

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

09 AUG 2023

DAY

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TABLED  
BY:

Hon Owen Bayar, MP  
Deputy leader, majority

CLERK-AT  
THE TABLE:

**OF**

Ahmed Kadhi

PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**KISIWA TECHNICAL TRAINING  
INSTITUTE**

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



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***KISIWA TECHNICAL TRAINING INSTITUTETRAINING INSTITUTE***

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30<sup>TH</sup> JUNE2022**

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

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**I. Key Kisiwa Technical Training Institute Information and Management**

**(a) Background information**

Kisiwa Technical Training Institute, registration number MOHEST/PC/1144/09, under the Ministry of Education, Science and Technology was formally registered as East BukusuKisiwa Youth Club of the Elgon Nyanza District on 27th November, 1961 by the Kenya Youth Club Association and the first Courses were; Shoe making, Carpentry and Masonry and the founder members were Dominick Wetang'ula and Sylvester Kituyi with the objective of preparing the youth for self-reliance and employment. Over the years, the institute has gone through different phases: In 2006 it acquired an exam centre, on 7th December, 2008 the Technical Training Institute was launched and the first Principal was posted in May, 2009 (Mr Sabulei K. Moses); First admission was done in September, 2009. Currently it has 60 PSC Trainers, 102 B.O.G Trainers and 66 workers and support staff. The institute is located to the Eastern slopes of Kabuchai hills in West Nalondo Location, Bungoma central sub-county. It is situated on 17 acres of land with Title deed. The student enrolment as per now stands at 5670 Students. The institution is managed by Board of Governors made up of the Chairman, Secretary, County Director of Education (TVET), and other seven professionals.

**(b) Principal Activities**

The Principal's mandates of the Institute are to;

1. To promote positive corporate image;
2. To enhance capacity in TVET and research;
3. To inculcate entrepreneurial culture in trainees;
4. To improve institutional corporate governance; and
5. To promote strategic collaboration and linkages with industry and other institutions.

**Our Vision**

To be a world class institution in Innovation, Science and Technology, Engineering and Industrial Development.

**Our Mission**

To provide Quality and Market Oriented Technical and Scientific Training, Research and Services for Socio-Economic Prosperity.

**Our Motto**

Knowledge and Skills for better life

**Quality Policy**

Kisiwa Technical Training Institute is committed to produce knowledgeable, skilled, innovative and responsible manpower in Entrepreneurship, Research, Science and Technology to meet the changing needs of industry and society.

To meet this commitment, the Institute shall comply with all applicable requirements and continually improve on her effectiveness by implementing a Quality Management System based on ISO 900:2015.

The Institute shall review this quality policy and established quality objectives on annual basis to ensure continuing suitability.

**(c) Key Management**

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

- Board of Governors
- Accounting officer/ Principal
- Management

**(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	<b>Dr. Godfrey Murunga</b>
2.	Deputy Principal Administration	<b>Mrs Magero Makaka</b>
3	Deputy Principal Academics	<b>Mrs. Jane Wamalwa</b>
4	Head of Finance	<b>CPA Fwamba Sangura Moses</b>
5	Head of Procurement	<b>Ag. Innocent Simiyu</b>
6	Registrar	<b>Ms. Redempta Kisaka Lunyolo</b>
7	Dean of Students	<b>Mr Moses Sichangi Barasa</b>

**(e) Fiduciary Oversight Arrangements**

The Board conducts its oversight functions through the following committees;

**I. Audit and risk committee activities**

The committee performs oversight function by undertaking the following functions

- Overseeing risk management infrastructure
- Address risk and strategy
- Monitoring risks
- Overseeing risk exposures
- Advising the board on risk strategy
- Providing an overall guidance on risk governance and management

**II. Finance and infrastructure committee activities**

- a) Provide an oversight of and on matters relating to the financial position of the institution and give delegated approvals
- b) Provide strategic oversight of matters relating to institution estates and digital infrastructure and give delegated approvals
- c) Recommend to the board approval of the annual institutional budgets and periodic forecasts
- d) Recommend to the board approval of variations to the annual budgets
- e) Monitor institutions financial key performance indicators and performance against the annual budget

**III. Human Resource committee activities**

- a) Recommends to the board for review of staffing structures and needs
- b) Makes recommendation to the board on the review of benefits/compensation to the staff
- c) Develops human resource policies on behalf of the board
- d) Handles issues relating to discipline on behalf of the board

**Key Kisiwa Technical Training Institute Information and Management (Continued)**

**(f) Kisiwa Technical Training Institute Headquarters**

P.O. Box 657-50200  
Along Sikata-Kimilili Road  
Bungoma, KENYA

**(g) Kisiwa Technical Training Institute Contacts**

**Telephone:** +254 0110 096 090

**Email:** [info@kisiwatech.ac.ke](mailto:info@kisiwatech.ac.ke) or [principal@kisiwatech.ac.ke](mailto:principal@kisiwatech.ac.ke)

**Website:** [www.kisiwatech.ac.ke](http://www.kisiwatech.ac.ke)

**(h) Kisiwa Technical Training Institute Bankers**

Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya

**Commercial Banks**

**KCB Bank Ltd:**

Development – 1114283916

2jiajiri – 1179849035

Recurrent – 1114215865

Co-operative Bank of Kenya – 1129290592000

**Diamond Trust Bank:**

Exam A/C – 412510005

Saving A/C – 5412510001

**(i) Independent Auditors**

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

**(j) Principal Legal Adviser**

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





II. The Board of Governors

No.	Member/ Director	Details
1.	 <b>JUDY NEKOYE</b>	<p>Judy Nekoye was born in 1/6/1969. She Joined in 2017 as a member of Board of Governors. She is the Chairperson of the Board. She is a holder of Bachelor's Degree in business management with 23 years working experience in Banking and Financial Management. Currently works with Kenya Commercial Bank as the Senior Branch Manager of Kakamega.</p>
2.	 <b>ZENAH JEPCHIRCHIR AHMED</b>	<p>Zenah Jepchirchir Ahmed was born in 22/08/1981. She Joined in January as a member of Board of Governors. She is a Holder of Bachelor of Commerce (BCOM) Accounting Option. She holds a Certified Public Accountant CPA (K) and has worked in an NGO FOR 7 years. Has 10yrs experience in accounting. Member of Rotary Club.</p>
3.	 <b>MS. MARTHA WEKESA</b>	<p>Martha Wekesa was born on 4/06/1966. Joined in 13<sup>th</sup> January 2020 as a member of Board of Governors. She is a career civil servant currently serving as the Bungoma County Director TVET and represents the Principal Secretary, State Department of Vocational and Technical Training in the Governing board from 2015 to date. She has previously worked at the Ministry of Education headquarters from 2011 to 2015. She has a Master's degree in Food Science and Technology, Strategic Leadership Development Program. She has trained in the Senior Management Course. She has previously worked under TSC from 1997 to 2010. She has PGDE from Maseno University.</p>
4.	 <b>JORIM GUYA</b>	<p>Jorim Okeyo Guya was born in 20/09/1958. He joined in 13th January 2020 as a member of Board of Governors. He holds Bed (Hons) in Education Management university of South Africa. He is a retired Principal Ramogi Institute of Advanced Technology for 9 years.</p>
5.	 <b>DAISY NABALAYO WAKOLI</b>	<p>Daisy Nabalayo was born in 2/4/1984. She Joined in 2017 as a member of Board of Governors. She is an Advocate of the High Court of Kenya of 8 years standing. She has Bachelor of Law (University of Nairobi) and currently working with Wekesa and Simiyu Advocates, previously worked with Masinde &amp; co Advocates and Kilonzo &amp; co. Advocates.</p>



