

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY

DATE: 09 AUG 2023 WED

TABLED BY: **OF** Hon Owen Bayo, MP
Deputy Leader, majority party

CLERK-AT THE TABLE: Ahmed Kadhi

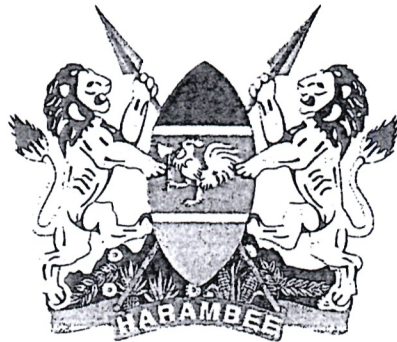
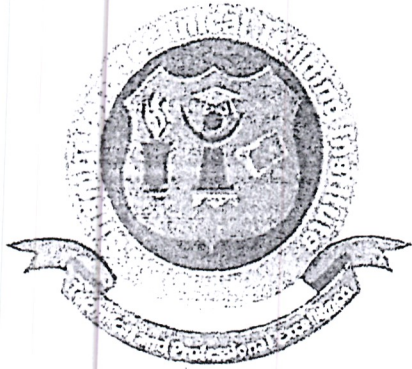
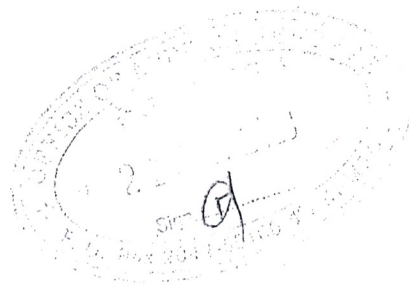
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THE AUDITOR-GENERAL

ON

**SHAMBERERE TECHNICAL
TRAINING INSTITUTE**

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



SHAMBERERE TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE 2022

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

Shamberere Technical mTraining Institute
Annual Report and Financial Statements for the year ended 30th June 2022

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I. Key Entity Information and Management

(a) Background information.

Shamberere Technical Training Institute (T.T.I) was started in 1982 by the Shamberere community as a rural education programme catering for basic craft courses for the local youth. In 1985, it was elevated to a village Youth Polytechnic under the Ministry of Youth Affairs, offering basic craft courses to Std 8 graduates. In 1996 it was awarded a Trade Test Centre to cater for boarders and day scholars. In April 2009, the village polytechnic was upgraded to a Technical Training Institute offering diploma, certificate and artisan courses in Engineering, Agriculture, ICT, Institutional Management and Business. Currently, the Institute offers 18 diploma, 17 certificate and 12 artisan courses across 5 academic departments: ICT, Engineering, Business, Agriculture and Institutional Management. The Institute has 62 trainers, PSC 56, Student population has steadily grown from 342 in 2015 to 2280 today. This growth has come with challenges that the Board has consistently addressed.

(b) Principal Activities.

The principle activity of Shamberere Technical Training Institute (T.T.I) is to provide training to artisans, craftswomen and men, technicians, technologists, businesswomen and men at artisan, craft and diploma certificate levels.

The mandate of Shamberere T.T.I is as under;

- Implement the prescribed curriculum for technical training at artisan, technician and technologist level.
- Promote, coordinate and popularize research at the institute
- Spearhead the application of research results in technological programmes at the institute
- Monitor and evaluate technical education programmes at the institute
- Promote standards and quality assurance at the ministry
- Implement the MOE policy on TVET.

Mission:

The mission of the institute is to provide quality human resource through Technical, Vocational, Education and Training (TVET).

Vision:

The vision of Shamberere TTI is to be a centre of excellence in Engineering Technology, Innovation and Action Research in Africa.

Motto:

Technical and Professional Excellence.

Core Values:

-To undertake its mission and realize its vision, Shamberere TTI upholds the following

Values:-

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- **Excellence** - The Institute shall ensure quality training, research and provision of excellence in teaching, research and provision of service to the public.
- **Equity**- The Institute shall ensure fair treatment of staff, students and all other stakeholders without bias.
- **Integrity** – The Institute staff shall have common decorum reflected in their personal appearances, interactions and conducts.
- **Team work** - The Institute is committed to teamwork environment where every person is a valued member treated with respect, encouraged to contribute and recognized and rewarded for his or her efforts.
- **Innovation** – The Institute shall provide opportunities for the creation of new ideas and products for teaching, learning and well-being of the society.

Objectives:

- i) To provide increased training opportunities for school leavers that will enable them to be self- supporting.
- ii) To develop practical skills and attitudes that will lead to income earning activities in the rural and urban areas
- iii) To provide technical knowledge, vocational skills and attitudes necessary for manpower development
- iv) To produce skilled artisans, craftsmen, technicians and technologists for both formal and informal sectors of the economy.

