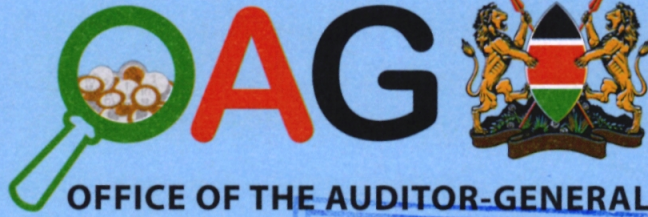


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 29 JUL 2025

DAY.

Tuesday

TABLED

BY:

Amr Owen Bata, MP

Deputy Leader of Majority Party

CLERK-AT
THE-TABLE:

A. Shibusko

PARLIAMENT
OF KENYA
LIBRARY

THE AUDITOR-GENERAL

ON

**CHEPALUNGU TECHNICAL TRAINING
INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE, 2024**





CHEPALUNGU TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2024**

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



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

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1. Acronyms & Glossary of Terms

| | |
|----------------------|---|
| BOG | Board of Governors |
| ICPAK | Institute of Certified Public Accountants of Kenya |
| IPSAS | International Public Sector Accounting Standards |
| PFM | Public Finance Management |
| PSASB | Public Sector Accounting Standards Board |
| TTI | Technical Training Institute |
| TTC | Teacher Training College |
| TVC | Technical Vocational College |
| Fiduciary Management | Key management personnel who have financial responsibility in the Chepalungu Technical Training Institute |

2. Key Chepalungu Technical Training Institute Information and Management

(a) Background information

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

(b) Principal Activities

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

Vision:

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

Mission:

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

Core Objectives:

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

(c) Key Management

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

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

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(d) Fiduciary Management

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

| No. | Designation | Name |
|-----|----------------------|--------------------|
| 1. | Principal | David Kurgat |
| 2. | Deputy principal | Emmanuel Cheruiyot |
| 3. | Ag. Registrar | Catherine Kavaya |
| 4. | Ag. Dean of students | Mark letoluo |
| 5. | Head of Finance | Enock Kiprotich |
| 6. | Head Of Procurement | Isack Mutai |

(e) Fiduciary Oversight Arrangements

| Name of the Committee | Members |
|--|---|
| Finance and Human Resource Committee | 1. Benard Cheruiyot 2. Dorothy Bundi 3. Peter Cheruiyot 4. Jackson Ngetich |
| Education, Training, Projects and research Committee | 1. Dorothy Bundi 2. Richard Nyakundi 3. Peter Cheruiyot 4. Jackson Ngetich |
| Audit Committee | 1. Grishon Njongo 2. Joan Chepkirui 3. Richard Nyakundi |

(f) Chepalungu Technical Training Institute Headquarters

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

(g) Chepalungu Technical Training Institute Contacts

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

(h) Chepalungu Technical Training Institute Bankers

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

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(i)Independent Auditors




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

(j)Principal Legal Adviser




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

**Chepalungu Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 20**

3. The Council/Board of Governors




| | |
|--|--|
|  <p>1. Kipngetich Kirui</p> | <p>PhD in Education Date of Birth-06/01/1974 Work Experience-Over 20 years</p> |
| <p>2. David Kurgat</p> | <p>Bachelor of Education (Technology Education) Principal-Chepalungu TTI Date of Birth – 23/07/1973 Work Experience-Over 20 years</p> |
|  <p>3. Grishon Njongo</p> | <p>Masters of Business administration (Human Resource option) Date of Birth-04/09/1972 Work Experience- Over 18 years in administrative position in public practice.</p> |
| | |
|  <p>5. Richard Nyakundi</p> | <p>PhD Information Technology Date of Birth-25/12/1976 Work Experience-Over 20 years</p> |

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


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

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

4. Key Management Team

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

**Chepalungu Technical Training Institute
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| | |
|--|----------------------------|
| <p>6. Enock Kiprotich</p>  <p>Academic qualification: Bachelor of Business Management (Finance and Banking) CPA(K), ICPAK</p> | <p>Head of Finance</p> |
| <p>7. Purity Chemutai</p> <p>Academic qualification: -Diploma in Business Studies (Procurement and Supply Chain Management) Professional Qualification -Member of KISM (admitted on 8th March 2022)</p> | <p>Head of Procurement</p> |

Chepalungu Technical Training Institute
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5. Chairman's Statement

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

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

Economic Focus

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

Review of the Sector and Changes

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

Risk Management

The technical training sector presents plenty of opportunities as well as risks, both of which need to be analysed in order to deliver sustainable long-term returns, without compromising training outcomes. Chepalungu Technical Training Institute has worked to ensure that our activities are aligned with our strategic plan objectives. The Board of Governors regularly reviews risks identified - such as competition, information & communications technology and credit and operations; and how the risks involved can be mitigated by various risk owners.

Operation and Management

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

Key Challenges

In the previous year the education calendar was affected by the outbreak of Covid 19 and unstable economic crisis resulting to low rate of enrolment of students.

I am indeed deeply indebted to the members of the Board of Governors for their unwavering support, commitment and futuristic outlook towards realising the institute's objectives in line with its strategic plan and core mandate of training market-driven technical manpower. Noteworthy is the Board's diverse qualifications and experience. I unreservedly assure all our

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Stakeholders we at Chepalungu Technical Training Institute shall remain focussed, committed and consistent in the delivery of opportunities and accountably availing of resources to both trainers and trainees within the Government framework of accountability, corporate governance and ethical sustainability. Going forward Chepalungu Technical Training Institute is committed to working closely in collaboration with other like-minded entities, institutions, agencies and any other bi-lateral & multi-lateral agencies involved in technical and vocational training to ensure that our trainees continue to receive Competency Based Training.

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

DR. KIPNGETICH KIRUI
CHAIRPERSON OF THE GOVERNING BOARD

Chepalungu Technical Training Institute
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6. Report of the Chief/Senior Principal

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

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

With the guidance of the Board of Governors, we worked hard in setting up structures and policies aimed at guiding the institution in the right strategic direction. Under my leadership and the overall direction of the Institute's Board we were able also to be in the forefront in ensuring that financial resources were utilized efficiently and effectively for optimum output. Despite the many challenges brought about by economic constraints, the Institute nevertheless continued to discharge its mandate of training, research and outreach.

Chepalungu Technical Training Institute currently offers 11 Diploma, 12 Craft Certificate And 7 Artisan programmes/courses accredited by Technical and Vocational Educational Training Authority (TVETA). The Institute has been registered by Kenya National Examination Council as an examination Centre for both Business and Technical Examinations.

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

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

Chepalungu Technical Training Institute has a very bright future in the TVET Sub-sector. Our serious challenge is lack of adequate government trainers, enough classrooms, inadequate sanitary facilities, water shortage and lack of workshop equipment.

HIGHLIGHTS OF FY 2022/2023 PERFORMANCE

The Financial Year 2022/2023 started on a high note with the Government keen to ensure TVET Institutions absorb as many Form 4 leavers as possible.

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

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Kshs.2,948,000.Income from rendering of services were Kshs. 3,980,321 increased compared to Kshs 3,316,090 received during FY 2021/2022.The increased was due to increased in students enrolment in FY 2022/2023

Students Enrolment;

During the year 2022/2023 the students' enrolment increased slightly as compared to the previous year.