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6.	 <p><b>MARTIN RICHARD WAMALWA</b></p>	<p>Wamalwa Richard was born in 28/05/1974. He joined in 13th January 2020 as member of Board of Governors. He has masters in Monitoring and Evaluation GGPA 4.29, Post Graduate Diploma in Monitoring and Evaluation, has MBA Business Administration and also BSc Project and Management. He is currently working at Austrian Development Agency (ADA) incorporated to the water and sanitation sector. (Uganda).</p>
7.	 <p><b>DR. NICHOLAS KIPKURUI KIGET</b></p>	<p>Dr. Nicholas Kiget was born in 10/10/1976. He joined in 13th January 2020 as a member of Board of Governors. Holder of Doctorate Degree in Information Technology, MSc. in IT, Post Graduate Diploma in Education, and BSc. Computer Science and Statistics. In addition, he has CCNA, MCP, and ICT policy and Strategy certifications. A member of Internet Society, Association of Computing Machinery (ACM), Kenya Institute of Management (KIM), and Kenya Association of Computing Professionals (KACP). He has experience of over 15 years in ICT and Academic fields having worked for Teachers Service Commission, MasindeMuliro University of Science and Technology, Nandi County and currently a Lecturer in Moi University.</p>
8.	 <p><b>JOSEPH WAKOLI WAMBATI</b></p>	<p>Joseph Wambati was born in 5/11/1969. Joined in 19<sup>th</sup> June 2020 as a member of Board of Governors. He is currently the Head, Business Transformation Office (corporate services) KRA. In addition, he has MSc. (MIT Management of Technology) JKUAT/Sunderland university (UK), BSc (Hons) Maths &amp; Computer Science Moi University.</p>
9.	 <p><b>DR. GODFREY MURUNGA</b></p>	<p>Dr. Godfrey Murunga was born on 12<sup>th</sup> September 1966. Joined in 5<sup>th</sup> March 2021 as member and Secretary to the Board of Governors. He holds a PhD Degree in Materials Science, Physics from the University of Eldoret and a Certificate in Senior Management Course (SMC) from Kenya School of Government (KSG). He has a passion for Research Publications. I am only successful whenever I groom others to succeed in their pursuits.</p>

III. Management Team

No.	Member/ Director	Details
1.	 <b>DR. GODFREY MURUNGA</b> <b>PRINCIPAL</b>	<p>Dr. Godfrey Murunga was born on 12<sup>th</sup> September 1966. Joined in 5<sup>th</sup> March 2021 as member and Secretary to the Board of Governors. He holds a PhD Degree in Materials Science, Physics from the University of Eldoret and a Certificate in Senior Management Course (SMC) from Kenya School of Government (KSG). He has a passion for Research Publications. I am only successful whenever I groom others to succeed in their pursuits.</p>
2.	 <b>MAGERO MAKAKA</b> <b>DEPUTY PRINCIPAL</b> <b>ADMINISTRATION</b>	<p>Magero Makaka was born in 29/12/1968. She Joined Kisiwa Technical Training Institute 14<sup>TH</sup> January 2020 as the Deputy Principal Administration. Worked in RVTTI for 15 years. Under RVTTI served as Chair of Disciplinary committee. Guidance and counselling. She has Qualifications in Bed Science (Maths and Chemistry).</p>
3.	 <b>JANE WAMALWA</b> <b>DEPUTY PRINCIPAL ACADEMICS</b>	<p>Jane Wamalwa was born on 17<sup>th</sup> September 1974, she joined Kisiwa Technical Training Institute on 9<sup>th</sup> Feb 2021 as Deputy Principal Academics. She is a Trainer in the department of Hospitality and Institutional Management. She holds a master's degree in Educational planning and management from the university of Masinde Muliro Science and Technology. She has a passion of writing books.</p>
4.	 <b>KISAKA LUNYOLO REDEMPTA</b>	<p>Kisaka Lunyiolo Redempta was born on 2/08/1966. She started teaching in 1989 where she was employed by TSC. Joined Kisiwa TTI in March, 2018, was appointed deputy HOD IAC and later on appointed as Head of IAC in 2019. She was appointed the registrar on 15<sup>th</sup> February, 2021. She holds a Bachelors Degree of Education Science (Major Chemistry, Minor Botany and Zoology, Moi University and I currently completing a Master's Degree in Analytical Chemistry (MMUST). She teaches Analytical Chemistry</p>

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<b>REGISTRAR</b>		
5.	 <p><b>BARASA SICHANGI MOSES DEAN OF STUDENTS</b></p>	<p>Barasa Sichangi was born in 7/07/1962. Joined Kisiwa TTI in August 2016 and was appointed as deputy HOD Agriculture department in May 2018 and later appointed as Dean of Students in July 2019. He holds a Diploma in Food Technology (JKUAT), BSc in Food Science (Egerton) and completed MSc in Food Science (Egerton). He is currently also teaching Agricultural subjects in department.</p>
6.	 <p><b>CPA FWAMBA MOSES FINANCE OFFICER</b></p>	<p>Moses Fwamba was born in 12/2/1987. He is the current Finance officer of Kisiwa TTI. He holds a Bachelors Of Commerce Finance and a fully certified public accountant of Kenya. He has previously worked with Chelebei Secondary School, St. Luke's Boys High School as Accountant, Bokoliboyas as school bursar.</p>

#### **IV. Chairperson's Statement**

It is my pleasure to present to you the Annual Report and Financial Statement of Kisiwa Technical Training Institute for the year 2021/2022. What a challenging year it has been! The impact of Covid-19 has been felt right across the Learning Institutions in Kenya, as it has across the world, which has necessitated a new approach to the way we all work. I would like to thank everyone within Kisiwa Technical Training Institute for the remarkable adaptability and resilience they have shown in continuing to perform to the best of their abilities in such challenging circumstances. It really is massively appreciated.

#### **Financial performance**

The Institute's turnover increased during the Financial Year 2021/2022 primarily driven by increase in Government capitation and HELB sponsorship and growth in enrolment of students. Due to prudent financial management, we were able to meet our entire financial obligation. The Board is optimistic that as countries scale up Covid-19 vaccinations, the world economy will progressively recover, and enrolment will increase therefore spur our Financial Performance to greater heights.

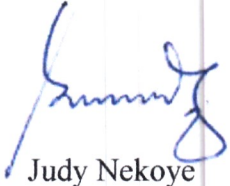
#### **Challenges**

With the increased number of students at Kisiwa Technical Training Institute comes along challenges which include, shortage of classrooms, hostels, administration offices and workshops. With the Ministry's target that the institute should have an enrolment of 5760 students by the year 2022, these challenges have to be addressed beforehand to accommodate the large numbers. We, therefore, appeal to the government to help us alleviate this problem.

#### **Mentoring institution**

Kisiwa Technical Training Institute is mentoring Chebuyusi Technical Training Institute, Sirisia Technical Training Institute, Butula Technical Training Institute and Mt. Elgon Technical Training Institute which are government funded projects. On behalf of this Board of Governors, I extend my sincere gratitude to the Navakholo CDF, Sirisia CDF, Butula CDF and Mt. Elgon CDF for their financial support towards these projects.

I greatly appreciate the steadfast commitment and inclusive support of the Board of Governors of Kisiwa Technical Training Institute, The Principal and entire Management team, Staff Members, Students and all stakeholders to the vision and mission of Kisiwa Technical Training Institute.



Judy Nekoye

Chairperson

Board of Governors

## **V. Report of the Principal**

Dear stakeholders, I would like to state that FY 2021/22 has been a year of relative success, challenging but fruitful. The Kisiwa Technical Training Institute 2022-2027 Strategic Plan places technology and innovation at the apex of the factors crucial for learning and teaching in the 21st century. During the year 2021/22 we partitioned ICT to create the Third computer laboratory. We procured more computers and printers to equip the ICT department. We addressed the shortage of furniture satisfactory by fabricating and procuring enough furniture for learners. During the financial year we purchased two driving school vehicles and 2 motorcycles for the driving school. Five staffs were also trained as TOTs for the driving school.

Nevertheless, we increased internet bandwidth and improved IT network and equipment, this has seen the institution have facilities with more internet connectivity to cater for both staff and students. Other achievement made during the year was the installation CCTV in the institute which has enhanced security in the compound. Due to the increased student population, the institute acquired additional tents to be used for tuition space.

During the same year under review, revived Engineering Workshop Complex Project, sunk water borehole, initiated the process of establishment of Asset Register, established Urinal Unit, completed roofing of the AVIC Generator shed, furnished the students Council Office

### **Mentoring institutions.**

Kisiwa Technical Training Institute is mentoring Butula Technical Training Institute and Mt. Elgon Technical Training Institute. By the end of the FY 2021/22 Mt. Elgon TVC is estimated to be at 61% while Butula TVC to be at 70% completion.

### **ISO 9001:2015 Certification & Audit.**

During the financial year under review, the management system certification audit was done by the KEBS body. Our Strategic Plan is the key direction that remains our guiding blue print and our emphasis based

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on the pillars. Therein our collective efforts will make us and our collective efforts will help actualize this dream of the institute, serving society and the world.

I wish to convey my gratitude to all staff both academic and non-academic and students who together are leading form to our collective dream.

