might be, the following are some of the rules which guide activities of our officers to ensure that they don't interfere with fair competition.

Anti-competitive behavior prohibited by such rules includes:

Collusion – when companies secretly communicate or agree on how they will compete, or appear to compete, in the marketplace.

Bid-rigging – when competitors artificially manipulate the bidding process so that the outcome is pre-determined or free and fair competition is otherwise limited or hindered.

Tying – when a company with market power forces customers to take products or services that they do not want or need.

Improper exclusive dealing – when a company with a requisite level of market power agrees with others to do business/not do business with another party or parties or refuses to deal with another party or parties.

Employees Responsibility

Ziwa TTI colleagues are required to comply with applicable Competition Act 2019 and other laws and procedures.

Participation in Trade Associations

Ziwa Technical Training institute employee who participates in a trade, industry or professional group, should not use this group as a forum for reaching unlawful agreements or improperly exchanging competitively sensitive information. When joining any external association applicable to Ziwa TTI's line of business, Ziwa TTI's colleagues should review the agenda of each organization meeting in advance and not attend if it appears that inappropriate subjects will be discussed.

Maintaining Accurate Records and Reporting

Any interactions Ziwa TTI's employee have with competitors or suppliers and any records created relating to the interaction, such as e-mail messages, must be accurately recorded.

Management Responsibilities

Ziwa TTI's management is responsible for assessing the colleges risk related to the Competition Act and antitrust laws and to develop appropriate mitigation procedures relative to the colleges' level of risk.

Corporate Social Responsibility Statement/ Community Engagements

At Ziwa TTI we define CSR as a constant promise to operate with great regard to the quality of life of our employees, the local community where we operate and society at large. We recognize how global social and environmental factors are driving the need to re-examine the way the business is done. We have therefore transformed the way we incorporate CSR into our business.

The college participated in several CSR activities in this year which include but not limited to the following:

We organized and facilitated tree planting day at Ziwa and Kipsomba wards which attracted several members of the community, apart from tree planting the activity involved sensitizing community on importance of conserving the environment, encouraging the community members to educate the girl child

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FOR THE YEAR ENDED 30TH JUNE 2022

who has been left behind in terms of education and sensitization of the community on the importance of cohesion and integration in the community. We also organized and facilitated distribution of ten dust bins and water containers to the nearby primary schools and to the vegetable vendors at Ziwa Machine Market.

The college facilitated the employee to visit children's home at Matunda market whereby the college and staff donated food and other materials to the children's home.

We have also supported bereaved community member by giving out the college van to them and the societies in the college assist in other areas.

Other activities include the following, construction of a house to a disabled community member, participation in football friendly matches, and organization of Termly cultural day among others.

X. Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of Ziwa TTI affairs.

Principal activities

The principal activities of the college are to teach, and research in TVET.

Results

The results of the entity for the year ended June 30 2022 are set out on page 1 to 6

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page v to vi.

Auditors

The Auditor General is responsible for the statutory audit of the Ziwa Technical Training Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act

By Order of the Board



The Principal - Ziwa Technical Training Institute
Date: 3rd May 2023

XI. Statement of Board of Governors Responsibilities

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

The Board members are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year 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 entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act. The Board members are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2022, and of the entity's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board members to indicate that the entity 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 college's financial statements were approved by the Board on 5th August 2022 and signed on its behalf by;

Name: Elkanah K Lagatt

Signature.....

Chairman of the Board

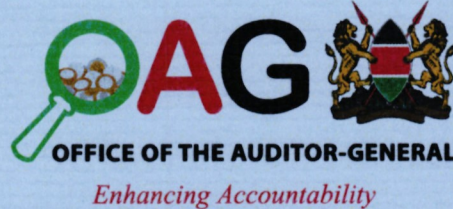
Name: Joseph K Mibey

Signature.....

Accounting Officer/Principal

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON ZIWA 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.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Ziwa Technical Training Institute set out on pages 1 to 51, which comprise of the statement of financial position at

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

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of Ziwa 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 do not comply with the Public Finance Management Act, 2012 and Technical and Vocational Education and Training Act, 2013.

Basis for Adverse Opinion

1. Presentation, Accuracy and Disclosure of the Financial Statements

Review of the financial statements revealed the following anomalies;

- i. The statement of changes in net assets reflects previous year adjustment of Kshs.4,930,176 under reserves and a negative balance of Kshs.13,333,422 under capital development grants which were not supported by journal voucher or any other document;
- ii. The statement of financial position reflects Reserves, Accumulated Surplus, Depreciation and Capital Fund balances of Kshs.10,878,277, Kshs.160,210,166, Kshs.6,668,683 and Kshs.51,121,944 respectively while the statement of changes in net assets reflect Reserve, Retained Earnings and Capital Development Grant/Fund balances of Kshs.4,930,176, Kshs.12,351,537 and Kshs.124,329,528 respectively. The variances have not been reconciled nor explained;
- iii. The statement of financial position reflects property, plant and equipment balance of Kshs.284,772,560 which is at variance with the balance of Kshs.283,347,021 in Note 32 to the financial statements, (excluding intangible assets reported separately) leading to an unexplained variance of Kshs.1,425,539;
- iv. The statement of financial performance reflects prior year comparative net surplus for the year amount of Kshs.2,549,003 while the prior year audited financial statements reflect an amount of Kshs.96,052,184. The resulting variance of Kshs.93,503,181 has not been explained and
- v. The statement of comparison of budget and actual amounts reflects total income and total expenses amounts on a comparable basis of Kshs.119,492,748 and Kshs.109,166,747 respectively while the statement of financial performance reflects total revenue and total expenses of Kshs.119,063,308 and Kshs.108,185,031

respectively. However, no separate statement was prepared reconciling the variances as required by IPSAS 24.

In the circumstances, the financial statements do not comply with International Public Sector Accounting Standards and the Public Sector Accounting Standards Board financial reporting template.

2. Inaccuracies in the Statement of Cash Flows

The statement of cash flows reflects class practical amount of Kshs.16,403,734, boarding amount of Kshs.14,651,474, electricity water and conservancy amount of Kshs.2,864,887, tuition of Kshs.7,645,967, repairs, maintenance and improvements of Kshs.7,143,235, IGU expenses of Kshs.762,185 and administration amount of Kshs.13,053,915 which are not in agreement with the balances in respective Notes to the financial statements. Further, the statement reflects under cash flows from investing activities, purchase of property, plant and equipment amount of Kshs.24,661,597 which differs from property, plant and equipment movement schedule amount of Kshs.12,776,458 in Note 32(a) to the financial statements.

In addition, the statement reflects cash and cash equivalents as at 01 July a debit amount of Kshs.33,483,387 which is at variance with the debit amount of Kshs.42,553,122 reported in the prior year audited financial statements.

In the circumstances, the accuracy of the cash and cash equivalents debit balance of Kshs.38,808,670 could not be confirmed.

3. Unsupported Expenditure

The statement of financial performance reflects use of goods and services expenditure of Kshs.71,842,216 which, as disclosed in to Note 15 to the financial statements, includes catering, conferences and boarding and class practical expenses of Kshs.13,904,994 and Kshs.16,648,186 respectively. However, payment vouchers to support an expenditure of Kshs.1,850,754 were not provided for audit.

In the circumstances, the accuracy and completeness of catering, conferences and boarding and class practical expenses of Kshs.1,850,754 could not be confirmed.