Activities Undertaken

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

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

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

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

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

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

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

JACKSON SORIM NGETICH
PRINCIPAL/SECRETARY TO THE BOARD OF GOVERNORS

**Chepalungu Technical Training Institute
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7. Statement of Performance against Predetermined Objectives

Chepalungu Technical Training Institute has nine strategic pillars and objectives within its Strategic Plan for the FY 2022/2023- 2026/2027. These strategic pillars are as follows:



Chepalungu technical Training Institute develops its annual work plans based on the above nine pillars. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The Chepalungu technical Training Institute achieved its performance targets set for the FY 2022/23 period for its one strategic pillar, as indicated in the diagram below:

| Strategic Pillar | Objective | Key Performance Indicators | Activities | Achievements |
|-------------------------|--|-----------------------------------|----------------------------------|--|
| Access and Equity | Construct two-eight door pit latrines | Availability of pit latrines | Construction of the pit latrines | Funding proposal submitted to NG - CDF |
| | Ensure adequate supply and efficient of clean and safe water | Availability of clean water | Harvest rain water | Funding proposal submitted to NG - CDF |
| | | | | |

Chepalungu Technical Training Institute
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8. Corporate Governance Statement

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

The Board have established Corporate Governance Guidelines which provide a framework for the effective governance of the Institute. The guidelines address matters such as the Governing Board's Vision and mission, overall strategy, members' responsibilities, Board committee structure, recommendation of the Chief Executive Officer, Over-sighting the performance and evaluation of management. The Board regularly reviews developments in corporate governance and updates the Corporate Governance Guidelines and other governance materials as it deems necessary and appropriate.

Attendance of board meetings

The following table shows the number of meetings held during 2022/2023, the attendance of each Member;

FY 2022/2023 BOARD MEETINGS HELD

| BOG MEMBER | FINANCE AND HUMAN RESOUR CEMEETING | INFRASTR RUCTURE , EDUCATI ON, TRAININ G AND RESEARC H | AUDIT AND RISK COMMITTEE MEETINGS | FULL BOARD MEETINGS |
|-------------------|---|---|--|---------------------------------------|
| NAME | DATE | DATE | DATE | DATE |
| KINGETICH KIRUI | | | | 27/02/2023 19/10/2022 |
| JACKSON NGETICH | 31/5/2023 30/6/2023 | 30/6/2023 | | 30/6/2023 27/02/2023 |
| MARK KITONGO | 9/9/2022 | 25/3/2023 | | 19/10/2022 |
| PETER CHERUIYOT | 31/5/2023 30/6/2023 | | | 30/6/2023 27/02/2023 19/10/2022 |
| BENARD CHERUIYOT | 31/5/2023 | | | 30/6/2023 |

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| | | | | |
|------------------|-----------------------|------------------------|--|---------------------------------------|
| | 30/6/2023 | | | 27/02/2023 |
| RICHARD NYAKUNDI | 9/9/2022 | 25/3/2023 30/6/2023 | | 30/6/2023 27/02/2023 19/10/2022 |
| DOROTHY BUNDI | 9/9/2023 30/6/2023 | 25/3/2023 | | 30/6/2023 27/02/2023 19/10/2022 |
| JOAN CHEPKIRUI | | 30/6/2023 | | 30/6/2023 27/02/2023 19/10/2022 |
| GRISHON NJONGO | | | | 30/6/2023 27/02/2023 |

Note:

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

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

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

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

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

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The Role and Functioning of the Board

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

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

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

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

9. Management Discussion and Analysis

Chepalungu Technical Training Institute operational and financial performance

During the year ended June 2023, the Institution had 160 students. The reduced government capitation was due to non-receipt of 4th Quarter capitation. During 2022/2023 Rendering of services increased from KES 3,316,090 in year 2021/2022 to KES 3,980,321 due to increase in student debtors and increased number of students undertaking examination.

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

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

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

i. Government Funding

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

ii. Constituency Development Fund (CDF)

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

iii. Donors (Development Partners)

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

iv. County Government of Bomet

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

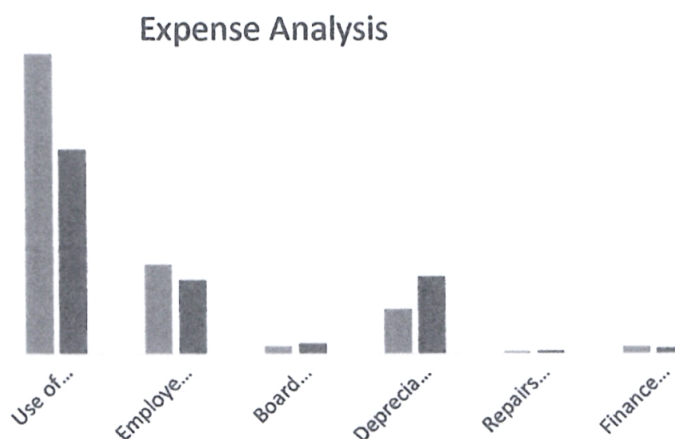
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Below is analysis of revenues and expenses for year 2022/2023

Transfers from the government decrease in 2022/2023 as compared to 2021/2022 due non- receipts of 4th Quarter capitation.

Incomes from rendering of services increased due to increased student debtors and also increase in students undertaking examination.

The expense for the financial year 2022/2023 increased due to increase purchase of practical materials and equipment for students.



Chepalungu Technical Training Institute compliance with statutory requirements

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

Key projects and investment decisions

There were no key projects during the period under review

vii. Corporate Social Responsibility / Community Engagements

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

1. Sustainability strategy and profile -

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

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

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

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

2. Employee welfare

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

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

a) Policies guiding hiring process

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

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

10. Environmental and Sustainability Reporting Statement

1. Sustainability strategy and profile -

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

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

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b) Policies guiding hiring process

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

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

1. Market place practices- Responsible Supply Chain and Supplier relations

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

Chepalungu Technical Training Institute

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

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

2. Community Engagements-

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

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

Corporate Social Responsibility / Community Engagements

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

11. Report of the Council/Board of Governors

The Council/Board members submit their report together with the audited financial statement for the year ended June 30,2023, which show the state of the Chepalungu Technical Training Institute affairs.

Principal activities

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

Results

The results of the Chepalungu Technical Training Institute for the year ended June 30.2023 are set out on page 1 to 27.

Board of Governors

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

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Auditors

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

By Order of the Board

David Kurgat
Secretary of the Board/Council
Nairobi
Date:

12. Statement of Board of Governors/ Council's Responsibilities

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

The council members are responsible for the preparation and presentation of the Chepalungu Technical Training Institute's financial statements, which give a true and fair view of the state of

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

The Council members accept responsibility for the Chepalungu Technical Training Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act, and the TVET Act) – entities should quote applicable legislation as indicated under). The council members are of the opinion that the Chepalungu Technical Training Institute's financial statements give a true and fair view of the state of Chepalungu Technical Training Institute's transactions during the financial year ended June 30, 2023, and of the Chepalungu Technical Training Institute's financial position as at that date. The Councilmembers further confirm the completeness of the accounting records maintained for the Chepalungu Technical Training Institute, which have been relied upon in the preparation of the Chepalungu Technical Training Institute's financial statements as well as the adequacy of the systems of internal financial control.

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

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

Approval of the financial statements

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


.....
Name **Dr. Kirui EK**
Chairperson of the Board/Council

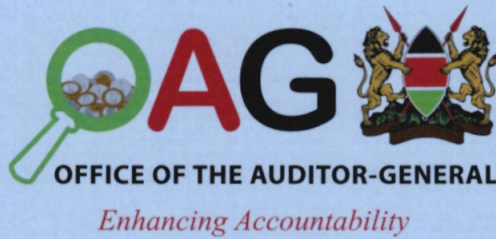

.....
Name **Kurgat D.K.**
Accounting Officer/Principal

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REPUBLIC OF KENYA

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HEADQUARTERS
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Monrovia Street
P.O Box 30084-00100
NAIROBI

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

PREAMBLE

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

- A. Report on 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 the 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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Adverse Opinion is issued when the Auditor-General determines that the financial statements are materially misstated and are not fairly presented in accordance with the applicable financial reporting framework. The Report on the Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Chepalungu Technical Training Institute set out on pages 1 to 30 which comprise the statement of financial position as at

30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Chepalungu Technical Training Institute as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards Accrual Basis and do not comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education Training Act, 2013.