Thank you

Dr. Godfrey Murunga

Principal



**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.

*KISTTI* has Eight (8) strategic pillars and objectives within current Strategic Plan for the FY 2021- FY 2022. These strategic pillars are as follows:

- Pillar 1: Training
- Pillar 2: Infrastructure and Development
- Pillar 3: Governance and Human Resource
- Pillar 4: Financial Stewardship and Sustainability
- Pillar 5: ICT Integration
- Pillar 6: Research, Innovation and Enterprise
- Pillar 7: Collaborations and Partnerships; and
- Pillar 8: Students Welfare

*KISTTI* develops its annual work plans based on the above Eight (8) pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The *KISTTI* achieved its performance targets set for the FY 2021/22 period for its Eight (8) strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Pillar 1	Training	Promote quality and relevance of training	Number of new courses Accreditation certificate Reviewed academic policy Number of books acquired Marketing strategies # of female students in SET Programmes Number of books acquired	Reviewing existing training programmes to emerging clients' needs Diversification of training Improve student enrolment to 5, 000+ by 2022 Acquiring and equipping the institute with adequate and modern learning facilities	Reviewed academic policy Initiated and implemented 3 CBET Courses Increased student enrolment from <b>2272 to 5693</b> Introduced 2 new courses in food Science & Nutrition Acquired 327 at a cost of Ksh. 1.4m
Pillar / theme / issue 2	Infrastructure and Development	Enhance institute’s physical facilities	Tender documents Number of acreage acquired Presence of asset management	Upgrading the institute’s utilities Construction, expansion and improvement	Renovated all the infrastructures Constructed phase I of the Engineering Workshop

			framework	of infrastructures Develop infrastructure and manage assets	Complex at a cost of Ksh 54M Managed the institute's assets
Pillar 3	Governance and Human Resource	Improve institutional corporate governance and optimize utilization of available human resource	Presence of Board charter Number of job adverts Job descriptions Proportion of staff trained in the plan Number of M&E reports Feedback channels Reviewed QMS in place	Developing succession plans for Board of Governors Competitive recruitment Continuous staff development Performance Review and Appraisal Support System staff feedback improvement systems implementing existing ISO Standards and QMS	Developed a Board charter Recruited various cadres of staff Sensitized and trained staff Appraised all the staff Carried out regular staff and students' satisfaction surveys Obtained ISO 9001:2015 recertification
Pillar 4	Financial Stewardship and Sustainability	Ensure stable financial base	Financial reports Audit reports Developed audit framework, audit and follow up reports Procurement reports	Enhancing Efficiency in Utilization of Resources strengthening internal systems support and maintain a strong Internal Audit Unit strengthen the Procurement and supplies system	Number of strategies identified; Amount of revenue saved Effective budgeting and budgetary control Did regular auditing in various departments Implemented the procurement plan
Pillar 5	ICT Integration	Embrace Technology in KISTTI operations	Increase in ICT equipment Policy developed	upgrade infrastructural facilities Develop and implement ICT policy	Purchased more computers and strengthened WI-FI bandwidth Implementation of the ICT policy that was ratified

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					by the Board
Pillar 6	Research, Innovation and Enterprise	Enhance capacity of TVET and promote sustained knowledge in research, innovation and enterprise development	Proportion of budget allocated to research Number of researches and innovations carried out Number of staff & trainees participated in trade fairs, workshops, seminars	Enhancing research capacity Developing and implementing appropriate research and innovation programmes Promoting dissemination of research outputs	2% of the recurrent budget allocated for research activities Staff and students participated trade fairs Published 1 book chapter and one research paper in the journal
Pillar 7	Collaborations and Partnerships	Ensure and foster effective partnerships and linkages	Number of potential partners identified Number of MoUs Number of scholarships, bursaries	Establish and operationalize partnerships and linkages	Established office of career services Attached over 1000 students at the industry Established MOUs with partners Attached 4 staff at the industry Collaborated with KCB Bank for students' scholarship Awarded Ksh 50,000 bursaries for needy students
Pillar 8	Students Welfare	Inculcate entrepreneurial culture in the trainees	Presence of career office Number of sporting activities Number of infrastructure and facilities in place Number of competition participated	Establish career office strengthening the capacity of G&C department Promoting Environmental Sustainability Expose and promote talents establishing an operational medical clinic	Established operational career office Participated in various competitions up to national level Planted over 500 tree in the institute Build sports complex and participated in various sporting activities Equipped the medical clinic

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The Board shall set its performance targets based on the strategic plan and performance contracts signed by both Board and Management. The Institute Board ensured that the strategic pillars planned were cascaded downwards to all employees before the start of the implementation period 2021-2022. By adopting the Corporate Governance Guidelines, the following methods were used in Board evaluation:

- (a) Self-assessment carried out once a year; and
- (b) End of Board Term Report

**VII. CORPORATE GOVERNANCE STATEMENT**

The Institute has adopted high standards and applies strict rules of conduct based on international best practices. As part of this commitment, the Board adhered to good corporate governance by embracing the following Principles:

- (a) To observe high standards of ethical and moral behaviour;
- (b) To act in the best interests of the Institution;
- (c) To remunerate and promote fairly and responsibly;
- (d) To recognize the legitimate interests of all stakeholders, and
- (e) To ensure that the Institution acts as a good corporate citizen.

The Institution is managed by Board of Governors (BoG). The Board is the body of appointed members who jointly oversee the activities of the Institution.

**(i) Board Meetings**

During the FY 2021/2022, the Institute Board had 10 members and held 8 full board meetings, of which 7 members attending full meetings and 3 members attending 90% of the meetings. Additionally, 3 audit, risk and compliance committee meetings, 4 strategic, finance and development committee meetings were held during the FY 2021/2022.

**(ii) Succession Plan**

During the FY 2021/2022, the Institute developed a succession plan for the Board of Governors as per the lapsed Strategic Plan 2018-2022. The Institute implemented the succession plan as shown in the table below.

Developing succession plans for Board of Governors					SP 2018-2022				
Activities/ Strategies	Target Output	KPIs	MV	Responsible	18	19	20	21	22
Setup a task force to develop succession plans	Performance management	Functional committee in place	Appointment letters	Principal					
Develop succession plan for Board	Performance management	Draft succession plans	Succession reports	Principal					
Subject succession plan to stakeholders	Performance management	Stakeholders input	Stakeholders reports	BoG, Principal					
Seek approval by BoG	Performance management	Board paper	Board minutes	Principal					
Implement succession plan	Performance management	Level of implementation	M&E Reports	Principal					

**(iii) Existence of a Board Charter**

During the FY 2021/2022, the Institute developed a Board Charter with reference to and adherence to: (i) The Kenya Constitution; (ii) The TVET Act 2013; (iii) Mwongozo, 2015; among others. The Charter outlines the specific roles and responsibilities of the Board, its committees and the Principal. The Charter also defines the performance measurement and monitoring mechanisms to be used by the Board.

**(iv) Process of Appointment and Removal of Board Members**

Any vacancy occurring in the Board by death, resignation, and removal or otherwise is filled by the Cabinet Secretary based on the TVET Act on recruitment.

**(v) Conflict of Interest**

During the FY 2021/2022, the Institute Board in compliance with TVET Act of 2013 second schedule article 15, from the Board charter, the Board members adhered to 3 clauses as shown below and no conflict of interest was reported.

- (a) If a member is directly or indirectly interested in any contract, proposed contract or other matter before a Board of Governors and is present at a meeting of the Board of Governors at which the contract, proposed contract or other matter is the subject of consideration, he shall, at the meeting and as soon as reasonably practicable after the commencement thereof, disclose the fact and shall not take part in the consideration or discussion of, or vote on, any questions with respect to the contract or other matter, or be counted in the quorum of the meeting during consideration of the matter;
- (b) A disclosure of interest made under this paragraph shall be recorded in the minutes of the meeting at which it is made;
- (c) A member of the Board of Governors who contravenes subparagraph (1) commits an offence and shall be liable as stipulated in the Act.

**(vi) Roles and Functions of the Board**

Form the Institute Board Charter reference to the General Functions, Powers and Duties – TVET Act – Part V Clause 29. Generally, the Board of Members have the following roles:

1. Oversee the conduct of education and training at KISTTI in accordance with the provisions of the TVET Act and any other written law;

2. Promoting and maintaining standards, quality and relevance in education and training in KISTTI;
3. Administer and manage the property of the institution;
4. Develop and implement KISTTI Strategic Plan;
5. Prepare annual estimates of revenue and expenditure for the institution and incurring expenditure on its behalf;
6. Receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;
7. Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of this Act;
8. Mobilizing resources for the institutions;
9. Developing and reviewing programmes for training and to make representations thereon to the Board;
10. Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;
11. Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Cabinet Secretary;
12. Recruiting and appointing trainers from among qualified professionals and practicing trades persons in relevant sectors of the industry;
13. Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institution, in consultation with the Authority;
14. Making regulations governing Institution, conduct and discipline of the staff and students;
15. Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submit the same to the Cabinet Secretary Board;
16. Providing for the welfare of the students and staff of the institutions;
17. Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions; and
18. Discharging all other functions conferred upon it by this Act or any other written law.