4. Unsupported Administration Expenses

The statement of financial performance reflects use of goods and services amount of Kshs.71,842,216 which includes administration expenses of Kshs.13,105,115. Schedules and documents provided in support of the administration expense revealed that Kshs.150,000 was incurred to facilitate a staff member proceeding for further studies in Australia. The institution has no policy in support of the facilitation nor was there a board approval of the payment. Further, purchases of supplies amounting to Kshs.801,130 was not sufficiently supported with relevant documents like LPOs, invoices, requisition forms, and inspection and acceptance committee reports.

In the circumstance, the accuracy, completeness and regularity of the expenditure of Kshs.951,130 could not be confirmed.

5. Unsupported Class Practical Expenses

The statement of financial performance reflects use of goods and services balance of Kshs.71,842,216 which includes class practical expenditure of Kshs.16,648,186 as disclosed in Note 15 to the financial statements. Included in this amount were payments totalling to Kshs.6,884,988, made to various firms for supply and delivery of class practical materials. However, no requests for quotations were raised and Management has not explained how the suppliers were identified, how the prices charged were determined and whether they were competitive. In addition, the purchases were received in bulk and issued out in bulk and no detailed consumption records were maintained for the same.

Further, the payment vouchers were supported by invoices, some of which were scanned copies of invoices. Copies of LPO's, delivery notes, goods received notes and inspection and acceptance committee verification were not attached to the payments.

In the circumstances, the regularity, accuracy and completeness of class practical expenditure of Kshs.6,884,988 could not be confirmed.

6. Unsupported Amendments to the Financial Statements

The revised financial statement reflects changes in the initial balances reported as detailed below which were not supported by journal vouchers indicating the movements and revised supporting schedules.

Description	Amount as per Initial Financial Statements (Kshs.)	Amount as per Revised Financial Statements (Kshs.)	Unexplained Variance (Kshs.)
Additions to Property, Plant and Equipment	34,195,288	12,776,458	21,418,830
Current Portion of Receivables from Exchange Transaction	75,518,589	56,277,818	19,240,771
Cash and Cash Equivalents	(37,126,145)	(38,808,670)	1,682,525
Trade and Other Payables	62,342,794	40,551,188	21,791,606
Total Expenses	104,668,848	105,165,725	476,877
Rendering of Service Fees	35,094,932	83,022,288	47,927,356

In the circumstances, the accuracy and completeness of the amendments could not be confirmed.

7. Unconfirmed Inventories

The statement of financial position reflects inventory balance of Kshs.1,184,840. However, the balance was not supported by a stock take or board of survey report.

In the circumstances, the accuracy and completeness of inventories balance of Kshs.1,184,840 could not be confirmed.

8. Cash and Cash Equivalents

8.1 Bank Reconciliations - Unpresented and Stale Cheques

The statement of financial position reflects a debit cash and cash equivalents balance of Kshs.38,808,670 held in four (4) bank accounts and one (1) M-pesa account as disclosed in Note 27(b) to the financial statements. Review of the bank reconciliation statement for the month of June, 2022 revealed receipts in bank statement not yet recorded in the cash book amounting to Kshs.26,216,055, some of which dated back to the year 2016. No proper explanation was however provided by the Management as to why the receipts have not been recorded in the cash book.

In addition, analysis of the unpresented cheques of one bank account revealed unpresented cheques totalling to Kshs.20,621,700, out of which cheques totalling to Kshs.18,854,085.52 had gone stale as at 30 June, 2022. Management has not explained why the stale cheques were not written back into the cash book or why the payees have not been traced and replacement cheques issued where the payments were for services rendered. Further, several reconciling items did not include details of the date, cheque number and payee.

8.2 Disclosure of Cash and Cash Equivalents Balances for Mentored Institutions

Notes 27(b) to the financial statements reflects a debit cash and cash equivalents balance of Kshs.38,108,670. However, the balances include development allocation of Kshs.3,342,768 meant for Kacheliba Technical Training Institute which was not transferred to the Institution's bank account.

8.3 Lack of a Board of Survey Report

Note 27(b) to the financial statements reflects a debit cash and cash equivalents balance of Kshs.38,808,670 which include a cash balance of Kshs.476,884. However, a board of survey report was not provided to support the disclosed balance.

In the circumstances, the debit balance of cash and cash equivalents of Kshs.38,808,670 could not be confirmed.

9. Inaccuracies in Property, Plant and Equipment

i. Variance in Property, Plant and Equipment (PPE)

The statement of financial position reflects total property, plant and equipment balance of Kshs.291,645,318 whereas Note 32 to the financial statements discloses the net book value (NBV) balance of Kshs.290,219,779, leading to an unexplained variance of Kshs.1,425,539.

ii. Unconfirmed Ownership of Land and Buildings

The statement of financial position reflects property, plant and equipment balance of Kshs.284,772,560 which includes Nil value for land and Kshs.52,526,973 for buildings. However, title deed for the institution's land was not provided for verification. Management

has not explained why a valuation of the land or an estimated value based on market rates has not been done for the land to be included in the financial statements.

iii. Incomplete Fixed Asset Register

The statement of financial position reflects non-current asset balance of Kshs.291,645,318. However, scrutiny of the fixed asset register maintained by the Institution revealed the following anomalies: -

- (a) Assets have not been categorized in the register as per the property, plant and equipment movement schedule. The accuracy of the net book values of the individual assets adding up to the values in the financial statement could not therefore be confirmed.
- (b) Gaps were noted in the asset register such as value on acquisition, accumulated depreciation, net book values, location of the assets and identification tag number.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.284,772,560 could not be confirmed.

10. Unsupported Intangible Assets

The statement of financial position reflects intangible assets balance of Kshs.6,872,758 which comprises of a balance at the beginning of the year of Kshs.5,320,000 and additions during the year of Kshs.1,552,758 as disclosed in Note 33 to the financial statements. However, no documents/ schedules were provided to support the additions of Kshs.1,552,758. Further, no provisions for impairment of the assets was made in the financial statement.

In the circumstances, the accuracy and completeness of the intangible assets balance of Kshs.6,872,758 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Budget Performance

The statement of comparison of budget and actual amounts reflects a final revenue budget of Kshs.175,629,200 against an actual performance of Kshs.119,492,748, leading

to a revenue deficit of Kshs.56,136,452 or 32% of the budget. Similarly, the statement reflects a final expenditure budget of Kshs.175,629,200 against an actual expenditure of Kshs.109,166,747, leading to an under-expenditure of Kshs.66,462,453 or 38% of the budget.

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

2. Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury and Planning Circular reference No. AG.4/16/3 Vol.II(66) dated 06 July, 2022.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Over-Expenditure on Employee Cost

The statement of financial performance reflects employee costs amounting to Kshs.19,043,189 as disclosed in Note 16 to the financial statements against the final budget of Kshs.16,361,052, leading to an unauthorized expenditure of Kshs.2,682,137 contrary to Public Finance Management Regulations (National Government), 2015, Regulation 47(2) The Accounting Officer shall inform his or her responsible Cabinet Secretary of actions taken to mitigate any budget variations.

Under the circumstances, the Management was in breach of the Regulations.

2. Proposed Construction of Kacheliba Technical Training Institute

The construction project was awarded to a firm at a contract sum of Kshs.53,992,480. As at the time of audit verification on March, 2023, the project was still incomplete and the following observations were made:

- i. There was a variation of Kshs.9,339,510 bringing the total contract sum to Kshs.63,331,990.