Basis for Adverse Opinion

1. Unconfirmed Transfers from Other National Government Entities

The statement of financial performance and as disclosed in Note 6 to the financial statements reflect transfers from other National Government entities of Kshs.8,754,500. However, review of the cashbook and bank statements revealed that an amount of Kshs.11,453,968 was received from the state Department for Higher Education as students' scholarships resulting to an understatement of Kshs.2,699,468. Further, the details of the students placed in the institution through KUCCPS were not provided for audit review.

In addition, included in the transfers from Other National Government entities is capitation grants of Kshs.1,754,500 as disclosed in Note 6 to the financial statements. However, the amount was not supported with details of the beneficiaries placed in the institution through KUCCPS.

In the circumstances, the accuracy and completeness of transfers from other National Government entities of Kshs.8,754,500 could not be confirmed.

2. Unsupported Rendering of Services-Student Fees Amount

The statement of financial performance reflects rendering of services- fees from students of Kshs.11,309,607. However, Note 10 to the financial statements has not disclosed the amount and the related details. Further, the revenue was not supported with ledgers, student fee registers, individual student payment schedules, official receipts, bank deposit slips and cash book entries.

In the circumstances, the accuracy and completeness of rendering of services-student fees amount of Kshs.11,309,607 could not be confirmed.

3. Variances between the Payroll Data and the Amounts in the Financial Statements

The statement of financial performance reflects employees' cost of Kshs.2,448,094, which includes salaries and wages of Kshs.2,381,841 as disclosed in Note 16 to the financial statements. However, the amount of Kshs.2,381,841 differs with the payroll amount of Kshs.2,547,258 by Kshs.165,417.

In the circumstances, the accuracy and completeness of employees' cost of Kshs.2,448,094 could not be confirmed.

4. Unsupported Depreciation and Amortization Expense

The statement of financial performance and as disclosed in Note 18 to the financial statements reflect depreciation and amortization expense of Kshs.1,283,211. However, depreciation policy outlining the depreciation methods and rates applied in determining the depreciation amount was not provided for audit review.

In the absence of a depreciation policy, the basis for the calculation of depreciation and amortization expense of Kshs.1,283,211 could not be confirmed.

5. Unsupported Cash and Cash Equivalent Balance

The statement of financial position reflects cash and cash equivalents balance of Kshs.10,114,092. However, the balance was not supported by a cashbook, bank reconciliation statements and board of survey report.

In the circumstances, the accuracy and completeness of cash and cash equivalent balance of Kshs.10,114,092 could not be confirmed.

6. Irregular Cash Withdrawal and Poor Management of Petty Cash

The statement of financial performance reflects total expense of Kshs.11,532,289. Review of expenditure records revealed that an amount of Kshs.4,045,000 was incurred on cash basis and outside the imprest management system. There was no imprest issued to the officers undertaking various procurement through cash basis.

In the circumstances, the propriety and regularity of the expenditure of Kshs.4,045,000 could not be confirmed.

7. Unsupported Current Portion of Receivables from Exchange Transactions

The statement of financial position reflects current portion of receivables from exchange transactions-student debtors balance of Kshs.3,682,656 while Note 27(a) to the financial statements reflects a Nil balance for the current year. Further, the balance was not supported with fees statement or student debtors control ledger showing the students' details, fees chargeable, actual payments received, the outstanding balance and the dates for fees arrears.

In addition, the ageing analysis in Note 27(c) shows a balance of Kshs.4,013,103 which differs with the financial statement balance of Kshs.3,682,656 by Kshs.330,447.

Management has also not indicated the mechanism put in place to recover the long outstanding debtors or provisions made for the likely impairment for the doubtful debts.

In the circumstances, the accuracy and completeness of current portion of receivables from exchange transactions balance of Kshs.3,682,656 could not be confirmed.

8. Unsupported Inventories Balance

The statement of financial position reflects inventory balance of Kshs.1,484,304 while Note 29 to the financial statements reflects a Nil balance for the current year. The summary of accounting policies on inventories disclosed in the financial statements indicates that inventories are measured at lower of cost or net realizable value. However, stock take reports, stock certificate and stock valuation reports were not provided for audit review to determine the values as at 30 June, 2024.

In the circumstance accuracy and completeness of the inventory balance of Kshs.,1,484,304 could not be confirmed.

9. Unconfirmed Property, Plant and Equipment Balance

The statement of financial position reflects property, plant, and equipment balance of Kshs.51,879,431 as disclosed in Note 31 to the financial statements. Review of the records revealed the following anomalies:

- a. Note 31 has omitted key disclosures, including, additions, disposals, depreciation charges for each year and accumulated depreciation and impairments and does not conform to the International Public Sector Accounting Board (IPSASB) reporting template issued on 30 June, 2024.
- b. The closing book value in the asset movement schedule of Nil differs with the statement of financial position balance of Kshs.51,879,431 by Kshs.51,879,431.
- c. Note 31(b) did not include assets and their details.
- d. Review of the Institute's records revealed additions to furniture for Kshs.1,741,600, which is omitted from the property, plant, and equipment schedule resulting to an understatement of the property, plant and equipment balance by Kshs.1,741,600.
- e. Management procured students and members of staff chairs at Kshs.304,000 and Kshs.69,000, respectively. However, the chairs were not included as additions during the year under review in Property, Plant and Equipment movement schedule.
- f. The value of the parcel of land, KERICHO/CHEBUNYO/1574, acquired in 2015 where the Institution is situated remained unchanged from the previous year. No explanation was provided for lack of an updated valuation to reflect the current market value.

The Institute received assets as donations from the parent ministry, at inception in the year 2020. The assets includes furniture and fittings, computers, laptops, cameras, camping tents and plant and equipment, motor vehicles, motorcycles, hydraulic structures and plant and equipment. However, the current values of these assets were not included in the Property, Plant, and Equipment (PPE) balance as at 30 June, 2024.

In the circumstance, the accuracy and completeness of the Property, Plant and Equipment balance of Kshs.51,879,431 could not be confirmed.

10. Unsupported Trade and Other Payables

The statements of financial position and as disclosed in Note 35 to the financial statements reflect trade and other payables balance of Kshs.503,619. However, the balance was not supported by creditors ledger, detailed schedule of suppliers owed, invoices, delivery notes, local service/purchase order numbers, interim or completion certificates for the works done, counter receipt vouchers, counter requisition and issue vouchers and the dates when the bills were incurred to confirm the validity of the payables.

Further, the aging analysis of the payables and the mechanism put in place to settle the outstanding accounts payables were not provided for audit review.

In the circumstance, the accuracy and completeness of the trade and other payables balance of Kshs.503,619 could not be confirmed.

11. Error in the Financial Statements

The statement of financial performance reflects rendering services- fees from students of Kshs.11,309,607. However, Note 10 to the financial statements is blank in the current year column.

Further, the statement of financial position reflects current portion of receivables from exchange transactions, receivables from non-exchange transactions, inventories and trade payables balances of Kshs.3,682,656, Kshs.2,948,000, Kshs.1,484,304 and Kshs.503,619 which have not been supported by Notes to the financial statements.

In addition, the statement of changes in net assets reflects Nil balances for revaluation reserve, accumulated fund and capital grants and, therefore, net assets balance in the statement of financial position is not supported.

The statement of financial position reflects total net assets and liabilities of Kshs.69,604,864 while the statement of changes in net assets reflects total assets of Kshs.61,073,043. The statement of changes in net assets is also wrongly cast and should reflect total of Kshs.61856,783.

In the circumstance, the accuracy and completeness of the financial statements could not be confirmed.