**(vii) Induction and Training**

During the FY 2021/2022, the Institute Board was trained on their mandate and operations

**(viii) Board and Member Performance**

**(ix) Board Remuneration**

During the FY 2021/2022, the Institute with reference to clause 4.6 (Remuneration and Expense Reimbursement Policy) on chapter 4: Board Practices and Procedures in the Board charter;

- The remuneration of the Members shall be within the benchmarks set by the TVET Act more specific in reference to ability to pay and shall be by way of sitting allowance only. The Members may also be paid all travelling expenses from their ordinary place of residence to the place where the meetings of the Members or any committee of the Members or general meeting of the Institution in connection with the business of the Institution.

- Any Member who being so required by the Board performs special or extraordinary services on behalf of the Institution or who travels outside Kenya for the purpose of discharging his duties may be paid such extra remuneration as the Board may determine.
- The Board shall keep track of the expenditures of the meetings of the Board and its committees and ensure that these do not exceed [3.0 %] of the recurrent expenditure of the Institution.

In reference to this clause, the Board expenses for the FY2021/2022 amounted to (1.44%) translating to Kshs. 1,688,270.00 of the total recurrent budget Kshs. 177,882,148 for the Institution. This was within the range of  $\leq 3.0\%$ .

**(x) Ethics and Conduct**

During the FY 2021/2022, the Institute Board members were aware of their duties and responsibilities and in line with section 3 of the Leadership and Integrity Act No. 19 of 2012 of the Laws of Kenya, adhered to respect the values, principles and the requirements of the Constitution of Kenya.

**VIII. ENVIRONMENTAL AND SUSTAINABILITY REPORTING  
(Two-to-three pages)**

KISTTI exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

**Environmental performance**

During the FY 2021/2022, the Institute Board promoted Environmental Sustainability as reflected in the strategic plan 2018-2022 in clause 8.3: -

<b>8.3 Promoting Environmental Sustainability</b>					<b>SP 2018-2022</b>				
Activity					18	19	20	21	22
Set up environment conservation strategies	Environment saving	Conservation reports	Conservation reports	Principal, DoS					
Carry out tree planting occasions	Environment saving	Conservation reports	Conservation reports	Principal, DoS					

The Institute achieved the following with regard to Environmental performance: -

- Increased land from 17.5 to 20 acres
- Planted over 500 trees on the institute's compound through the department of agriculture and environmental sciences



*BoG spearheading tree planting exercise as response to environmental conservation and Corporate Social Responsibility. The exercise was led by Board Chair Judy Nekoye.*

- (c) Initiated zero grazing unit for production of milk which increased from 15 litres to 45 litres
- (d) Cultivated vegetable and fruit crops
- (e) Strengthened and enhanced poultry, piggery, rabbits and bee keeping to enhance revenue streams
- (f) Expanded and established quality poultry products by expanding existing structure to house 5,000 birds and also acquire poultry equipment (incubators), feeds and drugs
- (g) Drilling of the borehole in the Institute



*We are proud of our farm projects in the institute. These are improved Kienyeji poultry. They are dual purpose i.e. excel in both meat and eggs. The aim was to produce high quality meat and fertile eggs for incubation for commercial purpose.*

(k) Investing in Green energy and farm productivity



*The institute farm with different projects. These are large white breed that is popular in Kenya due to very prolific, fast growth rate, are hardy and resistant to diseases.*

However, the main challenge of the institute in implementing Environmental Sustainability is the absence of *environmental policy, and waste management policy, shortage of water for both use and irrigation, unreliable supply of power*

### **Employee welfare**

During the FY 2021/2022, the Institute Board developed the **Human Resource Policies, Procedures Manual and Career Progression**. The Human Resource Policies and Procedures Manual have been developed to provide guidelines in the management of Human Capital for the achievement of the mandate of Kisiwa Technical Training Institute. The manual is a guide for the management of staff in all human resources related issued and will ensure uniformity in its application in KISTTI.

The Institute is an equal opportunity employer. The HR policy seek and employ the best qualified human resource without regard to race, ethnicity, religion, gender, association, disability or marital status.

#### Powers to Make Appointment

- The powers to appoint Board employees is vested in the Board of Governors. However, the Board may delegate some of these powers in writing for a specific cadre of employees to the Principal.

#### Recruitment Procedures

- When a vacancy occurs, the Head of Department will notify the Head of Human Resource and Administration and shall advise whether, in his opinion, the vacancy can be filled internally through promotion or advertisement.

- In filling vacant positions, considerations should be given to serving officers so as to meet the employees' career growth expectations.
- Where no suitable internal candidate shall be available, applicants will be sourced through open advertisements.
- The Board shall constitute recruitment and selection committees at various levels to interview candidates and submit recommendations of the most suitable candidate(s) for appointment.
- Where vacant positions are to be filled through open advertisement, applications shall be invited through the print media with wide circulation.
- The Head of Human Resource and Administration will notify the successful candidates as soon as possible.

During the FY 2021/2022, the Institute Board committed to invest in staff development through the HR policy, Section 8: Training and Development for all employees. The institute Board shall therefore offer training opportunities to all its employees in order to improve their work performance and personal development. The Board embraced Performance management which was anchored on the goals and objectives of the Institute. The Performance Management System supported the Institute to attain the following, among others: -

- (i) Support management in the realization of the objectives of the Institute;
- (ii) Attract qualified employees;
- (iii) Retain qualified employees;
- (iv) Motivate employees by rewarding good performance.
- (v) Improve overall performance

The Institute employed the Results Based management system through the following programs.

- (i) Performance Contracting
- (ii) Performance Appraisal System

The Institute in SECTION 13: SAFETY, HEALTH AND ENVIRONMENT; acknowledges the importance of protecting and preserving the environment, and caring for the health and safety of its employees, customers, subcontractors and communities in which it operates.

The Institute's Safety, Health and Environmental program is as follows: -

- (a) To take all appropriate measures to ensure the safety of the employees, customers, subcontractors and the general public wherever it conducts its business.
- (b) To comply with all applicable Safety, Health and Environmental laws and regulations and strive to eliminate any foreseeable hazards that may result in fires, damage to property and the environment, losses and personal injuries and/or illnesses.
- (c) To make Safety, Health and Environment an integral part of all business planning and of equal importance with other key operational, business and strategic objectives.

- (d) To initiate new and sustain continuing programs designed to promote the Health and Safety of all employees and to cooperate with organizations and associations devoted to safety research and education.
- (e) To conduct business according to recognized safety, occupational health and environmental standards.
- (f) To rigorously control the use of drugs and alcohol at the workplace and within working hours by all employees including management.
- (g) To continually monitor situations and identify any substandard practices and conditions that may exist in order to provide prompt and adequate remedial action.
- (h) To develop and maintain emergency response plans for credible safety, health and environmental incidents that may involve the Institute.
- (i) To hold each employee responsible for his safety, health and environmental related performance, as well as for that of personnel, facilities and contractors under his supervision.

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

*During the FY 2021/2022, the Institute Board implemented the CSR/CSI with the community and other stakeholders and the following activities were carried out: -*

- (a) Held the second graduation ceremony
- (b) Boda-boda shed was constructed on Kabuchai market
- (c) Sensitization of drivers on road safety by the Kisiwa Driving school team in collaboration with NTSA
- (d) Cleaning of market area and the Local Health centre
- (e) Awarded Kshs. 50,000 to bursary kitty for the needy students



*Members of KISTTI cleaning Kabuchai market in response to Corporate Social Responsibility.*

**IX. Corporate Governance Statement**

The members of board have committed themselves to the service of Kisiwa Technical Training Institute and to uphold the tenets of good corporate governance by being innovative, transparent, accountable, persons of integrity, socially responsive, as well as promote excellence and exercise fairness in all their dealings.