- ii. The project commencement date was 31 January, 2019 and was expected to be completed by 30 January, 2020. Therefore, the project has overrun its expected completion date by three (3) years.
- iii. The contractor was not on site and there were no works going on as at the time of audit.
- iv. The contractor had not put up a signboard. However, the writing on the gate indicated that the project was being fully funded by Kacheliba National Government Constituency Development Fund.
- v. No ownership documents like land title deed or allotment letter was provided for audit.
- vi. The project was almost 90% complete as builders work had been done up to roofing level, steel doors and windows had been fitted and branding had been done.
- vii. Construction of the septic tank was still incomplete.
- viii. As at June, 2022, eight (8) payment certificates had been issued totalling Kshs.49,694,532 representing 78 % of the total project cost after variation.

In the circumstances, the value for money of funds spent of Kshs.49,694,532 on the project could not be confirmed.

3. Non-Compliance with Regulations on Imprests

An Imprest Register was not maintained by the Institution and cash advances were made without approved imprest warrants and requisitions posing a risk of abuse of cash and weak accountability of funds. This is contrary to Regulation 91 of the Public Finance Management (National Government) Regulations, 2015.

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

4. Employee Cost

The statement of financial performance reflects compensation of employees' amount of Kshs.19,043,189, which includes Kshs.15,771,254 relating to basic salaries of permanent employees. Review of the payroll for the year ended 30 June, 2022 revealed the following;

4.1 Net Earnings of Less than a Third of Basic Salaries

A total of six (6) employees earned salaries which was less than a third (1/3) of their basic salaries during the months of September, October and December, 2021. The employees' earnings ranged between 26% and 1% of their basic salaries which is contrary to regulations.

4.2 Failure to Observe One-Third Rule on Staff Composition

Review of the payroll for the month of June, 2022 revealed that the Institute had total of eighty-seven (87) staff, out of whom seventy-six or 87% were from one dominant community, twelve (12) Senior Management out of whom eight (8) or 66% were from the dominant community and ten (10) Board members out of whom six (6) or 60% were from the dominant community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which requires that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of staff from the same ethnic community.

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

5. Overdrawn Bank Accounts

The statement of financial position reflects a debit cash and cash equivalents balance of Kshs.38,808,670 as disclosed in Note 27(b) to the financial statements. However, examination of the cash book and bank reconciliation statements indicate that three (3) bank accounts and Mpesa account cash books were overdrawn by Kshs.39,397,345.

This is contrary to Regulation 82(7) of the Public Finance Management (National Government) Regulations, 2015 which states that no official Government bank account shall be overdrawn.

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

6. Unsupported Teaching and Learning Materials (Tuition)

The statement of financial performance reflects use of goods and services amount of Kshs.71,842,216 which includes teaching and learning materials (tuition) expenses amount of Kshs.7,667,129 as disclosed in Note 15 to the financial statements. Documents provided for audit revealed that teaching and learning materials totalling to Kshs.4,792,544 were to be procured through open tendering according to the approved procurement plan. However, prequalified suppliers were used to procure the learning materials which is a form of restricted tendering negating the approved procurement plan. Further, documents provided were not sufficiently supported with procurement documents like purchase orders, requisitions forms, and inspection and acceptance committee report contrary to Section 104 of the Public Finance Management Act, 2012.

In the circumstances, Management was in breach of law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Preparation of Payroll without Job Groups

Scrutiny of the payrolls revealed that the employees of the Institute did not have job groups or salary scales. No proper explanation was given as to why the employees of the Institution were not given job groups or salary scales during employment.

Absence of job group and salary scale details in payrolls may lead to overpayments and underpayments of salaries.

2. Lack of IT Policy and IT Strategic Committee

Review of information technology in use at the Institute revealed that no IT strategic plan was in place which could provide guidance to IT-related decision-making processes, with IT task prioritized and implemented using the plan as a framework. The Institute did not provide the minutes of the strategic committee meetings. In addition, the Management has no back-up data stored in an off-site location and therefore in case of any interruptions the Institute might not recover, this may affect the business-continuity and recovery plan. No reasons or explanation has been provided for failure to have an IT Strategic plan and back-up data in an off-site location. The Institute has no IT Policy and an IT Strategy Committee which addresses IT governance issues.

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

Responsibilities of Management and the Board of Governors

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

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

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

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

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that

might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA ~~Nancy Gathungu~~, CBS
AUDITOR-GENERAL

Nairobi

12 September, 2023

ZIWA TECHNICAL TRAINING INSTITUTE
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II. Statement of Financial Performance for the year ended 30 June 2022

	Notes	2021-2022	2020-2021
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government—grants/ gifts in kind	6(a)	35,402,500	36,985,000
Loan proceeds			
Grants from donors and development partners	7		
Transfers from other levels of government	8		
Public contributions and donations	9		
		35,402,500	36,985,000
Revenue from exchange transactions			
Rendering of services- Fees from students	10	83,022,288	132,031,454
Sale of goods	11		
Rental revenue from facilities and equipment	12		
Finance income-external investments	13		
Other income	14	638,520	
		83,660,808	132,032,454
Total revenue		119,063,308	169,017,454
Expenses			
Use of goods and services	15	71,842,216	386,350
Employee costs	16	19,043,189	13,161,750
Remuneration of directors	17	1,044,127	
Depreciation and amortization expense	18	6,668,683	9,379,931
Repairs and maintenance	19	6,922,909	15,257,161
Contracted services	20		
Grants and subsidies	21	2,393,687	
General expense	22		34,780,078
Finance cost	23	270,220	
General			
		108,185,031	72,965,270
Other gains/(losses)			
Gain on sale of assets	24		
Unrealized gain on fair value of investments	25		
Impairment loss	26		
Total other gains/(losses)			
Net Surplus for the year		10,878,277	2,549,003

The notes set out on pages 7 to 54 form an integral part of the Annual Financial Statements.

ZIWA TECHNICAL TRAINING INSTITUTE
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XIV. Statement of Financial Position as At 30th June 2022

	Notes	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	27	(38,808,670)	(42,553,122)
Current portion of receivables from exchange transactions	28	56,277,818	87,430,788
Receivables from non-exchange transactions	29		
Inventories	30	1,184,840	1,184,840
Investments	31		
		18,653,988	46,062,506
Non-current assets			
Property, plant and equipment	32	284,772,560	284,832,108
Intangible assets	33	6,872,758	
Investment property	34		
Long term receivables from exchange transactions			
		291,645,318	284,832,108
Total assets		310,299,306	330,894,614
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	35	40,551,188	34,034,763
Refundable deposits from customers	36	9,200	11,200
Current Provisions	37		
Finance lease obligation	38	-	
Current portion of borrowings	39		
Deferred income	40		
Employee benefit obligation	41		
Payments received in advance	42	31,147,408	
		71,707,796	34,045,963
Non-current liabilities			
Non-current employee benefit obligation			
Non-current provisions	44		
Borrowings	45	9,712,440	2,467,040
Service concession liability	46		
Deferred tax liabilities			
		9,712,440	2,467,040
Total liabilities		81,420,236	36,513,003
Net assets		228,879,070	294,381,611
Reserves		10,878,277	6,781,088
Accumulated surplus		160,210,166	224,879,720
Depreciation		6,668,683	
Capital Fund		51,121,944	62,720,803
Total net assets and liabilities		228,879,070	294,381,611

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Institute Board of Governors by:

Board of Governors

Date.....

03.05.23

Finance Officer
ICPAK No 24671

Date.....

Principal

Date.....