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

Emphasis of Matter

The statement of comparison budget and actual amounts reflects revenue budget and actual on comparable basis of Kshs.14,123,640 and Kshs.20,064,107, respectively, resulting to over-collection of Kshs.5,940,467 or 42% of the budget. Similarly, the institution spent Kshs.11,532,289 against actual receipts of Kshs.20,064,107, resulting to an under-absorption of Kshs.8,531,818 or 43% of the total receipts.

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

Key Audit Matters

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

Other Information

The Board of Governors are responsible for the Other Information set out on page iii to xxiv which comprise of Key Entity Information, The Board of Governors, Key Management Team, Chairman's Statement, Report of the principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Governors and Statement of Board of Governors Responsibilities.

In connection with my audit on the Institute's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is no material misstatement of this other information and I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Failure to Comply with the Public Sector Accounting Standards.

Review of the financial statements revealed the following anomalies;

- a. The statement of changes in net assets, statement of cashflow and statement of comparison of the budget and actual amounts have not been prepared using the format prescribed by the standards issued by the Public Sector Accounting Standard Board. The note on asset movement schedule has also not been prepared using the format prescribed by the standards.
- b. The Institution's logo is missing on the front page of the financial statements contrary to the revised International Public Sector Accounting Standards.
- c. The information on the Board of Governors on page vi does not include details of member's status, whether independent or an executive and the committee the member serves.
- d. The Key Management team information has two members without the passport size photographs.
- e. The Chairman's statement on pages x and xi has not been signed.
- f. The Principals Statement on pages xii and xiii has not been signed.
- g. Report on Board of Governors on pages xxii and xxiii has not signed by the principal.
- h. The Statement of Board of Governors Responsibilities indicate the approval of the financial statements was in the year 2023 instead of the year 2024.
- i. The statements of financial position, financial performance and changes in net assets are dated 30 June, 2023 instead of 30 June, 2024.
- j. The statement of financial position shows the comparative financial year as 2021/2022 instead of 2022/2023.

- k. The statement of changes in net assets was not prepared in accordance with IPSAS 1 and the reporting template issued by the Public Sector Accounting Standards Board. The details for the previous year were omitted. Further, the statement arrangement and titles are not as per the template.
- l. The final budget and performance difference amounts and explanation for material differences between actual and budgeted amounts were not provided for audit review.
- m. The statement of cash flows was not prepared using direct method recommended for all public sector entities. Further, the statement does not include the comparatives as prescribed in the reporting template.
- n. The notes reflected in the financial statements are not sequential numbered and have omitted some numbers thereby occasioning inconsistencies.

In the circumstance, the annual report and financial statements do not comply with the reporting standards and template and have inaccuracies.

2. Irregular Hiring of Interns as Trainers

The statement of financial performance reflects employee costs of Kshs.2,448,094 which includes salaries and wages of Ksh.2,381,841 as disclosed in Note 16 to the financial statements. Review of payroll records revealed that salaries and wages include Kshs.325,000, being salaries for nine (9) trainers hired on contract basis renewable on the basis of performance after every 3 months. This is contrary to Section 23(1) of the Technical and Vocational Education and Training Act, 2013, which requires the trainers to be employed from trainers registered by the Ministry of Education Board.

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

3. Failure to Comply with the Provisions on Ethnic Diversity.

Review of staff biodata revealed that there are fifty (50) teaching staff in the Institute out of which forty-three (43) or eighty-six per cent (86%) are from the dominant ethnic community. Further, there are seventeen (17) non-teaching staff and all from the local ethnic community. This is contrary to section 7 (1) and (2) of the National Cohesion and Integration Act, 2008 which requires all public establishments to seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

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

4. Poor Human Resource Management

Review of personnel records revealed that the institute operated without an approved human resource policy manual, career progression guidelines, an approved staff establishment and a list of staff ethnic composition. This is contrary to Section A.15 of the

Public Service Commission 2016, which requires that the functions of Ministerial Human Resource Management Advisory Committees (MHRMAC) entail making recommendations to the Authorized Officer regarding: inter alia (viii) Establishment and Complement control.

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

5. Irregular Composition of the Board of Governors.

Review of the Board of Governors' records revealed that the Board consists of eight (8) members appointed by the Cabinet Secretary. However, the Board did not have a member representing the County Governor of Bomet as required under Section 28(3) of the of the Technical and Vocational Education and Training Act, 2013 which requires the Governor to have a representative in the Board.

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

The audit was conducted in accordance with ISSAI 3000 and 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

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

Basis for Conclusion

1. Lack Land Ownership Documents

Review of the asset's records revealed that the Institute is located on 2.164 hectares of land with a title deed number KERICHO/CHEBUNYO/1574. The land ownership has not been changed to reflect the name of the institute. Further, the institution owns another land registered under Chepalungu Institute of Technology instead of Chepalungu Technical Training Institute. The institute lacks legal claim to the two pieces of land and as such they are exposed to grabbing and encroachment.

In the circumstances, the internal controls and risk management are weak.

2. Failure to Maintain an Updated Fixed Assets Register

Review of the asset's records revealed that Management did not maintain an updated assets register showing all the assets and details including nature or type of asset, supplier, unique identification number, current value, accumulated depreciation and net book values. Physical verification also revealed that the Institute's assets have not been tagged. Thus, the assets are exposed to misuse and mismanagement.

In the circumstances, the internal controls and risk management are weak.

3. Lack of Risk Management Policy

Review of the records and systems revealed that Management had not established a Risk Management Policy. This is contrary to Regulation 165(1)(a) and (b) of the Public Finance Management (National Government) Regulations, 2015 which states that the Accounting Officer shall ensure that the National Government entity develops risk management strategies, which include fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.

In the absence of a formal Risk Management Policy, the college is exposed to potential financial losses, fraud, and operational disruptions due to the lack of structured mechanisms to identify, assess, and mitigate risks.

In the circumstances, the risk management process is weak.

4. Lack of Information and Communication Technology Security Policy

Review of the Institute's information technology systems revealed that the Institute did not have an approved IT Policy for governance and management of its Information and Communication Technology (ICT) resources. In addition, there is no ICT Steering Committee in place to assist in the development of ICT Policy framework to enable the Institute to realize long-term ICT strategic goals. Lack of an approved IT Policy may result in an unclear direction regarding maintenance of information security across the organization and safeguarding the Institute's ICT assets. Further, without a sound and approved framework, users do not have any rules and procedures to follow in order to minimize risk of errors, fraud and the loss of data confidentiality, integrity and availability.

In addition, there was no functional air conditioner or fire suppression systems put in place to provide an environment where computer equipment can safely operate.

In the circumstances, existence of effective data confidentiality, integrity and availability could not be confirmed.

5. Lack of Internal Audit Function and Ineffective Audit Committee

The institution operated without an internal audit unit contrary to section 73(1)(a) of the Public Finance Management Act, 2012 which require every National Government entity to ensure that it complies with the Act and has appropriate arrangements in place for

conducting internal audit according to the guidelines of the Accounting Standards Board.

In addition, Management did not provide audit committee meeting minutes as evidence of a functional audit committee and there was no evidence that the audit committee reviewed the financial statements.

The absence of an internal audit unit and effective audit committee undermines the institute's internal control framework and poses significant risks to its financial management, accountability, and compliance with legal requirements.