**The Board of Governors**

The Board of Governors consists of nine members inclusive of the Principal as the secretary. The Board of Governors members and their meeting attendance are indicated below;

NO.	NAME	ANNUAL							
		DATE	DATE	DATE	DATE	DATE	DATE	DATE	DATE
		14/7/21	9/8/21	26/8/21	4/11/21	13/1/22	1/2/22	27/4/22	8/6/22
1.	Judy Nekoye	✓	✓	✓	✓	✓	✓	✓	✓
2.	Daisy Wakoli	✓	✓	✓	✓	✓	✓	✓	✓
3.	Jorim Guya	✓		✓	✓	✓	✓	✓	✓
4.	Martha Wekesa	✓	✓	✓	✓	✓	✓	✓	✓
5.	Nicholas Kiget	✓	✓	✓	✓	✓	✓	✓	✓
6.	Peter Mudogo	✓	✓	✓	✓	✓	✓	✓	✓
7.	Zenah Jepchirchir		✓	✓	✓	✓	✓	✓	✓
8.	Martin Wamalwa	✓	✓	✓	✓	✓	✓	✓	✓
9.	Joseph Wambati			✓		✓	✓		

The biographies of the Board Members are published on page vi-vii. These Board Members possess a broad range of skills, qualifications and experiences required to direct the affairs of the Institute.

**Board Responsibilities**

The board undertakes the following responsibilities;

1. The BoG is the governing body of the Institute through which the Institute acts and undertakes the following;
  - a) Administers the property and funds of the Institute in a manner and for the purposes which promotes the interest of the Institute; but the Board of Governors does not charge or dispose of

immovable property of the Institute except in accordance with the procedures laid down by the

Government of Kenya;

- b) Receives, on behalf of the Institute, donations, endowments, gifts, grants or other moneys and make disbursements there from to the Institute or other bodies or persons;
  - c) Provides for the welfare of the staff and students of the Institute;
  - d) May enter into association with other universities, Institute's or other institutions of learning, whether within Kenya or otherwise, as the Board of Governors may deem necessary and appropriate; and
  - e) May, after consultation with the Academic Board, make regulations governing the conduct and discipline of the students of the Institute.
2. All documents, other than those required by law to be under seal, made on behalf of the Board of Governance, and all decisions of the Board of Governors may be signed under the hand of the Chairman, the Principal or any other members of the Board of Governors generally or specifically authorized by the Board of Governors in that behalf.
  3. Ensures that a proper management structure is in place and that the structure functions to maintain corporate integrity, reputation and responsibility.
  4. Monitors and evaluates the implementation of strategies, policies, and management criteria and plans of the Institute.
  5. Constantly reviews the viability and financial sustainability of the Institute, and does so once every year.
  6. Ensures that the Institute complies with all the relevant laws, regulations, governance practices, accounting and auditing standards.

#### **Board of Governors Committees**

The Board of Governors Committees facilitate decision-making to assist the Board of Governors in the execution of its duties, powers and authority, however delegation of authority to the Committees does not in any way mitigate or dissipate the discharge by the Board of Governors of its duties and responsibilities.

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

Board of Governors Committees have been established with formal written terms of reference and observe the same rules of conduct and procedures as the Board of Governors.

In the financial year 2021/2022 the Board of Governors approved the following committees;

**1. AUDIT, RISK AND COMPLIANCE COMMITTEE**

Membership is as below listed:

NO.	NAME	ANNUAL		
		DATE	DATE	DATE
		12/7/21	7/12/21	24/6/22
1.	Martin Richard Wamalwa	✓	✓	✓
2.	Jorim Guya	✓	✓	✓
3.	Internal Auditor	✓	✓	✓

**Mandate**

**1. To Examine.**

- Compliance with labour laws and regulations.
- Compliance with security, health and safety regulations.
- Compliance with Government of Kenya (GoK) Policy.
- Compliance with Board of Governors Policy.
- Compliance with established professional standards.
- Compliance with ISO guidelines and standards.
- Compliance with contractual obligations and statutory requirements.
- Compliance with approved Procurement Plan and Budget.

**2. To evaluate.**

- Achievement of targets and as set in the strategic and work plan.
- The application of ethical standards and core values in the pursuit of vision goals.
- Overall efficiency and effectiveness.

- Financial records and reporting.
- Benefits of the use of technology.
- Application of the value for money principles and due diligence measures.
- The benchmarking standards being applied in each area of operation.
- The cost of doing business.
- The level of utilization of existing capacity all round
- Achievement of revenue targets.
- The level of financial discipline.
- Risk associated with non- optimal stock levels.
- Risk associated with non – compliance with statutory and contractual obligations.
- Cash in transit systems.
- Relations with and levels of satisfaction of key stakeholders.
- Spread and diversification of risks.
- Litigation risks and costs.
- And to identify insurable and no insurable risks.

**2. STRATEGY, FINANCE AND DEVELOPMENT COMMITTEE**

Membership is as below:

NO.	NAME	ANNUAL			
		DATE	DATE	DATE	DATE
		25/9/21		8/10/21	11/1/22
1	Zenah Jepchirchir			✓	✓
2	Nicholas Kiget	✓	✓	✓	✓
3	Martha Wekesa	✓	✓	✓	✓
4	Peter Mudogo	✓	✓		

**Mandate**

1. Oversight of annual operating plan and budget development including recommendation to the management for Board s approval.
2. Oversight of the structure with assistance of staff to develop the fee structure.
3. To ensure the solvency of the Institute – finance mobilization.
4. To safeguard the Institute assets.
5. To ensure the effective and efficient use of resources.
6. To ensure that the funds provided by GoK and any other funding body are used in accordance with the terms and conditions specified.
7. To ensure that financial control systems are in place and are working effectively.
8. To facilitate the preparation of the Institute Strategic Plan for Board approval.
9. To identify and recommend to the Board the Institutes internal auditors.
10. Ensuring accurate and timely report to the Board on all administrative and financial issues.
11. Implementation and supervision of Institutions projects and other Institute projects (internal and external).
12. Ensure compliance with all statutory and labour laws in management of staff.
13. Mentor other training institutions on behalf of GoK.

**X. Management Discussion and Analysis**

**SECTION A**

**The Kisiwa Technical Training Institute's operational and financial performance**

***Development Grants***

The Institute expected to collect Kshs. 4,303,623.93 from the Government of Kenya in the FY 2021/2022 for infrastructure development to be utilized to settle pending bill for ICT CUM LIBRARY constructed.

***Financial Performance***

In the year under review the incomes were Kshs. 334,693,203.00 while expenditure was Kshs. 230,940,750.00. This resulted to a surplus of Kshs. 103,752,453.00

**SECTION B**

**Kisiwa Technical Training Institute's compliance with statutory requirements**

In the year under review Kisiwa TTI complied with all the statutory obligations

**SECTION C**

**Key projects and investment decisions the Kisiwa Technical Training Institute is planning/implementing**

**Kisiwa Technical Training Institute is constructing engineering complex at a cost of Kshs. 54,098,050.00. The project is to be funded by GoK/Development partner/KISIWA TTI.**

**XI. 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 the *Kisiwa Technical Training Institute's* affairs.

**Principal activities**

The principal activities of the Kisiwa Technical Training Institute are (continue to be) ....

1. To enhance capacity in TVET and research;
2. To inculcate entrepreneurial culture in trainees;
3. To improve institutional corporate governance; and
4. To promote strategic collaboration and linkages with industry and other institutions

**Results**

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

**Board of Governors**

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

**Auditors**

The Auditor General is responsible for the statutory audit of the *Kisiwa Technical Training Institute* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the *Kisiwa Technical Training Institute* for the year/period ended June 30, 2022, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

.....  
**Secretary of the Board**  
**Nairobi**  
**Date:**

**XII. Statement of Board of Governors Responsibilities**

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

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

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

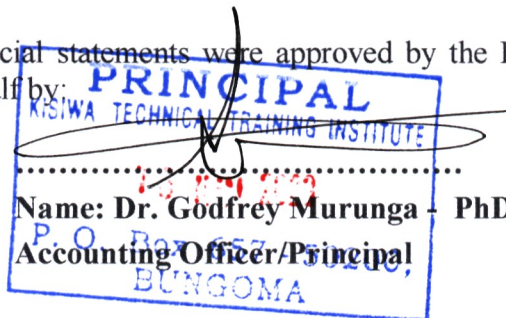
Nothing has come to the attention of the Board members to indicate that the *Kisiwa Technical Training Institute* will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The *Kisiwa Technical Training Institute's* financial statements were approved by the Board on \_\_\_\_\_ 2022 and signed on its behalf by:

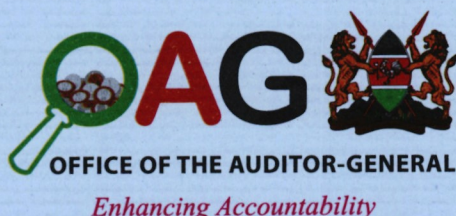


Name: Judy Nekoye  
Chairperson of the Board

  
Name: Dr. Godfrey Murunga - PhD  
Accounting Officer/Principal  
BUNGOMA

# REPUBLIC OF KENYA

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



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

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

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### **PREAMBLE**

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

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

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

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

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

#### **Opinion**

I have audited the accompanying financial statements of Kisiwa Technical Training Institute set out on pages 1 to 21, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have

obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

### **Basis for Opinion**

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

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects receipts budget and actual on comparable basis amounts of Kshs.402,571,673 and Kshs.334,693,203 respectively, resulting to under-funding of Kshs.67,878,470 or 17% of the budget. Similarly, the statement reflects actual expenditure of Kshs.213,738,644 against approved budget of Kshs.402,571,673 resulting to under-performance of Kshs.188,833,029 or 50% of the budget.