03/05/2023

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

	reserve	Fair value adjustment reserve	Retained earnings	Capital/ Development Grants/Fund	Total
At July 1, 2020				91,662,670	91,662,670
Revaluation gain		-	-	-	
Fair value adjustment on quoted investments		-	-	-	
Total comprehensive income		-	-	-	
Capital/Development grants received during the year		-	-	47,473,540	47,473,540
Transfer of depreciation/ amortization from capital fund to retained earnings		-	-	-	
At June 30, 2021			139,136,210	139,136,210	139,136,210
At July 1, 2021			-	139,136,210	139,136,210
Previous year adjustment	4,930,176			(13,333,422)	(13,333,422)
Revaluation gain		-	-	-	
Fair value adjustment on quoted investments		-	-	-	
Total comprehensive income		-	10,878,277	-	10,632,567
Capital/Development grants received during the year		-	-	-	
Transfer of depreciation/ amortization from capital fund to retained earnings			1,473,260	(1,473,260)	
At June 30, 2022	4,930,176	0	12,351,537	124,329,528	136,435,355

Note:

- For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
- Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done

XVI. Statement of Cash Flows for the Year Ended 30 June 2022

		2021-2022	2020-2021
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	6(b)	44,042,500	36,885,000
Kacheliba TVC grants		16,525,813	
Public contributions and donations			
Rendering of services- Fees from students		27,003,208	14,203,912
Rendering of services-Tuition fees from NYS students		52,642,350	36,661,800
Rental revenue from facilities and equipment			
Finance income			
Other income		638,520	1000
Total Receipts		140,852,391	87,751,712
Payments			
Compensation of employees	16	19,043,188	13,161,750
General Expenses			34,780,078
Sports		1,264,839	
Class practicals		16,403,734	
Boarding		14,651,474	
Electricity Water and Conservancy		2,864,887	
Tuition		7,645,967	
Repairs, Maintenance and Improvement	19	7,143,235	15,257,161
Driving School		3,267,573	
Administration		13,053,915	
KNEC		7,984,718	
Local Transport and Travel		2,799,027	
Attachment		1,011,913	
Operation grants Cherangany TTI		1,051,591	
Operation grants Kitelakapel TTI		500,000	
Medical expense	15	516,706	386,350
Board induction	17	1,044,127	
Students Union		981,716	
IGU expenses		762,185	
Cherangany TTI expenses		549,596	

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KASNEB		62700	
Corporate Social Responsibility		292,500	
Loose tools		23,280	
Caution		2,000	
Kacheliba TVC administration Expenses		185,264	
Payments on behave of Kacheliba TVC		1,000,000	
Transfer to Kacheliba TVC		13,183,045	
Finance cost			
Rent paid			
Taxation paid			
Other payments			
Grants and subsidies paid			
Total Payments		117,289,180	63,585,339
Net cash flows from operating activities	43	23,563,211	24,166,373
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(24,661,597)	47,473,540
Proceeds from sale of property, plant and equipment			
Decrease in non-current receivables			
Increase in investments			
Net cash flows used in investing activities		(24,661,597)	(23,307,167)
Cash flows from financing activities			
Interest Repayment		(1,466,148)	
Bank Charges		(270,220)	
Repayment of borrowings		(2,490,529)	1,341,480
Increase in deposits			
Net cash flows used in financing activities		(4,226,897)	(21,965,687)
Net increase/(decrease) in cash and cash equivalents		(5,325,283)	
Cash and cash equivalents at 1 JULY 2021	26	(33,483,387)	(20,587,435)
Cash and cash Equivalent as at 30 th June 2022		(38,808,670)	
Cash and cash equivalents as at 30th June 2022		(38,808,670)	(42,553,122)

(IPSAS 2 allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation).

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XVII. Statement of Comparison of Budget and Actual Amounts for the Year Ended 30 June 2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	%
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	
Transfers from other Govt entities Govt grants	122,350,000		122,350,000	35,402,500	86,947,500	71%
Public contributions and donations					0	
Rendering of services- Fees from students	52,480,100		52,480,100	83,660,808	-31,180,708	-59%
Other Income	799100		799100	638,520	160,580	20%
Gains on disposal, rental income and agency Fees					0	
Total income	175,629,200		175,629,200	119,492,748	56,136,452	32%
Expenses					0	
Administration	11,373,240		11,373,240	13,105,115	-1,731,875	-15%
tuition	25,415,940		25,415,940	7,667,129	17,748,811	70%
Class practicals	12,267,570		12,267,570	16,648,186	-4,380,616	-36%
Caution money	3,000,000		3,000,000		3,000,000	100%
attachment	3,471,000		3,471,000	1,011,913	2,459,087	71%
Driving school				3,267,573	-3,267,573	
EWC	5,485,295		5,485,295	2,768,687	2,716,608	50%
Students Union	575,580		575,580	981,716	-406,136	-71%
IGU Expenses	474,200		474,200	632,085	-157,885	-33%
Examination expenses	11,577,230		11,577,230	8,047,418	3,529,812	30%
Boarding	40,955,393		40,955,393	13,904,994	27,050,399	66%
Local Transport and Travel	2600000		2600000	2,799,027	-199,027	-8%
Finance cost				270,220	-270,220	-100%
Loose tools				23,280	-23,280	-100%
Kacheliba TVC admin expen				185,264	-185,264	-100%
Sports	5,815,840		5,815,840	1,264,839	4,551,001	78%
Medical	854,370		854,370	516,706	337,664	40%
Employee costs	16,361,052		16,361,052	19,043,189	-2,682,137	-16%
Remuneration of directors	1055000		1055000	1,044,127	10,873	1%
Depreciation and amortization				6,668,683	-6,668,683	-100%
Grants and subsidies				2,393,687	-2,393,687	-100%
Repairs and maintenance	21,755,580		21,755,580	6,922,909	14,832,671	68%
Development	12,591,910		12,591,910		12,591,910	100%
Total expenditure	175,629,200	0	175,629,200	109,166,747	66,462,453	38%
Surplus for the period	0	0	0	10,326,001		

XVIII. Notes to the Financial Statements

1. GENERAL INFORMATION

Ziwa TTI is established by and derives its authority and accountability from TVET Act 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to offer vocational education and training at diploma level as per the TVET Act 2013.

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 *entity's* accounting policies.

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

The financial statements have been prepared in accordance with the PFM Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted 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 2021.

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks. b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved. c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.

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 NOTES TO THE FINANCIAL STATEMENTS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>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 an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> •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 an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
<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. d) 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.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2021.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2020-2021 was approved by the Board on 23rd July 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

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

c) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule *Cap 470 Paragraph 10*.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 50 years.

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

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

e) Property, plant and equipment

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

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Depreciation is charged annually on straight line basis as follows;

Buildings	2.5%
Motor Vehicle	10.0%
Plant and Equipment	10.0%
Furniture and Fittings	12.5%
Computers	10.0%
Other assets	10.0%

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

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

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

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

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

g) Intangible assets

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

h) Research and development costs

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

- The technical feasibility of completing the asset so that the asset will be available for use or sale

- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development.

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) Inventories

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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

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

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

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements.

l) Changes in accounting policies and estimates

The Entity recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

m) Employee benefits

Retirement benefit plans

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

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

n) 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.