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

Responsibilities of Management and Board of Directors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAI will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

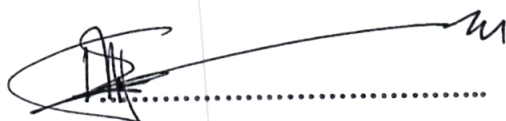
17 July, 2025

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

14. Statement of Financial Performance for the Year Ended 30 June 2023

| | Notes | 2023/2024 | 2022/2023 |
|---|-------|------------|-----------|
| | | Kshs | Kshs |
| Revenue from Non-Exchange transactions | | | |
| Transfers from other National Government entities | 6 | 8,754,500 | 2,948,000 |
| Total Revenue from Non-Exchange transactions | | 8,754,500 | 2,948,000 |
| Revenue from Exchange transactions | | | |
| Rendering of services- fees from students | 10 | 11,309,607 | 3,980,321 |
| Revenue from Exchange transactions | | 11,309,607 | 3,980,321 |
| Total Revenue | | 20,064,107 | 6,928,321 |
| Expenses | | | |
| Use of goods and services | 15 | 7,251,976 | 3,680,517 |
| Employee costs | 16 | 2,448,094 | 1,815,117 |
| Board /Council Expenses | 17 | 266,000 | 515,500 |
| Depreciation and amortization expense | 18 | 1,283,211 | 1,364,469 |
| Repairs and maintenance | 19 | 283,008 | 320,298 |
| Total Expenses | | 11,532,289 | 7,695,901 |
| OtherGains/(Losses) | | | |
| Gain/ Loss on fair value of investments | 24 | | 467,511 |
| Total OtherGains/(Losses) | | | |
| Net surplus/(deficit) for the year | | 8,531,818 | 300,069 |

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



Chairman of Council/Board


Date 20/09/2024



Finance Officer

ICPAK No 26207

Date 27/09/2024



Principal

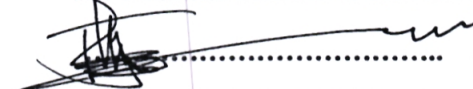

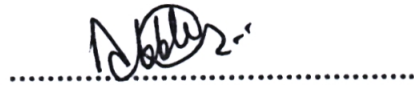
Date 21/09/2024

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

15. Statement of Financial Position as at 30th June 2023

| Description | Notes | 2022/2023 | 2021/2022 |
|---|-------|----------------------|-------------------|
| | | Kshs | Kshs |
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | 26 | 10114091.80 | 1,076,233 |
| Current portion of receivables from exchange transactions | 27(a) | 3,682,656 | 3,682,656 |
| Receivables from non-exchange transactions | 28 | 2,948,000 | 2,948,000 |
| Inventories | 29 | 1,484,304 | 1,484,304 |
| Total Current Assets | | 8,114,960 | 9,191,193 |
| Non-Current Assets | | | |
| Property, plant, and equipment | 31 | 51,879,431 | 52,187,642 |
| Investment property | 33 | | - |
| Total Non-Current Assets | | 51,879,431 | 52,187,642 |
| Total Assets | | 70,108,483.02 | 61,378,835 |
| Liabilities | | | |
| Current Liabilities | | | |
| Trade and other payables from exchange transactions | 35 | 503,619 | 305,689 |
| Total Current Liabilities | | | 305,689 |
| Non-Current Liabilities | | | |
| Non-Current Provisions | 42 | | - |
| Non- Current Borrowings | 43 | | - |
| Total non- current liabilities | | | - |
| Total Liabilities | | | 305,689 |
| Net Assets | | 69,604,864.02 | |
| Reserves | | | 7,148,043 |
| Accumulated Surplus | | 8531,818.02 | 300,069 |
| Capital Fund | | 61,073,046 | 53,625,034 |
| Total Net Assets and Liabilities | | 69,604,864.02 | 61,378,835 |

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

| | | |
|---|---|--|
|  |  |  |
| Chairman of Council/Board | Finance Officer | Principal |
| | ICPAK No. 26207 | |
| Date 27/09/2021 | Date 27/09/2021 | Date 27/09/2021 |

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

16. Statement of Changes in Net Asset for the Year Ended 30 June 2023

| Description | Revaluation reserve | Accumulated Fund | Capital Grants/Fund | Total |
|--|---------------------|------------------|---------------------|-------------------|
| At July 1, 2023 | | | 61,073,046 | 53,324,965 |
| Revaluation gain | - | - | - | - |
| Surplus/(deficit) for the year | - | 8,531,818.02 | - | 8,531,818.02 |
| Capital grants received during the year | - | - | - | - |
| Transfer of depreciation/amortisation from capital fund to Retained earnings | - | - | (-) | - |
| At June 30,2024 | | | | 61,073,043 |

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

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

Statement of Cash Flows

CHEPALUNGU TECHNICAL TRAINING INSTITUTE

For the year ended 30 June 2024

| Account | 2024 |
|--|----------------------|
| Operating Activities | |
| Receipts from customers | 20,064,107.15 |
| Payments to suppliers and employees | (10,051,148.35) |
| Net Cash Flows from Operating Activities | 10,012,958.80 |
| Investing Activities | |
| Payment for property, plant and equipment | (975,000.00) |
| Net Cash Flows from Investing Activities | (975,000.00) |
| Net Cash Flows | 9,037,958.80 |
| Cash and Cash Equivalents | |
| Cash and cash equivalents at beginning of period | 1,076,133.00 |
| Net change in cash for period | 9,037,958.80 |
| Cash and cash equivalents at end of period | 10,114,091.80 |

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

18. Statement of Comparison of Budget & Actual amount For Year Ended 30 June 2024

Budget Variance

CHEPALUNGU TECHNICAL TRAINING INSTITUTE

For the year ended 30 June 2024

| Account | 2024 | 2024 Overall Budget | Variance | Variance % | 2024 | 2024 Overall Budget | Variance | Variance % |
|---|-------------------|----------------------|---------------------|---------------|----------------------|----------------------|---------------------|---------------|
| Trading Income | | | | | | | | |
| Fees from students | 11,309,607 | 7,730,136.00 | 3,579,471.15 | 46.31% | 11,309,607.15 | 7,730,136.00 | 3,579,471.15 | 46.31% |
| KUCCPS | 0 | 135,000.00 | (135,000.00) | -100.00% | 0.00 | 135,000.00 | (135,000.00) | -100.00% |
| M.O.E Capitation Grants | 1,754,500 | 4,200,000.00 | (2,445,500.00) | -58.23% | 1,754,500.00 | 4,200,000.00 | (2,445,500.00) | -58.23% |
| Other Revenue | 5,000,000 | 0.00 | 5,000,000.00 | 0.00% | 5,000,000.00 | 0.00 | 5,000,000.00 | 0.00% |
| Recurrent Grant | 2,000,000 | 2,000,004.00 | (4.00) | 0.00% | 2,000,000.00 | 2,000,004.00 | (4.00) | 0.00% |
| Registration fee | 0 | 9,000.00 | (9,000.00) | -100.00% | 0.00 | 9,000.00 | (9,000.00) | -100.00% |
| Trainee ID Cards Fee | 0 | 49,500.00 | (49,500.00) | -100.00% | 0.00 | 49,500.00 | (49,500.00) | -100.00% |
| Total Trading Income | 20,064,107 | 14,123,640.00 | 5,940,467.15 | 42.06% | 20,064,107.15 | 14,123,640.00 | 5,940,467.15 | 42.06% |
| Gross Profit | 20,064,107 | 14,123,640.00 | 5,940,467.15 | 42.06% | 20,064,107.15 | 14,123,640.00 | 5,940,467.15 | 42.06% |
| Operating Expenses | | | | | | | | |
| Administrative cost | 524,843 | 634,884.00 | (110,041.00) | -17.33% | 524,843.00 | 634,884.00 | (110,041.00) | -17.33% |
| Advertising and publicity | 142,680 | 200,004.00 | (57,324.00) | -28.66% | 142,680.00 | 200,004.00 | (57,324.00) | -28.66% |
| Airtime and postage expenses | 76,550 | 75,000.00 | 1,550.00 | 2.07% | 76,550.00 | 75,000.00 | 1,550.00 | 2.07% |
| Audit services and expenses | 12,000 | 60,000.00 | (48,000.00) | -80.00% | 12,000.00 | 60,000.00 | (48,000.00) | -80.00% |
| Bank charges | 10,991 | 20,004.00 | (9,013.50) | -45.06% | 10,990.50 | 20,004.00 | (9,013.50) | -45.06% |
| Board of Governors expenses | 266,000 | 849,996.00 | (583,996.00) | -68.71% | 266,000.00 | 849,996.00 | (583,996.00) | -68.71% |
| Computers and computer accessories | 0 | 592,500.00 | (592,500.00) | -100.00% | 0.00 | 592,500.00 | (592,500.00) | -100.00% |
| Construction materials for pit latrines 6 units | 0 | 600,000.00 | (600,000.00) | -100.00% | 0.00 | 600,000.00 | (600,000.00) | -100.00% |
| Consultancy expenses | 4,369 | 60,000.00 | (55,631.00) | -92.72% | 4,369.00 | 60,000.00 | (55,631.00) | -92.72% |
| Depreciation | 1,283,211 | 0.00 | 1,283,210.78 | 0.00% | 1,283,210.78 | 0.00 | 1,283,210.78 | 0.00% |
| Electricity and water conservancy | 215,082 | 425,256.00 | (210,174.00) | -49.42% | 215,082.00 | 425,256.00 | (210,174.00) | -49.42% |
| Exam expenses | 1,047,420 | 0.00 | 1,047,420.00 | 0.00% | 1,047,420.00 | 0.00 | 1,047,420.00 | 0.00% |
| Housing levy tax | 66,253 | 47,616.00 | 18,637.00 | 39.14% | 66,253.00 | 47,616.00 | 18,637.00 | 39.14% |
| Industrial attachment | 48,161 | 189,996.00 | (141,835.15) | -74.65% | 48,160.85 | 189,996.00 | (141,835.15) | -74.65% |
| Internet services | 12,000 | 129,996.00 | (117,996.00) | -90.77% | 12,000.00 | 129,996.00 | (117,996.00) | -90.77% |
| KATTI Regional TIVET Fairs and subscription | 172,099 | 150,000.00 | 22,099.00 | 14.73% | 172,099.00 | 150,000.00 | 22,099.00 | 14.73% |
| KUCCPS EXPENSES | 121,500 | 135,000.00 | (13,500.00) | -10.00% | 121,500.00 | 135,000.00 | (13,500.00) | -10.00% |