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

### **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

#### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matter described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

#### **Basis for Conclusion**

##### **Non-compliance with Law on Ethnic Composition**

During the year under review, the Institute had one hundred and seventy (170) employees out of whom, one hundred and fifty-six (156) or 92% of the staff were from

one ethnic community. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which requires that no public establishment shall have more than one third of its staff from the same ethnic community.

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

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and 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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Institute or to cease its 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 control 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 control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide

a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

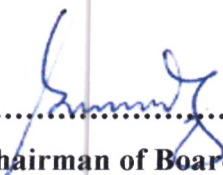
**Nairobi**


**11 July, 2023**

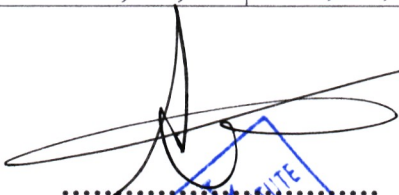
**XIV. Statement of Financial Performance for the year ended 30 June 2022**

	Notes	2021-2022 Kshs	2020-2021 Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government–grants/ gifts in kind	1	90,232,500	81,187,500
<b>Total Revenue from non-exchange transactions</b>		<b>90,232,500</b>	<b>81,187,500</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	2a	230,688,182	144,486,059
Sale of goods	3	7,645,885	5,260,854
Rental revenue from facilities and equipment	4	5,633,164	4,869,420
Other income	5	493,472.00	423,280
<b>Revenue from exchange transactions</b>		<b>244,460,703</b>	<b>155,039,613</b>
<b>Total revenue</b>		<b>334,693,203</b>	<b>236,227,113</b>
<b>Expenses</b>			
Employee costs	6	33,234,260	30,563,361
Remuneration of directors	7	1,688,270	5,282,614
Depreciation and amortization expense	8	16,365,217	15,456,828
Repairs and maintenance	9	14,715,755	20,963,495
Use of Goods and Services	10a	164,100,359	129,912,307
Finance costs	11	836,890	836,890
<b>Total expenses</b>		<b>230,940,750</b>	<b>203,015,495</b>
<b>Net Surplus for the year</b>		<b>103,752,453</b>	<b>33,211,618</b>

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

  
.....  
**Chairman of Board**

  
.....  
**Finance Officer**  
ICPAK No 22351.

  
.....  
**Principal**

**Date** 16/06/23

**Date** 16/06/23

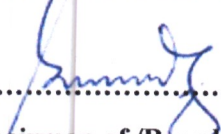


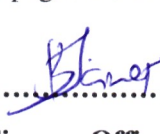
**Kisiwa Technical Training Institute**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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

	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	12	55,154,751	45,147,563
Receivables from exchange transactions	13	102,187,237	101,035,184
Receivables from non-exchange transactions	14	29,767,500	0
Inventories	15	2,534,767	3,036,917
<b>Total Current Assets</b>		<b>189,644,255</b>	<b>149,219,664</b>
<b>Non-current Assets</b>			
Property, Plant and Equipment	18	320,810,618	300,738,591
Biological Assets	17	1,455,000	1,385,000
Intangible Assets	16	443,000	3,700,000
<b>Total Non-current Assets</b>		<b>322,708,618</b>	<b>305,823,591</b>
<b>Total Assets</b>		<b>512,352,873</b>	<b>455,043,255</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	19	25,239,679	4,461,369
Provisions		5,109,362	5,022,368
Payments received in advance	20	35,063,979	40,480,727
<b>Total Current Liabilities</b>		<b>65,413,020</b>	<b>49,964,464</b>
<b>Non-current liabilities</b>			
Borrowings	21	274,022	2,779,746
<b>Total Non-current liabilities</b>		<b>274,022</b>	<b>2,779,746</b>
<b>Total liabilities</b>		<b>65,687,042</b>	<b>52,744,210</b>
<b>Capital and Reserves</b>			
Revaluation		294,320,525	(208,271,291)
Capital Reserves		41,930,310	603,907,792
Accumulated surplus		110,414,997	6,662,544
<b>Total Capital and Reserves</b>		<b>446,665,832</b>	<b>402,299,045</b>
<b>Total Liabilities and Capital &amp; Reserves</b>		<b>512,352,873</b>	<b>455,043,255</b>

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

  
 Chairman of /Board

  
 Finance Officer

Date 16/06/23

ICPAK No 22351  
 Date 16/06/23



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

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

	Revaluation reserve	Retained earnings	Capital/		Total
			Development Grants/Fund		
<b>Balance b/f as at July 1, 2021</b>	294,320,525	6,662,544	19,542,894		320,525,963
Capital/Development grants received during the year			22,387,416		22,387,416
Capital Grants for Sirisia TVC					-
Capital Grants for Navakholo TVC					-
Total comprehensive income		103,752,453			103,752,453
<b>Balance c/d as at June 30, 2022</b>	<b>294,320,525</b>	<b>110,414,997</b>	<b>41,930,310</b>		<b>446,665,832</b>

**(Note:**

1. *For items that are not common in the financial statements, the Kiswiwa Technical Training Institute 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.*
2. *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).*

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

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

	Note	2021-2022 Kshs	2020-2021 Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other Government entities/Govt. grants	1	90,232,500	81,187,500
Rendering of services- Fees from students	2b	114,848,804	97,351,877
Sale of goods	3	7,645,885	5,260,854
Rental revenue from facilities and equipment	4	5,633,164	4,869,420
Other income	5	493,472	423,280
<b>Total Receipts</b>		<b>218,853,825</b>	<b>189,092,931</b>
<b>Payments</b>			
Compensation of employees	6	33,234,260	(30,563,361)
Remuneration to Governors	7	1,688,270	(5,282,614)
Repairs & Maintenance	9	14,715,755	(20,963,495)
Use of Goods and Services	10b	138,860,680	(127,847,449)
Finance cost	11	836,890	(836,890)
<b>Total Payments</b>		<b>189,335,855</b>	<b>(185,493,809)</b>
<b>Net cash flows from operating activities</b>		<b>29,517,971</b>	<b>3,599,122</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	18	(22,387,416)	(5,499,900)
<b>Net cash flows used in investing activities</b>		<b>(22,387,416)</b>	<b>(5,499,900)</b>
<b>Cash flows from financing activities</b>			
Capital Development Grants		4,865,260	-
Repayment of borrowings		(1,988,627)	(1,988,627)
<b>Net cash flows used in financing activities</b>		<b>2,876,633</b>	<b>-1,988,627</b>
<b>Net increase/(decrease)in cash and cash equivalents</b>		<b>10,007,188</b>	<b>3,322,730</b>
Cash and cash equivalents at 1 July 2021		45,147,563	49,036,968
<b>Cash and cash equivalents at 30 June 2022</b>		<b>55,154,751</b>	<b>45,147,563</b>

*((IPSAS 2 allows Kisiwa Technical Training Institute 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)).*