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

q) Service concession arrangements

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

r) 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.

s) Comparative figures

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

t) 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, 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2021-2022	2020-2021
	KShs	KShs
Unconditional grants		
Capitation grants	34,402,500	36,885,000
Operational grant		100,000
Operational grant-Kitelakapel TTI	500,000	
Operational grants-Cherangany TTI	500,000	
Capitation grants owing		
Conditional grants		
Other grants		
Hostels grant		
Administration block grant		
Laboratory grant		
Learning facilities grant		
Other organizational grants		
Total government grants and subsidies	35,402,500	36,985,000

(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2020-2021 KShs
Ministry of Education	43,042,500			43,042,500	40,351,667
Ministry of Education (Cherangany TTI)	500,000			500,000	
Ministry of Education (Kitelakapel TTI)	500,000			500,000	
Total	44,042,500			44,042,500	40,351,667

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

Description	2021-2022	2020-2021
	KShs	KShs
JICA- Research grant		
World Bank grants		
In-kind Donations		
Other grants		
Total grants from development partners		

Reconciliations of grants from donors and development partners

Description	2021-2022	2020-2021
	KShs	KShs
Balance unspent at beginning of year		
Current year receipts		
Conditions met - transferred to revenue		
Conditions to be met - remain liabilities		

(Provide brief explanation for this revenue)

8. TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2021-2022	2020-2021
	KShs	KShs
Transfer from County		
Transfer from University		
Transfer from institute		
Total Transfers		

9. PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2021-2022	2020-2021
	KShs	KShs
Public donations		
Donations from local leadership		
Donations from religious institutions		
Donations from alumni		
Other donations		
Total donations and sponsorships		

(Provide brief explanation for this revenue)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. RENDERING OF SERVICES

Description	2021-2022	2020-2021
	KShs	KShs
Tuition fees	69,997,355	14,203,912
Tuition fees from NYS students	13,024,800	30,396,754
Tuition fees from students owing		87,430,788
Library fees		
Facilities and materials		
Registration fees		
Total revenue from the rendering of services	83,022,288	132,031,454

(Provide brief explanation for this revenue)

11. SALE OF GOODS

Description	2021-2022	2020-2021
	KShs	KShs
Sale of goods		
Sale of books		
Sale of publications		
Sale of farm produce		
Cafeteria		
Other(include in line with your organisation)		
Total revenue from the sale of goods		

(Provide brief explanation for this revenue)

12. HIRE OF FACILITIES AND EQUIPMENT

Description	2021-2022	2020-2021
	KShs	KShs
Hire of facilities and equipment		
Contingent rental		
Operating lease revenue		
Total		

(Provide brief explanation for this revenue)

13. FINANCE INCOME

Description	2021-2022	2020-2021
	KShs	KShs
Cash investments and fixed deposits		
Interest income from Treasury Bills		
Interest income from Treasury Bonds		
Interest from outstanding debtors		
Total finance income		

(Provide brief explanation for this revenue)

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14. OTHER INCOME

Description	2021-2022	2021-2022
	KShs	KShs
Consultancy fees		
Income from sale of tender	1,000	1,000
IGUs income	43,360	
Miscellaneous (Board induction)	594,160	
Total other income	638,520	1,000

(NB: All income should be classified as far as possible in the relevant classes and other income should be used to recognise income not elsewhere classified).

15. USE OF GOODS AND SERVICES

Description	2021-2022	2020-2021
	KShs	KShs
Teaching and learning materials (Tuition)	7,667,129	3,926,777
Class practical	16,648,186	4,060,984
Industrial attachment costs	1,011,913	68,950
Driving school	3,267,573	
Electricity, Water and Conservancy	2,768,687	1,586,518
IGU expenses	632,085	441,530
Water processing		868,767
Loose tools	23,280	
Kacheliba TVC admin expenses	185,264	
store		1,330,310
Operation expenses		1,388,057
Administration expenses	13,105,115	9,173,941
Examination fees (KNEC)	7,984,718	3,136,510
KASNEB examination fees	62,700	
Catering, Conferences, and boarding	13,904,994	6,154,405
Travelling and accommodation (LT&T)	2,799,027	1,696,199
Sports/ Activity	1,264,839	535,580
Medical expenses	516,706	386,350
Total good and services	71,842,216	34,754,878

The increase in use of goods expenses from 34,754,878 to 71,842,216 is due to effects of COVID-19 pandemic which lead to reduction of activities in the year 2020-2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. EMPLOYEE COSTS

	2021-2022	2020-2021
	KShs	KShs
Salaries and wages (PE)	15,771,254	11,840,448
PAYE contributions	1,225,211	97,072
Employee related costs-contributions to pensions and medical aids-NSSF	807,104	790,680
Employee related costs-contributions to pensions and medical aids-NHIF	975,857	433,550
NITA Contributions	263,763	-
Travel, motor car, accommodation, subsistence and other allowances		
Housing benefits and allowances		
Overtime payments		
Performance and other bonuses		
Social contributions		
Employee costs	19,043,189	13,161,750

17. REMUNERATION OF DIRECTORS

Description	2021-2022	2020-2021
	KShs	KShs
Directors emoluments	1,044,127	
Board induction		
Directors emoluments		
Other allowances		
Total director emoluments	1,044,127	

18. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2021-2022	2020-2021
	KShs	KShs
Property, plant and equipment	6,668,683	9,379,931
Intangible assets		
Investment property carried at cost		
Total depreciation and amortization	6,668,683	9,379,931

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19. REPAIRS AND MAINTENANCE

Description	2021-2022	2020-2021
	KShs	KShs
Buildings	5,600,072	15,257,161
Investment property-earning rentals		
Equipment and machinery	56,310	
Vehicles	918,647	
Furniture and fittings		
Computers and accessories	347,880	
Other		
Total repairs and maintenance	6,922,909	15,257,161

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. CONTRACTED SERVICES

Description	2021-2022	2021-2022
	KShs	KShs
Actuarial Valuations		
Investment valuations		
Property valuations		
Total contracted services		

21. GRANTS AND SUBSIDIES

Description	2021-2022	2020-2021
	KShs	KShs
Community development		
Transfer of operation grants to Cherangany TTI	1,051,591	
Transfer of operation grants to Kitelakapel TTI	500,000	
Cherangany TTI expenses	549,596	
CSR	292,500	2,700
Education initiatives and programs		
Social development		
Community trust		
Sporting bodies		
Total grants and subsidies	2,393,687	2,700

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. GENERAL EXPENSES

Description	2021-2022	2020-2021
	KShs	KShs
Internet expenses		
Training expenses		
Total		

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23. FINANCE COSTS

Description	2021-2022	2020-2021
	KShs	KShs
Borrowings NCBA (amortized cost)*		
Borrowings Co-operative Bank (amortized cost)*		
Finance leases (amortized cost)		
Unwinding of discount		
Interest on Bank overdrafts		
Interest from loan(Co-operative bank)		
Interest on loans from commercial banks NCBA bank		
Bank charges	270,220	
Total finance costs	270,220	

*Borrowing costs that relate to interest expense on acquisition of non- current assets and do not qualify for Capitalizations as per IPSAS 5: on borrowing costs should be included under this note.)