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Annual Report and Financial Statements for the year ended 30th June 2024

| | | | | | | | | |
|--|-------------------|----------------------|-----------------------|-----------------|----------------------|----------------------|-----------------------|-----------------|
| Local transport and travel | 1,416,212 | 1,146,468.00 | 269,744.00 | 23.53% | 1,416,212.00 | 1,146,468.00 | 269,744.00 | 23.53% |
| Personal emoluments | 2,381,841 | 3,174,576.00 | (792,735.00) | -24.97% | 2,381,841.00 | 3,174,576.00 | (792,735.00) | -24.97% |
| Printing services | 0 | 99,996.00 | (99,996.00) | -100.00% | 0.00 | 99,996.00 | (99,996.00) | -100.00% |
| Purchase of cleaning material | 0 | 39,996.00 | (39,996.00) | -100.00% | 0.00 | 39,996.00 | (39,996.00) | -100.00% |
| Purchase of office equipment 2 | 775,900 | 612,000.00 | 163,900.00 | 26.78% | 775,900.00 | 612,000.00 | 163,900.00 | 26.78% |
| Purchase of stationery | 127,355 | 117,996.00 | 9,359.00 | 7.93% | 127,355.00 | 117,996.00 | 9,359.00 | 7.93% |
| Reference and training books and materials | 125,200 | 108,900.00 | 16,300.00 | 14.97% | 125,200.00 | 108,900.00 | 16,300.00 | 14.97% |
| Repairs and Maintenance | 283,008 | 179,004.00 | 104,004.00 | 58.10% | 283,008.00 | 179,004.00 | 104,004.00 | 58.10% |
| Securing institute facilities | 0 | 99,996.00 | (99,996.00) | -100.00% | 0.00 | 99,996.00 | (99,996.00) | -100.00% |
| Sports and Activity | 258,170 | 384,996.00 | (126,826.00) | -32.94% | 258,170.00 | 384,996.00 | (126,826.00) | -32.94% |
| Staff capacity building and training | 1,079,118 | 300,000.00 | 779,118.00 | 259.71% | 1,079,118.00 | 300,000.00 | 779,118.00 | 259.71% |
| Student council expenses | 5,000 | 90,000.00 | (85,000.00) | -94.44% | 5,000.00 | 90,000.00 | (85,000.00) | -94.44% |
| Student medical expenses | 1,100 | 58,500.00 | (57,400.00) | -98.12% | 1,100.00 | 58,500.00 | (57,400.00) | -98.12% |
| Trainee ID Cards | 120,600 | 49,500.00 | 71,100.00 | 143.64% | 120,600.00 | 49,500.00 | 71,100.00 | 143.64% |
| Training materials and equipment | 866,947 | 3,141,444.00 | (2,274,497.00) | -72.40% | 866,947.00 | 3,141,444.00 | (2,274,497.00) | -72.40% |
| website maintenance expenses | 88,680 | 50,004.00 | 38,676.00 | 77.35% | 88,680.00 | 50,004.00 | 38,676.00 | 77.35% |
| Total Operating Expenses | 11,532,289 | 13,823,628.00 | (2,291,338.87) | -16.58% | 11,532,289.13 | 13,823,628.00 | (2,291,338.87) | -16.58% |
| Net Profit | 8,531,818 | 300,012.00 | 8,231,806.02 | 2743.83% | 8,531,818.02 | 300,012.00 | 8,231,806.02 | 2743.83% |

19. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Chepalungu Technical Training Institute’s accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Chepalungu Technical Training Institute. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, (include any other applicable legislation), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2023.

| Standard | Effective date and impact: |
|---|---|
| <p>IPSAS 41: Financial Instruments</p> | <p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of anChepalungu Technical Training Institute’s future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and |

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| Standard | Effective date and impact: |
|---|---|
| | <ul style="list-style-type: none"> • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Chepalungu Technical Training Institute’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p>(State the impact of the standard to the Chepalungu Technical Training Institute)</p> |
| <p>IPSAS 42: Social Benefits</p> | <p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Chepalungu Technical Training Institute provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the Chepalungu Technical Training Institute. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Chepalungu Technical Training Institute’s financial performance, financial position and cash flows. <p>(State the impact of the standard to the Chepalungu Technical Training Institute if relevant)</p> |
| <p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p> | <p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. <p>(State the impact of the standard to the Chepalungu Technical Training Institute if relevant)</p> |
| <p>Other improvements to IPSAS</p> | <p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • IPSAS 22 Disclosure of Financial Information about the General Government Sector. Amendments to refer to the latest System of National Accounts (SNA 2008). • IPSAS 39: Employee Benefits. Now deletes the term composite social security benefits as it is no longer defined in IPSAS. |

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

| Standard | Effective date and impact: |
|----------|---|
| | <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <p>State the impact of the standard to the Chepalungu Technical Training Institute if relevant</p> |

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

| Standard | Effective date and impact: |
|--|---|
| IPSAS 43 | <p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of anChepalungu Technical Training Institute.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>State the expected impact of the standard to the Chepalungu Technical Training Institute if relevant</p> |
| IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations | <p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>State the expected impact of the standard to the Chepalungu Technical Training Institute if relevant</p> |

iii. Early adoption of standards

(The Chepalungu Technical Training Institute) did not early-adopt any new or amended standards in year 20xx./the Chepalungu Technical Training Institute adopted standard xx and xx. The impact of these standards on Chepalungu Technical Training Institute's financial statements is xx.(amend appropriately)

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Chepalungu Technical Training Institute and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in

Chepalungu Technical Training Institute

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the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The Chepalungu Technical Training Institute recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

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 2022/2023 was approved by the Council or Board. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Chepalungu Technical Training Institute upon receiving the respective approvals to conclude the final budget. The Chepalungu Technical Training Institute's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis

Chepalungu Technical Training Institute

Annual Report and Financial Statements for the year ended 30th June 2024

included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page xx under section xxx of these financial statements.

c) Taxes

Current income tax

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

Sales tax/ Value Added Tax

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

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. (Chepalungu Technical Training Institute to amend appropriately). Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Chepalungu Technical Training Institute recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in

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a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Chepalungu Technical Training Institute. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Chepalungu Technical Training Institute also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Chepalungu Technical Training Institute will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Notes to the Financial Statements (Continued)

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

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

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

h) Research and development costs

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

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

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- The ability to measure reliably the expenditure during development.