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

Chairman of Board

Date

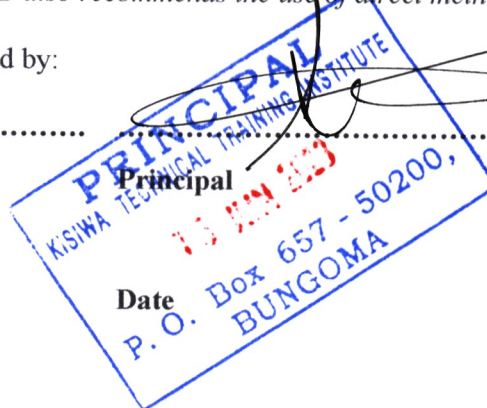
16/06/23

Finance Officer

ICPAK No 22391

Date

16/06/23



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

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

STATEMENT OF BUDGET AND ACTUAL COMPARISON							
	Original	Adjustments	Final	Actual	Variance	%	Explanation of material variance
	Budget	KShs.	Budget	Figures	KShs.	Variance	
	KShs.	KShs.	KShs.	KShs.	KShs.	KShs.	
<b>Revenue</b>							
Transfers from National Government Ministries							Q4 capitation grants not received.
Capitation	120,000,000		120,000,000	90,232,500	-29,767,500	-24.8063	
Rendering of services							
Tuition fee	105,680,000		105,680,000	230,688,182	125,008,182	118.2893	Increased enrolment
Sale of goods and services	2,000,000		2,000,000	7,645,885	5,645,885	282.2943	Increased enrolment
Rental revenue from facilities and equipment	5,490,000		5,490,000	5,633,164	143,164	2.607723	
Other income	1,000,000		1,000,000	493,472	(506,528)	-50.6528	Minimal activities
Development Grants	168,401,673		168,401,673	0	(168,401,673)	-100	Scheduled activities not funded completely
<b>Total income</b>	<b>402,571,673</b>		<b>402,571,673</b>	<b>334,693,203</b>	<b>(67,878,470)</b>		
<b>Expenses</b>							
Personnel Emolument	34,579,104		34,579,104	33,234,260	1,344,844	3.889181	
BOG Allowances	7,000,000		7,000,000	1,688,270	5,311,730	75.88186	Due to less number of trainings and virtual meetings
Repairs and maintenance	17,000,000		17,000,000	14,715,755	2,284,245	13.43674	Less repairs in quarter 4
General expenses	119,303,044		119,303,044	164,100,359	(44,797,315)	2.757414	Inflation/Persistent increase in prices of items
Development Grant	168,401,673		168,401,673	0	168,401,673	100	Scheduled activities not funded completely
<b>Total expenditure</b>	<b>346,283,821</b>		<b>346,283,821</b>	<b>213,738,644</b>	<b>(132,545,177)</b>		
<b>Surplus for the period</b>	<b>56,287,852</b>		<b>56,287,852</b>	<b>120,954,559</b>	<b>64,666,707</b>		

**XIX. Notes to the Financial Statements**

**1. GENERAL INFORMATION**

Kisiwa Technical Training Institute Training Institute is established by and derives its authority and accountability from **TVET Act, 2013**. The Kisiwa Technical Training Institute is wholly owned by the Government of Kenya and is domiciled in Kenya.

**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 Kisiwa Technical Training Institute accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5

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

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

**3. ADOPTION OF NEW AND REVISED STANDARDS**

**i. Early adoption of standards**

The Kisiwa Technical Training Institute did not early – adopt any new or amended standards in year 2022.

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ii) Revenue from exchange transactions**

**Rendering of services**

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

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

**Sale of goods**

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

**a) Revenue recognition (Continued)**

**ii) Revenue from exchange transactions (continued)**

**Rental income**

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

**b) Budget information**

The original budget for FY 2021/2022 was approved by the Board on *21<sup>st</sup> January 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 Kisiwa Technical Training Institute upon receiving the respective approvals in order to conclude the final budget.

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

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under **page 1** of these financial statements.

**c) 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 Kisiwa Technical Training Institute recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**d) 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.

**e) Research and development costs**

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

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

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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

**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 Kisiwa Technical Training Institute

**j) Provisions**

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

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

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

The provisions for doubtful debts are provide at the rate of 5%

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**k) Nature and purpose of reserves**

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

**l) Changes in accounting policies and estimates**

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

**m) Employee benefits**

**Retirement benefit plans**

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

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

**n) 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.

**i) Related parties**

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**j) Service concession arrangements**

The Kisiwa Technical Training Institute analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement,

Kisiwa Technical Training Institute recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Kisiwa Technical Training Institute also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**k) 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.

**l) Comparative figures**

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

**m) Subsequent events**

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

**5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Kisiwa Technical Training Institute based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to

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

market changes or circumstances arising beyond the control of the Kisiwa Technical. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 Kisiwa Technical Training Institute
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

The annual depreciation rates in use are:

Building 2%

Furniture, plant and equipment 12.5%

Motor Vehicles 25%

Computers 33.3%

Library books 20%

Freehold land is not depreciated as it is deemed to have an infinite life

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included

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

Provisions for doubtful debts are provided at the rate of 5% of debtors

Notes to the Financial Statements

1. Transfers from other National Government entities

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Unconditional Grants</b>		
Operational grant	90,232,500	81,187,500
<b>Total Government grants and subsidies</b>	<b>90,232,500</b>	<b>81,187,500</b>

Notes to the Financial Statements

2 a) Rendering of services

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition fees	83,216,134	62,827,381
Activity fees	6,445,322	3,925,600
Examination fees	32,575,696	11,661,278
Library fees	7,296,900	4,431,732
Administrative income	14,650,956	8,853,750
RMI	10,464,692	6,364,000
Robotics, TVET fair and Automation	10,043,544	6,105,000
Student ID	1,632,500	1,041,068
Student Union	3,163,864	1,900,250
Attachment and insurance	10,471,192	6,615,738
Local transport and travel	6,287,100	3,856,340
EW&C	4,213,270	2,584,000
Personal Emolument	40,227,012	24,319,922
<b>Total Rendering of Services</b>	<b>230,688,182</b>	<b>144,486,059</b>

2 b) Rendering of Services-Tuition Inflows

Rendering of Services-Tuition Inflows	2021-2022	2020-2021
	KShs	KShs
<b>Rendering of Services-Tuition Fee Recognised in the Statement of Financial Performance</b>	<b>230,688,182</b>	<b>144,486,059</b>
<b>Add:-</b>		
Increase in prepaid fees/Tuition Fee to be Earned in Future But Received During the Year	(35,063,979)	16,602,906
<b>Less:-</b>		
Increase in Revenue Receivable/ Student Debtors/Income Earned During the Year But Not Received	(80,688,405)	(20,328,108)
Non-Cash Item-Increase in provision for bad debts	(86,994)	(901,845)

**Kisiwa Technical Training Institute**  
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Decrease in Receivable from Non Exchange Transaction/Income Earned During the Year But Not Received		(35,295,000)
<b>Amount Recognised in the Statement of Cashflows</b>	<b>114,848,804</b>	<b>104,564,012</b>

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

**3. Sale of goods**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Catering services	4,346,800	2,206,230
Production Unit	157,080	925,754
Farm Income	3,142,005	2,128,870
<b>Total Sale of goods</b>	<b>7,645,885</b>	<b>5,260,854</b>

**4. Rental Revenue from Facilities and Equipment**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Bus hire		94,600
Boarding fees	5,633,164	4,774,820
<b>Total rentals</b>	<b>5,633,164</b>	<b>4,869,420</b>

**5. Other income**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Driving school	493,472	423,280
<b>Total other income</b>	<b>493,472</b>	<b>423,280</b>

**6. Employee Costs**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Salaries and wages	33,234,260	30,563,361
<b>Total Employee costs</b>	<b>33,234,260</b>	<b>30,563,361</b>

**7. Remuneration of Directors**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Chairman's Honoraria	230,000	614,000

**Kisiwa Technical Training Institute**  
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Directors emoluments	1,458,270	4,668,614
<b>Total director emoluments</b>	<b>1,688,270</b>	<b>5,282,614</b>

**8. Depreciation and Amortization Expense**

	<b>KShs</b>	<b>KShs</b>
Property, plant and equipment	15,440,217	13,124,828
Intangible assets	925,000	2,332,000
<b>Total depreciation and amortization</b>	<b>16,365,217</b>	<b>15,456,828</b>

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

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

**9. Repair and Maintenance**

Description	2021-2022	2020-2021
	Kshs	Kshs
RMI	14,715,755	20,963,495
<b>Total Repairs and Maintenance</b>	<b>14,715,755</b>	<b>20,963,495</b>

**10. a) Use of goods and services**

Description	2021-2022	2020-2021
	KShs	KShs
Tuition	48,493,651	29,631,722
Local Transport and Travel	4,370,136	4,607,439
Attachment, Insurance & Medical	4,064,365	3,782,985
Library	1,741,906	800
Activity	3,301,507	0
Administrative	9,571,256	5,810,999
Student Union	3,379,840	2,291,008
Boarding	2,031,505	2,338,006
Robotics & Tvet Fare	8,172,276	4,726,085
Examination	20,091,450	7,375,280
Production Unit	290,100	10,976,270
Electricity Water & Conservancy	2,440,135	2,847,628
Student ID	0	1,800.00
Catering Expense	6,973,034	6,993,575
Tender	0	10,000
Farm	3,061,515	2,595,495
Performance Contract	0	468,695
Mt. Elgon	6,789,994	12,581,745.00
Navakholo	1,666,800	4,797,733
Sirisia	571,600	5,911,520
Development expenses	4,582,919	4,158,772
ISO	419,830	190,000
CAPA	0	60,000
Covid-19 preparedness	0	3,844,214
Internet	638,048	318,365
Fire extinguishers	86,994	767,431
Driving school	53,000	78,519
Butula TVC	31,308,498	12,746,221
<b>Total general expenses</b>	<b>164,100,359</b>	<b>129,912,307</b>