24. GAIN ON SALE OF ASSETS

Description	2021-2022	2020-2022
	KShs	KShs
Property, plant and equipment		
Intangible assets		
Other assets not capitalized		
Total gain on sale of assets		

25. UNREALIZED GAIN ON FAIR VALUE INVESTMENTS

Description	2021-2022	2020-2021
	KShs	KShs
Investments at fair value		
Total gain		

26. IMPAIRMENT LOSS

Description	2021-2022	2020-2021
	KShs	KShs
Property, plant and equipment		
Intangible assets		
Total impairment loss		

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27. CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents

Description	2021-2022	2020-2021
	KShs	KShs
Current account	(38,808,670)	(42,553,122)
On - call deposits		
Fixed deposits account		
Staff car loan/ mortgage		
Others(specify)		
Total cash and cash equivalents	(38,808,670)	(42,553,122)

(The amount should agree with the closing and opening balances as included in the statement of cash flows)

(b) Detailed analysis of cash and cash equivalents

Financial institution	Account number	2021-2022	2020-2021
		KShs	KShs
a) Current account			
Co-operative Bank of Kenya	01129672837200	(37,157,093)	(43,670,153)
Sub- total			
b) Development Bank A/c	01129672837201	(1,469,684)	516,009
Kenya Commercial bank			
Sub- total			
c) Others			
Cash in hand		476,884	(359,960)
M pesa pay bill	671672	(527,904)	1,266,625
NCBA	4123980016	111,790	334,467
Sub- total			
d) KCB fees collection			
Kenya Commercial bank	1236084373	(242,664)	(305,643)
Sub- total			
e) Others(specify)			
Sub- total			
Grand total		(38,808,670)	(42,553,122)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. RECEIVABLES FROM EXCHANGE TRANSACTIONS

(a) Current portion of receivables from exchange transactions

Description	2021-2022	2020-2021
	KShs	KShs
Current receivables		
Student debtors	55,296,102	87,430,788
Rent debtors		
Consultancy debtors		
Other exchange debtors (students union)	981,716	258,350
Less: impairment allowance		
Total current receivables	56,277,818	87,689,138

(b) Long- term Receivables from Exchange Transactions

Description	2021-2022	2020-2021
	KShs	KShs
Non-current receivables		
Refundable deposits		
Advance payments		
Public organizations		
Less: impairment allowance		
Total		
Current portion transferred to current receivables		
Total non-current receivables		
Total receivables		

(c) Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Description	2021-2022	2020-2022
	KShs	KShs
At the beginning of the year		
Provisions during the year		
Recovered during the year		
Write offs during the year		
At the end of the year		

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29. RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

(a) Receivables from non-exchange transactions.

Description	2021-2022	2020-2021
	KShs	KShs
Current receivables		
Capitation grants*		
Transfers from other govt. entities		
Undisbursed donor funds		
Students debtors		
NYS students debtors		
Other debtors (non-exchange transactions)		
Less :impairment allowance		
Total current receivables		

**Receivables on capitation grants is recognized for monies received after year end but relating to the year under review.*

(b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Description	2021-2022	2020-2021
	KShs	KShs
At the beginning of the year		
Additional provisions during the year		
Recovered during the year		
Written off during the year		
At the end of the year		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30. INVENTORIES

Description	2021-2022	2020-2021
	KShs	KShs
Consumable stores	1,184,840	1,184,840
Maintenance stores		
Health unit stores		
Electrical stores		
Cleaning materials stores		
Catering stores		
Total		
Inventories at the lower of cost and net realizable value	1,184,840	1,184,840

31. INVESTMENTS

Description	2021-2022	2020-2021
	KShs	KShs
a) Investment in Treasury bills and bonds		
Financial institution		
CBK		
CBK		
Sub- total		
b) Investment with Financial Institutions/ Banks		
Bank x		
Bank y		
Sub- total		
c) Equity investments (specify)		
Equity/ shares in company		
Sub- total		
Grand total		

d) Shareholding in other entities

For investments in equity share listed under note 30 (c) above, list down the equity investments under the following categories:

Name of entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct shareholding	Indirect shareholding	Effective shareholding			
	%	%	%			
Entity A				Shs	Shs	Shs

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32. PROPERTY, PLANT AND EQUIPMENT

(a) Property, plant and equipment

Cost	LAND		Motor vehicles	PLANT AND EQUIPMENT	FURNITURE AND FITTINGS	COMPUTERS	OTHER ASSETS	INTANGIBLE ASSETS	WIP	Total
	Buildings	Kshs								
At July 2020	0	40,449,010	3,209,000	14,863	4,807,115	3,415,613	3,947,012	2,900,000	167,807,575	226,550,188
Additions		18,481,399	11,711,500	664,000	3,957,800	2,981,000	5,338,219	2,420,000	35,922,101	81,476,019
Disposals										0
Transfers/Adjustments										0
At 30 th June 2021	0	58,930,409	14,920,500	678,863	8,764,915	6,396,613	9,285,231	5,320,000	203,729,676	308,026,207
Additions				5,288,344	3,195,268	434,445		1,552,758	230,5643	12,776,458
Disposals										0
Transfer/Adjustments										0
At 30 th June 2022	0	58,930,409	14,920,500	5,967,207	11,960,183	6,831,058	9,285,231	6,872,758	206,035,319	320,802,665
Depreciation And Impairment										0
At July 2020		3,751,568	3,179,000	17,038	1,627,955	4,626,593	1,332,118			14,534,272
Depreciation		1,178,608	3,730,125	84,858	1,095,614	2,130,072	1,160,654			9,379,931
Impairment		-	-	-	-	-	-			0
At 30 th June 2021	0	4,930,176	6,909,125	101,896	2,723,569	6,756,665	2,492,772	0	0	23,914,203
Depreciation		1,473,260	1,492,050	596,721	1,495,023	683,106	928,523	0	0	6,668,683
Disposals		-	-	-	-	-	-	-	-	0
Impairment		-	-	-	-	-	-	-	-	0
Transfer/Adjustment		-	-	-	-	-	-	-	-	0
At 30 th June 2022	0	6,403,436	8,401,175	698,617	4,218,592	7,439,771	3,421,295	0	0	30,582,886
Net Book Values	0	52,526,973	6,519,325	5,268,590	7,741,591	360,052	5,863,936	6,872,758	206,035,319	290,219,779
At 30 th June 2021	0	54,000,233	8,011,375	576,967	6,041,346		6,792,459	532,000	203,729,676	284,832,108

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(b) Property, Plant and Equipment at Cost

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

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land			
Buildings	58,930,409	6,403,436	52,526,973
Motor vehicles, including motorcycles	14,920,500	8,401,175	6,519,325
Plant and equipment	5,967,207	698,617	5,268,590
Office equipment, furniture, and fittings	11,960,183	4,218,592	7,741,591
Computers and related equipment	6,831,058	7,439,771	
Other assets	9,285,231	3,421,295	5,863,936
Intangible assets	6,872,758		6,872,758
Work in progress	206,035,319		206,035,319
Total	320,802,665	30,582,886	290,828,492

33. INTANGIBLE ASSETS-SOFTWARE

Description	2021-2022	2020-2021
	KShs	KShs
Cost		
At beginning of the year	5,320,000	2,900,000
Additions	1,552,758	2,420,000
At end of the year	-	
Additions—internal development		
At end of the year	6,875,759	5,320,000
Amortization and impairment		
At beginning of the year		
Amortization		
At end of the year		
Impairment loss		
At end of the year		
NBV	6,872,758	5,320,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

34. INVESTMENT PROPERTY

Description	2020-2021	2019-2020
	KShs	KShs
At beginning of the year		
Additions		
Disposal during the year		
Depreciation		
Impairment		
At end of the year		

(This note applies to investment property held at cost. For investment property held at fair value, changes in fair value should go through the statement of financial performance).

35. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2021-2022	2020-2021
	KShs	KShs
Trade payables	40,551,188	34,034,763
Fees paid in advance		
Employee advances		
Third-party payments		
Other payables		
Total trade and other payables	40,551,188	34,034,763

36. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	2021-2022	2020-2021
	KShs	KShs
Consumer deposits		
Caution money	9200	11,200
Other refundable deposits		
Total deposits	9,200	11,200

37. CURRENT PROVISIONS

Description	Leave provision	Bonus provision	Gratuity Provisions	Other provision	Total
	KShs	KShs	KShs	KShs	KShs
Balance at the beginning of the year					
Additional Provisions					
Provision utilised					
Change due to discount and time value for money					
Transfers from non-current provisions					
Total provisions					

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

38. FINANCE LEASE OBLIGATION

Description	2021-2022	2020-2021
	KShs	KShs
At the start of the year		
Discount interest on lease liability		
Paid during the year		
At end of the year		

Maturity Analysis

Period	Amount
Year 1	
Year 2	
Year 3	
Year 4	
Year 5 and onwards	
Less: Unearned interest	

Analyzed as:

Description	Amount
Current	
Non- Current	
Total	

39. CURRENT PORTION OF BORROWINGS

40. DEFERRED INCOME

Description	2021-2022	2020-2021
	KShs	KShs
National government		
International funders		
Public contributions and donations		
Total deferred income		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The deferred income movement is as follows:

	National government	International funders/donors	Public contributions and donations	Total
Balance brought forward				
Additions during the year				
Transfers to Capital fund				
Transfers to income statement				
Other transfers				
Balance carried forward				

41. EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2021-2022	2020-2021
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation					
Non-current benefit obligation					
Total employee benefits obligation					

42. PAYMENTS RECEIVED IN ADVANCE

Description	2021-2022	2020-2021
	KShs	KShs
Prepaid fees	31,147,408	
Total prepaid fees	31,147,408	

Retirement benefit Asset/ Liability

The entity operates a defined benefit scheme for all full-time employees from July 1, 20XX. The scheme is administered by xxx while xxx are the custodians of the scheme. The scheme is based on xxx percentage of salary of an employee at the time of retirement.

An actuarial valuation to fulfill the financial reporting disclosure requirements of IPSAS 39 was carried out as at xxx June xxx by xxx actuarial valuers on this basis the present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method. The principal assumptions used for the purposes of valuation are as follows:

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	2021-2022	2020-2021
	Kshs	Kshs
Discount rates		
Future salary increases		
Future pension increases		
Mortality (Pre- retirement)		
Mortality (Post- retirement)		
Withdrawals		
Ill health		
Retirement		

Recognition of Retirement Benefit Asset/ Liability

a) Amounts recognised under other gains/ Losses in the statement of Financial Performance:

Description	2021-2022	2020-2021
	Kshs	Kshs
The return on defined plan assets		
Actuarial gains/ losses arising from changes in demographic assumptions		
Actuarial gains/ losses arising from changes in financial assumptions		
Actuarial gains and losses arising from experience adjustments		
Others (Specify)		
Adjustments for restrictions on the defined benefit asset		
Re-measurement of the net defined benefit liability (asset)		

b) Amounts recognised in the Statement of Financial Position

Description	2021-2022	2020-2021
	Kshs	Kshs
Present value of defined benefit obligations(a)		
Fair value of plan assets(b)		
Funded Status(=a-b)		
Restrictions on asset recognised		
Others		
Net Asset or liability arising from defined benefit obligation		

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at KShs. XXX per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by XXX Pension Fund. Employees contribute xx% while employers contribute xx% of basic salary. Employer contributions are recognised as expenses in the statement of financial performance within the period they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

43. CASH GENERATED FROM OPERATING ACTIVITIES

Description	2021-2022	2020-2021
	KShs	KShs
Surplus for the year before tax	10,878,277	
Adjusted for:		
Depreciation	6,668,683	
Non cash grants received		
Contributed assets		
Impairment		
Gains loses on disposal of assets		
Contribution to provisions		
Contribution to impairment allowance		
Finance income		
Finance cost	270,220	
Working Capital Adjustments		
Increase in inventory		
Increase in receivables	(43,579,938)	
Increase in payables	49,325,969	
Increase in payments received in advance		
Net cash flow from operating activities	23,563,211	

44. NON-CURRENT PROVISIONS

Description	Long service leave	Bonus Provision	Gratuity	Other Provisions	Total
	KShs		KShs	KShs	KShs
Balance at the beginning of the year					
Additional Provisions					
Provision utilised					
Change due to discount and time value for money					
Less: Current portion					
Total deferred income					

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

45. NON-CURRENT PROVISIONS

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46. BORROWINGS

(a) Borrowings

Description	2021-2022	2020-2021
	KShs	KShs
Balance at beginning of the year	12,202,969	
External borrowings during the year		
Domestic borrowings during the year		
Repayments of external borrowings during the year		
Repayments of domestic borrowings during the year	2,490,529	
Balance at end of the year	9,712,440	

(a) Analysis of external and domestic borrowings

	2021-2022	2020-2021
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'organizations'		
Sterling Pound denominated loan from 'organization'		
Euro denominated loan from organization'		
Domestic Borrowings		
Kenya Shilling loan from NCBA	2,057,324	
Kenya Shilling loan from Co-operative Bank	7,655,115	
Kenya Shilling loan from Consolidated Bank		
Total balance at end of the year	9,712,439	

(b) Breakdown of long- and short-term borrowings

Description	2021-2022	2020-2021
	KShs	KShs
Short term borrowings(current portion)		
Long term borrowings	9,712,439	
Total	9,712,439	

(NB: the total of this statement should tie to note 42 totals. Current portion of borrowings are those borrowings that are payable within one year or the next financial year. Additional disclosures on terms of borrowings, nature of borrowings, security and interest rates should be disclosed).

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47. SERVICE CONCESSION ARRANGEMENTS

Description	2021-2022	2020-2021
	KShs	KShs
Fair value of service concession assets recognized under PPE		
Accumulated depreciation to date		
Net carrying amount		
Service concession liability at beginning of the year		
Service concession revenue recognized		
Service concession liability at end of the year		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

48. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2021				
Receivables from exchange transactions	87,430,788	87,430,788		
Receivables from non-exchange transactions				
Bank balances	(42,553,122)	(42,553,122)		
Total	44,877,666	44,877,666		
At 30 June 2022				
Receivables from exchange transactions	56,277,818	69,559,568		
Receivables from non exchange transactions				
Bank balances	(38,808,670)	(38,808,670)		
Total	17,469,148	17,469,148		

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

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44. FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (continued)

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

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

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade payables	34,034,763			34,034,763
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total	34,034,763			34,034,763
At 30 June 2022				
Trade payables	40,551,188			40,551,188
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total	40,551,188			40,551,188

NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial assets(investments, cash, debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

44. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial assets(investments, cash ,debtors)			
Liabilities			
Trade and other payables			
Borrowings			
Net foreign currency asset/(liability)			

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20xx			
Euro	10%		
USD	10%		
20xx			
Euro	10%		
USD	10%		

b) Interest rate risk

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

Management of interest rate risk

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

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44 FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs xxx (2016: KShs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs xxx (2020 – KShs xxx)

iii) Capital Risk Management

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve		
Retained earnings	160,210,166	
Capital reserve	51,121,944	
Total funds	211,332,110	
Total borrowings	9,712,440	
Less: cash and bank balances	(38,808,670)	
Net debt/(excess cash and cash equivalents)	(29,096,230)	
Gearing	13%	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

49. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

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

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

	2021-2022	2020-2021
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of electricity to Govt agencies		
Rent Income from govt. agencies		
Water sales to Govt. agencies		
Others (Specify)		
Total		
b) Purchases from related parties		
Purchases of electricity from KPLC	883,181	
Purchase of water from govt service providers		
Rent expenses paid to govt agencies		
Training and conference fees paid to govt. agencies		
Others (specify)		
Total	883,181	
b) Grants /Transfers from the Government		
Grants from National Govt	87,044,850	
Grants from County Government		
Donations in kind		
Total	87,044,850	
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees		
Payments for goods and services for Kacheliba TVC	1,000,000	
Payments for goods and services for Cherangany TTI	549,596	
Total	1,549,596	
d) Key management compensation		
Directors' emoluments	1,044,127	
Compensation to key management		
Total	1,044,127	