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

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Chepalungu Technical Training Institute does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate). A financial instrument is any contract that gives rise to a financial asset of one Chepalungu Technical Training Institute and a financial liability or equity instrument of another Chepalungu Technical Training Institute. At initial recognition, the Chepalungu Technical Training Institute measures a financial asset or financial liability at its fair

Notes to the Financial Statements (Continued)

value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

The Chepalungu Technical Training Institute classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

j) Inventories

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

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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

Summary of Significant Accounting Policies (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.

Inventories (Continued)

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Chepalungu Technical Training Institute.

k) Provisions

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

Contingent liabilities

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

Contingent assets

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

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The Chepalungu Technical Training Institute recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the

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social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the Chepalungu Technical Training Institute will incur in fulfilling the present obligations represented by the liability.

m) Nature and purpose of reserves

The Chepalungu Technical Training Institute creates and maintains reserves in terms of specific requirements. (Chepalungu Technical Training Institute to state the reserves maintained and appropriate policies adopted).

n) Changes in accounting policies and estimates

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

o) Employee benefits

Retirement benefit plans

The Chepalungu Technical Training Institute provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an Chepalungu Technical Training Institute pays fixed contributions into a separate Chepalungu Technical Training Institute (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

p) Foreign currency transactions

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

q) Borrowing costs

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

r) Related parties

The Chepalungu Technical Training Institute regards a related party as a person or an Chepalungu Technical Training Institute with the ability to exert control individually or

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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jointly, or to exercise significant influence over the Chepalungu Technical Training Institute, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

s) Service concession arrangements

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

t) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

u) Comparative figures

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

v) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

4. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

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circumstances arising beyond the control of the Chepalungu Technical Training Institute. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions

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

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

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

6. Transfers from other National Government entities

| Description | 2023/2024 | 2022/2023 |
|--|------------------|------------------|
| | Kshs | Kshs |
| Unconditional Grants | | |
| Capitation Grants | 1,754,500 | 2,448,000 |
| Operational Grant | 2,000,000 | 500,000 |
| Development grants | 5,000,000 | |
| Total unconditional Grants | 8,754,500 | 2,948,000 |
| Conditional Grants amortised/ recognised in revenue | | |
| Total Government Grants and subsidies | 8,754,500 | 2,948,000 |

(a) Transfers from other Government entities (Categorized)

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| | Amount recognized to Statement of Financial performance * | Amount deferred under deferred income | Amount recognised in capital fund. | Total grant income during the year | |
|-----------------------|---|---------------------------------------|------------------------------------|------------------------------------|------|
| | Kshs | Kshs | Kshs | Kshs | Kshs |
| Ministry of Education | | - | - | | - |
| Total | | - | - | - | |

10. Rendering of Services

| Description | 2023/2024 | 2022/2023 |
|---|-----------|------------------|
| | Kshs | Kshs |
| Tuition Fees | | 3,980,321 |
| Total Revenue from the Rendering of Services | | 3,980,321 |

15. Use of Goods and Services

| Description | 2023/2024 | 2022/2023 |
|---------------------------------|---------------------|------------------|
| | Kshs | Kshs |
| Teaching and learning materials | 992,147.00 | 2,421,117 |
| Electricity | 215,082.00 | 217,130 |
| Subscriptions/KATTI | 172,099.00 | 20,000 |
| Activity | 258,170.00 | 23,038 |
| Examination fees | 1,047,420.00 | 296,820 |
| Travelling and accommodation | 1,416,212.00 | 689,580 |
| Medical | 1,100.00 | 600 |
| Training expenses | 1,079,118.00 | 6,000 |
| Bank charges | | 6,247 |
| Administrative cost | 524,843.00 | |
| Advertising and publicity | 142,680.00 | |
| Airtime and postage expenses | 76,550.00 | |
| Audit service and expenses | 12,000.00 | |
| Consultancy expenses | 4,369.00 | |
| Industrial attachment | 48,160.85 | |
| Internet services | 12,000.00 | |
| KUCCPS | 121,500.00 | |
| Trainee id cards | 120,600.00 | |
| Website maintenance | 88,680.00 | |
| Other expense | 908,255.00 | |
| Bank charges | 10,990.50 | |
| Total goods and services | 7,251,976.35 | 3,680,517 |

16. Employee Costs

| Description | 2023/2024 | 2022/2023 |
|-----------------------|--------------|------------------|
| | Kshs | Kshs |
| Salaries and wages | 2,381,841.00 | 1,815,117 |
| Housing levy | 66,253.00 | |
| Employee Costs | | 1,815,117 |

17. Board/Council Expenses

| Description | 2023/2024 | 2022/2023 |
|------------------------------|-------------------|----------------|
| | Kshs | Kshs |
| Chairman's Honoraria | - | - |
| Directors Emoluments | - | - |
| Other Allowances | - | - |
| Other Board/Council Expenses | 266,000.00 | 515,500 |
| Total | 266,000.00 | 515,500 |

18. Depreciation and Amortization expense

| Description | 2023/2024 | 2022/2023 |
|---|---------------------|------------------|
| | Kshs | Kshs |
| Other | 1,283,210.78 | 1,364,469 |
| Totaldepreciationandamortization | 1,283,210.78 | 1,364,469 |

19. Repairs and Maintenance

| Description | 2023/2024 | 2022/2024 |
|-----------------------------------|-------------------|----------------|
| | Kshs | Kshs |
| Other | 283,008.00 | 320,298 |
| TotalRepairsandMaintenance | 283,008.00 | 320,298 |

26. Cash and Cash Equivalents

| Description | 2023/2024 | 2022/2023 |
|------------------------------------|----------------------|------------------|
| | Kshs | Kshs |
| Current Account | 10,114,091.00 | 1,076,233 |
| TotalCashandCashEquivalents | 10,114,091.00 | 1,076,233 |

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

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| Financial Institution | Account number | 2023/2024 | 2022/2023 |
|---------------------------|----------------|----------------------|------------------|
| | | Kshs | Kshs |
| a) Current Account | | | |
| Kenya Commercial Bank | | 10,301,988.30 | 962,318 |
| Sub- Total | | | 962,318 |
| b) Others(Specify) | | | |
| Cash in Hand | | 1,541 | 113,815 |
| Sub- Total | | | 113,815 |
| Grand Total | | 10,114,091.00 | 1,076,233 |

Notes to the Financial Statements (Continued)

27. Receivables from Exchange transactions

27(a) Current Receivables from Exchange transactions

| Description | 2023/2024 | 2022/2023 |
|----------------------------------|-----------|------------------|
| | Kshs | Kshs |
| Current Receivables | | |
| Student Debtors | | 3,682,656 |
| Total Current Receivables | | 3,682,656 |