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

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

**b) Use of goods and services**

Description	2021-2022	2020-2021
	KShs	KShs
General Expenses-Amount Recognised in the Statement of Financial Performance	164,100,359	127,064,679
<b>Add:-</b>		
Increase in Receivables		532,523
<b>Less</b>		
Trade Payables	25,239,679	(2,597,381)
Less Provisions	86,994	
<b>Amount Recognised in the Statement of Cashflows</b>	<b>138,860,680</b>	<b>124,999,821</b>

**11. Finance cost**

Description	2021-2022	2020-2021
	Kshs	Kshs
Borrowings	836,890	836,890
<b>Total finance costs</b>	<b>836,890</b>	<b>836,890</b>

**12. Cash and Cash Equivalents**

Description	2021-2022	2020-2021
	Kshs	Kshs
Cash at hand	181,580	8,830
Mentee Capital Accounts		0
Current account	54,973,171	45,138,733
<b>Total cash and cash equivalents</b>	<b>55,154,751</b>	<b>45,147,563</b>

**12a) Details Analysis of Cash and Cash Equivalent**

Description	Account Number	2021-2022	2020-2021
		KShs	KShs
Cooperative Bank (Main Account)	1129290592	9,344,801	1,901,424
KCB (Operation Account)	1114212865	19,785,925	22,530,409
KCB (2jiajiri Account)	1179849035	8,123,421	615,733
KCB (Development Account)	1114213916	17,051,400	16,636,730
Diamond Trust Bank (Savings Account)	5412510001	7,540.53	7,445
Diamond Trust Bank (Examination Account)	412510005	660,083	3,446,992
<b>Sub-total</b>		<b>54,973,075</b>	<b>45,138,733</b>
<b>Others</b>			
Cash at hand		181,580	8,830
<b>Sub-total</b>		<b>181,580</b>	<b>8,830</b>
<b>TOTAL</b>		<b>55,154,751</b>	<b>45,147,563</b>

Notes to the Financial Statements (Continued)

13. Receivables from Exchange Transactions

Description	2021-2022	2020-2021
	KShs	KShs
<b>Current receivables</b>		
Student debtors	102,187,237	101,035,184
Navakholo TVC	686,557	
Sirisia TVC	1,140,455	
Provision for Doubtful Debts	(5,109,362)	(5,022,368)
<b>Total receivables</b>	<b>98,904,888</b>	<b>96,012,816</b>

14. Receivables from Non Exchange Transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Current receivables</b>		
Transfers from National Government	29,767,500	
<b>Total receivables</b>	<b>29,767,500</b>	

15. Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable stores & central store	1,448,230	2,382,212
Health Unit stores	494,345	95,575
Applied and Medical Sciences Lab	171,071	187,293
Food & Beverage Store	231,925	371,837
Catering stores	189,196	-
<b>Total Inventories</b>	<b>2,534,767</b>	<b>3,036,917</b>

16. Intangible assets software

Description	2021-2022	2020-2021
	Kshs	Kshs
<b>Cost</b>		
At beginning of the year	3,700,000	5,384,000
Additions		3,944,000
<b>Cost end of the year</b>	<b>3,700,000</b>	<b>9,328,000</b>
<b>Amortization and impairment</b>		
At beginning of the year	2,332,000	3,296,000
Amortization	925,000	2,332,000

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<b>Amortization at end of the year</b>	<b>3,257,000</b>	<b>5,628,000</b>
<b>NBV</b>	<b>443,000</b>	<b>3,700,000</b>

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

**17. Biological Assets**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Livestock	1455000	1385000
<b>Total provisions</b>	<b>1,455,000</b>	<b>1,385,000</b>



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

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

**18. Property, Plant and Equipment**

Cost	Freehold Land	Motor vehicles	Furniture and fittings	Computers	Buildings	Library Books	Plant and equipment		Capital Work in progress	Total
							KShs	KShs		
At 1 July 2021	38,000,000	12,150,000	10,413,600	5,226,150	207,761,000	3,918,375	16,851,400	19,542,894	313,863,419	
Additions			434,000	5,246,700			4,111,900	12,594,816	22,387,416	
At 30 <sup>th</sup> June 2022	38,000,000	12,150,000	10,847,600	10,472,850	207,761,000	3,918,375	20,963,300	32,137,710	336,250,835	
Depreciation and Impairment										
Depreciation during the Year	-	3,037,500	1,355,950	3,487,459	4,155,220	783,675	2,620,413	-	15,440,217	
At 30 <sup>th</sup> June 2022	-	3,037,500	1,355,950	3,487,459	4,155,220	783,675	2,620,413	-	15,440,217	
Net Book Values										
At 30 <sup>th</sup> June 2022	38,000,000	9,112,500	9,491,650	6,985,391	203,605,780	3,134,700	18,342,888	32,137,710	320,810,618	
At 30 <sup>th</sup> June 2021	38,000,000	12,150,000	10,413,600	5,226,150	207,761,000	3,918,375	16,851,400	19,542,894	314,663,419	

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

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

**19. Trade and other Payables from Exchange Transactions**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>KShs</b>	<b>KShs</b>
Trade payables	11,374,419	4,461,369
Development grants for mentee institutions	13,865,260	
<b>Total trade and other payables</b>	<b>25,239,679</b>	<b>4,461,369</b>

**20. Payment received in advance**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
Student Fees	35,063,979	40,480,727
<b>Total</b>	<b>35,063,979</b>	<b>40,480,727</b>

**21. Borrowings**

<b>Description</b>	<b>2021-2022</b>	<b>2020-2021</b>
	<b>Kshs</b>	<b>Kshs</b>
<b>Borrowings - Noncurrent portion</b>		
Commercial bank Loans	274,022	2,779,746
<b>Total Non-current portion</b>	<b>274,022</b>	<b>2,779,746</b>

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

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

**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

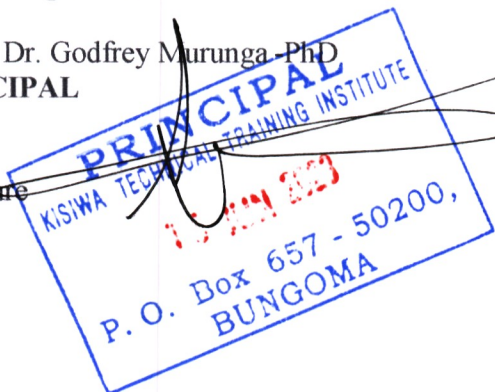
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

<b>Reference No. on the external audit Report</b>	<b>Issue / Observations from Auditor</b>	<b>Management comments</b>	<b>Status: (Resolved / Not Resolved)</b>	<b>Timeframe: (Put a date when you expect the issue to be resolved)</b>
1	Undisclosed receivables from non-exchange transactions	There was no formal commitment by the Government to the same that it would be paid.	Not Resolved	N/A
2	Provision for doubtful debts	The policy on Provision of doubtful debts was incorporated in the significant accounting policies	Resolved	N/A

**Accounting Officer**

Name: Dr. Godfrey Murunga - PhD  
**PRINCIPAL**

Signature  
 Date.



**APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY**  
**Projects**

Projects implemented by the State Corporation/ SAGA Funded by internal savings.

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)
1. Engineering Complex		Internal	1 year	Not Applicable	No	Yes

**Status of Projects completion**

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Engineering Complex	59,598,050	32,137,710	60%	59,598,050	32,137,710	Internal savings

**Kisiwa Technical Training Institute**  
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**APPENDIX III: INTER-ENTITY TRANSFERS**

<b>Break down of Transfers from the State Department, Ministry of Education</b>				
<b>FY 2021/2022</b>				
a.	Capitation			
		<u>Bank Statement Date</u>	<u>Amount (Kshs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Kisiwa TTI	18/11/2021	29,100,000	2021/2022
	Kisiwa TTI	2/3/2022	29,100,000	2021/2022
	Kisiwa TTI	3/6/2022	32,032,500	2021/2022
	<b>Total</b>		<b>90,232,500</b>	

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

Finance Manager  
 Kisiwa Technical Training Institute

Head of Accounting Unit  
 Ministry of Education

Sign  -----

Sign-----