NOTES TO THE FINANCIAL STATEMENTS (Continued)

50. SEGMENT INFORMATION

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

51. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets

	2021-2022	2020-2021
	Kshs	Kshs
Contingent assets		
Insurance reimbursements		
Assets arising from determination of court cases		
Reimbursable indemnities and guarantees		
Others (Specify)		
Total		

Contingent Liabilities

	2021-2022	2020-2021
	Kshs	Kshs
Contingent liabilities		
Court case xxx against the entity		
Bank guarantees in favour of subsidiary		
Contingent liabilities arising from contracts including PPPs		
Others (Specify)		
Total		

(Give details)

52. CAPITAL COMMITMENTS

Capital commitments	2021-2022	2020-2021
	Kshs	Kshs
Authorized for		
Authorized and contracted for		
Total		

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

53. 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:

	2021-2022	2020-2021
	Kshs	Kshs
Accelerated capital allowances		
Unrealised exchange gains/(losses)		
Revaluation surplus		
Tax losses carried forward		
Provisions for liabilities and charges		
Net deferred tax liability/(asset)		
The movement on the deferred tax account is as follows:		
Balance at beginning of the year		
Credit to revaluation reserve		
Under provision in prior year		
Income statement charge/(credit)		
Balance at end of the year		

[In ordinary circumstances public sector entities under IPSAS are not expected to pay taxes. However, in specific cases where this is applicable an organisation is supposed to seek guidance on accounting for income taxes from IAS 12)

54. EVENTS AFTER THE REPORTING PERIOD

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

55. ULTIMATE AND HOLDING ENTITY

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

56. CURRENCY

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

57. PRIOR YEAR ADJUSTMENT

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DESCRIPTION OF THE ERROR	2020-2021	AJUSTMENT	2021-2022
Bank account balances	(42,553,122)	9,069,735	(33,483,387)
Borrowings	2,447,040	9,755,929	12,202,969
Receivables	87,430,788	30,911,788	118,421,978
Capital Fund	62,720,803	(4,930,176)	57,790,627
Accumulated surplus	224,879,720	13,333,422	238,213,142

58. KACHELIBA TVC AND CHERANGANY TTI ACCOUNTS

Included in the statements are Kacheliba TVC development grants of Ksh 16,525,818, transfers to Kacheliba TVC account of Ksh 13,183,045 and payment on behave of Kacheliba TVC of Ksh 1,000,000.

Kacheliba TVC bank account balance was 5,734,969 as at 30th June 2022.

Cherangany TTI bank account had a balance of Ksh 5,360 as at 30th June 2022.

XIX. Appendices

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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)
1	Inaccuracies in cash and cash equivalents	The management has instituted control measures to ensure that all the un-receipted deposits are receipted and the stale cheques are written back to the cash book	<i>Not Resolved</i>	30 th June 2023
2	Unsupported inventory	The management has instituted measure to ensure that inventory is properly supported	<i>Not Resolved</i>	30 th June 2023
3	Unsupported receivables from exchange transactions	The management has instituted measure to ensure that receivables are properly supported	<i>Not Resolved</i>	30 th June 2023
4	Unsupported trade and other payables from exchange transactions	The management has instituted measure to ensure that payables are properly supported	<i>Not Resolved</i>	30 th June 2023
5	Unsupported and unaccounted for repairs and maintenance	The management has instituted measure to ensure that payables are properly supported	<i>Not Resolved</i>	30 th June 2023
KEY AUDIT MATTERS				
Report on lawfulness and effectiveness in use of public resources				
1	Construction of Kacheliba TTI	The management has liaised with the contractor and CDF instruct to resume construction and erect a sign post with the correct information about the project.	<i>Not Resolved</i>	30 th June 2023
2	Construction of Administration Block	The management has instructed the contractor to resume construction.	<i>Not Resolved</i>	30 th June 2023
3	Construction of Kitelakapel TTI	The contractor has been instructed to seal the leakages in the roof.	<i>Not Resolved</i>	30 th June 2023

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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)
4	Construction of Cherangany TTI	The title deed processing documents has been handed over to Cherangany TTI board to be deliberated from the college.	Resolved	30 th June 2023
5	Improper constitution of the Board of Governors	The matter has been forwarded to the Board to deliberate on.	Not Resolved	30 th June 2023
Report on effectiveness of internal controls, risk management and governance				
1	Lack of staff establishment and Human Resource Manual	The matter has been deliberated by the Board, the Human Resource Manual has been developed and it's in the process of approval.	Not Resolved	30 th June 2023
2	Lack of internal Audit function	The Board has reconstituted its committees to incorporate internal audit committee	Not Resolved	30 th June 2023

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Name Mr. Joseph K Mibey

PRINCIPAL

Signature



Date 3rd May 2023

ZIWA TECHNICAL TRAINING INSTITUTE
 ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30TH JUNE 2022
APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Kacheliba TVC Twin Workshop and Offices	VVT/TVET/13/2018-2019	CDF-Kacheliba Constituency	1 year	10,000,000	No	Yes

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
	Administration and ICT Centre						
1	Quarter 1	34,441,375	11,867,465	34%			College savings
2	Quarter 2	34,441,375	11,867,465	34%			College savings
3	Quarter	34,441,375	14,173,108	41%			College savings
	Quarter	34,441,375	14,173,108	41%			College savings
	Kacheliba TVC Twin Workshop and Offices						
1	Quarter 1	53,992,480	40,674,555	75%			M.o.E
2	Quarter 2	53,992,480	44,846,579	83%			M.o.E
3	Quarter 3	53,992,480	44,846,579	83%			M.o.E
4	Quarter 4	53,992,480	48,282,649	89%			M.o.E

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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:			
Break down of Transfers from the State Department of Science and Technology			
FY 2021-2022			
a.	Recurrent Grants		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>Indicate the FY to which the amounts relate</u>
		11 th Nov 2022	11,092,500
		3 rd March 2022	11,092,500
		6 th March 2022	12,217,500
		Total	34,402,500
		12 th July 2021	8,640,000
		Total	8,640,000
b.	Development Grants		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>Indicate the FY to which the amounts relate</u>
	Mentoring of Kacheliba TVC	21 st October 2021	9,286,100
	Mentoring of Kacheliba TVC	17 th March 2022	7,239,713
		Total	16,525,813
Break down of Transfers from the National Youth Service			
c.	Direct Payments		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>Indicate the FY to which the amounts relate</u>
		22 nd July 2022	21,921,750
		16 th May 2022	30,720,600
		Total	52,642,350

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

Finance Manager
Ziwa Technical Training Institute

Sign



Head of Accounting Unit
Ministry of Education

Sign-----

ZIWA TECHNICAL TRAINING INSTITUTE
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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

	Where	Nature: Recurrent/Deve lopment/Others	Total Amount - KES	Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specifi c	Total Transfers during the Year
	Recorded/recognized as per bank statement								
NYS	22 ND July 2021	Recurrent	21,921,750	21,921,750					21,921,750
Ministry of Education	11 th November 2021	Recurrent	11,092,500	11,092,500					11,092,500
Ministry of Education	3 rd March 2022	Recurrent	11,092,500	11,092,500					11,092,500
Ministry of Education	6 TH March 2022	Recurrent	12,217,500	12,217,500					12,217,500
Kacheliba TVC construction	17 th March 2022	Development	7,239,713		7,239,713				7,239,713
NYS	16 th May 2022	Recurrent	30,720,600	30,720,600					30,720,600
Total			94,284,563	87,044,850	7,239,713				94,284,563