27 (c) Ageing Analysis of Receivables from Exchange transactions

| Description | 2023/2024 | | 2022/2023 | |
|--------------------|------------------|------------|-----------|------------|
| | Kshs | % of total | Kshs | % of total |
| Less than 1 year | | % | | % |
| Between 1- 2 years | 4,013,103 | % | | % |
| Between 2-3 years | - | % | - | % |
| Over 3 years | - | % | - | % |
| Total | 4,013,103 | % | - | % |

29. Inventories

| Description | 2023/2024 | 2022/2023 |
|--|-----------|------------------|
| | Kshs | Kshs |
| Consumable/stationeries stores | | 532,150 |
| Hairdressing stores | | 156,194 |
| Security stores | | 26,900 |
| Engineering stores | | 77,665 |
| Fashion stores | | 522,780 |
| Catering stores | | 168,615 |
| Total Inventories at lower of Cost and Net Realizable Value | | 1,484,304 |

24. Unrealized gain on fair value of investments/project

| Description | 2023/2024 | 2022/2023 |
|---|-----------|----------------|
| | Kshs | Kshs |
| Other | | 467,511 |
| Total Inventories at lower of Cost and Net Realizable Value of the project | | 467,511 |

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Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

Fixed Asset Reconciliation

CHEPALUNGU TECHNICAL TRAINING INSTITUTE

For the year ended 30 June 2024

| Source | Cost Account | Opening Cost | Opening Accum Dep | Opening Book Value | Closing Cost | Closing Accum Dep | Closing Book Value |
|-------------------------------|------------------------|----------------------|-------------------|----------------------|---------------|-------------------|--------------------|
| Building | | | | | | | |
| Balance Sheet | Building | 50,114,382.00 | 0.00 | 50,114,382.00 | 50,114,382.00 | 1,002,287.64 | 49,112,094.36 |
| Asset Register | Building | 0.00 | 0.00 | 0.00 | 50,114,382.00 | 1,002,287.64 | 49,112,094.36 |
| Difference | | 50,114,382.00 | 0.00 | 50,114,382.00 | 0.00 | 0.00 | 0.00 |
| Computer Equipment | | | | | | | |
| Balance Sheet | Computer Equipment | 334,416.00 | 0.00 | 334,416.00 | 334,416.00 | 100,324.80 | 234,091.20 |
| Asset Register | Computer Equipment | 0.00 | 0.00 | 0.00 | 334,416.00 | 100,324.80 | 234,091.20 |
| Difference | | 334,416.00 | 0.00 | 334,416.00 | 0.00 | 0.00 | 0.00 |
| Furniture and fittings | | | | | | | |
| Balance Sheet | Furniture and fittings | 1,148,437.00 | 0.00 | 1,148,437.00 | 2,123,437.00 | 150,547.46 | 1,972,889.54 |
| Asset Register | Furniture and fittings | 0.00 | 0.00 | 0.00 | 2,123,437.00 | 150,547.46 | 1,972,889.54 |
| Difference | | 1,148,437.00 | 0.00 | 1,148,437.00 | 0.00 | 0.00 | 0.00 |
| Land | | | | | | | |
| Balance Sheet | Land | 350,000.00 | 0.00 | 350,000.00 | 350,000.00 | 0.00 | 350,000.00 |
| Asset Register | Land | 0.00 | 0.00 | 0.00 | 350,000.00 | 0.00 | 350,000.00 |
| Difference | | 350,000.00 | 0.00 | 350,000.00 | 0.00 | 0.00 | 0.00 |
| Plant and Equipment | | | | | | | |
| Balance Sheet | Plant and Equipment | 240,407.00 | 0.00 | 240,407.00 | 240,407.00 | 30,050.88 | 210,356.12 |
| Asset Register | Plant and Equipment | 0.00 | 0.00 | 0.00 | 240,407.00 | 30,050.88 | 210,356.12 |
| Difference | | 240,407.00 | 0.00 | 240,407.00 | 0.00 | 0.00 | 0.00 |
| Total Difference | | 52,187,642.00 | 0.00 | 52,187,642.00 | 0.00 | 0.00 | 0.00 |

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Notes to the Financial Statements (Continued)

Valuation

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

31 (b) Property, Plant and Equipment at Cost

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

| Description | Cost | Accumulated Depreciation | NBV |
|-------------|------|--------------------------|------|
| | Kshs | Kshs | Kshs |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

35. Trade and Other Payables

| Description | 2023/2024 | | 2022/2023 | |
|---------------------------------------|-----------|-----------------------|------------------|-----------------------|
| | Kshs | | Kshs | |
| Trade payables | | | | - |
| Total Trade and Other Payables | | | | - |
| | | | | |
| Ageing analysis: | | % of the Total | 2021/2022 | % of the Total |
| Under one year | | % | - | - |
| 1-2 years | | % | - | - |
| 2-3 years | | % | - | - |
| Over 3 years | | % | - | - |
| Total | | % | - | - |

Notes to the Financial Statements (Continued)

5. Financial Risk Management

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

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

(i) Credit risk

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

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

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

| Description | Total amount Kshs | Fully performing Kshs | Past due Kshs | Impaired Kshs |
|--|----------------------|--------------------------|------------------|------------------|
| At 30 June 2022 | | | | |
| Receivables from exchange transactions | | | - | - |
| Receivables from non-exchange transactions | | | - | - |
| Bank balances | | | - | - |
| Total | | | - | - |
| At 30 June 2023 | | | - | - |
| Receivables from exchange transactions | | | - | - |
| Receivables from non-exchange transactions | | | - | - |
| Bank balances | | | - | - |
| Total | | | - | - |

Financial risk management (continued)

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

The Chepalungu Technical Training Institute has significant concentration of credit risk on amounts due from xxxx

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

(ii) Liquidity risk management

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

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

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

Financial risk management (continued)

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

iv) Capital Risk Management

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

6. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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

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

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| Description | 2022/2023 | 2021/2022 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Transactions with Related Parties | | |
| a) Grants /Transfers from the Government | | |
| Grants from National Govt | | |
| Total | | |

7. Events After The Reporting Period

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

8. Ultimate And Holding Chepalungu Technical Training Institute

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

9. Currency

The financial statements are presented in Kenya Shillings (Kshs) and the values are rounded off to the nearest shilling.

20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

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

Name
Accounting Officer
Head of Chepalungu Technical Training Institute
Date

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Appendix III- Inter-Chepalungu Technical Training Institute Confirmation Letter

Chepalungu Technical Training Institute wishes to confirm the amounts disbursed to you as at 30th June 2024 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

| Confirmation of amounts received by Chepalungu Technical Training Institute as at 30 th June 2024 | | | | | | | |
|--|----------------|---|------------------|-----------------------|-------------------|--|------------------------------|
| Reference Number | Date Disbursed | Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 20XX | | | | Amount Received by [Beneficiary Chepalungu Technical Training Institute] (Kshs) as at 30 th June 2023 (E) | Differences (Kshs) (F)=(D-E) |
| | | Recurrent (A) | Development (B) | Inter-Ministerial (C) | Total (D)=(A+B+C) | | |
| | 11/07/2023 | 500,000 | | | | | |
| | 2/10/2023 | 500,000 | | | | | |
| | 18/01/2024 | 500,000 | | | | | |
| | 5/02/2024 | 500,000 | | | | | |
| | 2/10/2023 | 637,000 | | | | | |
| | 18/01/2024 | 521,500 | | | | | |
| | 5/02/2024 | 596,000 | | | | | |
| | 14/03/2024 | | 5,000,000 | | | | |
| Total | | <u>3,754,500</u> | <u>5,000,000</u> | | <u>8,754,500</u> | | |

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

Head of Accountants department of Chepalungu Technical Training Institute:

Name Enoch W. Pracha Sign [Signature] Date 27/09/2024