Shamberere Technical Training Institute is committed to providing quality human resource that Meets its customer's expectations through technology, innovation and action research in Africa

(c) Key Management.

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

- The Board of Governors
- Accounting Officer/The Principal
- Senior Management Team

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(d) Fiduciary Management.

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	Ms. Akaranga Judith
2.	D/Principal-Admin	Mrs. Muhavi Lucy
3.	D/Principal-Academic	Mr. Lidigu Sebastian
4.	Registrar	Mr. Ezra Orina
5.	Dean of students	Mr. James Asuka
6.	G & C Co-ordinator	Mr. Shiyonga Patrick
7.	Head of Finance	CPA Josiah Egadwa

(e) Fiduciary Oversight Arrangements.

1. Human Resource and Finance committee
2. Education, Research, Training and Innovation committee
4. Risk and Audit Committee
5. Kenya Revenue Authority
6. Office of the Auditor General
7. National Social Security Fund
8. National Hospital Insurance Fund
9. Ministry of Education
10. TVET Authority

(f) Entity Headquarters

Shamberere Technical Training Institute
P.O. Box 1316-50100
Kakamega, KENYA

(g) Entity Contacts

Off Kakamega Webuye Road
Telephone: (254) 739922223
E-mail: shambereretti@yahoo.com
Website: www.shambereretechnical.ac.ke

(h)Entity Bankers

Kenya Commercial Bank
Kakamega Branch
P.O. Box 152-50100
Kakamega, Kenya

2. Co-operative Bank of Kenya
Kakamega Branch
P.O Box 595-50100
Kakamega, Kenya

3. National Bank of Kenya
Kakamega Branch
P.O BOX 1773-50100
Kakamega Kenya

4. Diamond Trust Bank
Kakamega Branch
P.O BOX 27556-00506
Nairobi, Kenya.

5. Equity Bank
Kakamega Branch
P.O BOX 75104-00200
Nairobi, Kenya

(i)Independent Auditors

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

(j)Principal Legal Adviser

The Attorney General
State Law Office,
Harambee Avenue


11. The Board of Governors.




Name: Eng. Musa Osieko Kulubi
D.O.B :20/10/1965
Key Qualifications: Bachelor of Technology (Production Engineering) – Moi University
Work Experience: Eng. Musa Osieko Kulubi works as Transport Manager/Senior Mechanical Engineer
Worked at National Water Conservation and Pipeline Corporation the year 2003 – to date
Eng. Musa Osieko Kulubi is the Chairman of the Board of Governors.



Name: Mr. Duncan Wandabwa
D.OB: 08/02/1971
Key Qualifications: Bachelor of Education (Arts) – Moi University
Work Experience: Mr. Duncan works as Director of Operations from 2017 to date
Worked as Manager of EWARM from 2015 to 2016
Worked as Manager of ResCare from 2012 to 2014
Worked as Retail Manager and Head of Sales of Lowes Retail Stores from 2001 to 2011
Worked as Information Officer of the Ministry of Information, Garissa County from 1998 to 2000
He is an independent Member of the Board of Governors.

	<p>Name: Mr. Eliud Kulecho D.OB: 1975 Key Qualifications: BSC Computer Science, Africa Nazarene University Work Experience: Works as an ICT Technician for Technical University of Kenya (TUK) from January 2001-to date Worked as Computer Technician for Kenya Microcomputers Ltd from January, 1999-December, 2000</p>
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	<p>Name: Ms. Judith Shibu D.OB: 27/01/1974 Key Qualifications: Bachelor of Business Management- Accounting Option. Work Experience: Works as Assistant Internal Auditor for Kibabii University from 2015 to date. Worked as an Internal Auditor at Bukura agricultural College from 2013 – 2015 Worked as Finance Manager at Mumias Out growers Sacco Society Ltd from 2012-2013 Worked as the Principal Internal Auditor for Mumias Out growers Sacco Society Ltd from 2008-2012 Worked as Assistant Accountant for Mumias Out growers Sacco Society Ltd from 2001-2008 Worked as an Audit Assistant for WETOSI and Associates from 1998-1999 Ms. Judith Shibu is the Chairperson of Finance and Infrastructure and Human Resource Committee.</p>
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Name: Mr. Joseph Bulimo Sunguti

D.O.B: 1961

Key Qualifications: Masters Degree in Distance Education (Measurement and Evaluation and Economics of Distance Education)-University of Nairobi, BED(Business Education)-University of Nairobi.

Work experience: Working as the County Director for Technical, Vocational Education and Training in charge of four counties- Kakamega, Bungoma, Vihiga and Busiaw.e.f April 2014 to date



Name: Mr. John Ouma Daniel

D.OB: 1/7/1949

Key Qualifications: Diploma in Airport Management, Heston, Middlesex, England


Work Experience: Worked as airport manager at British Airways J.K.A from 1976 – 1983, Worked as the Managing Director at Lorfema Entreprises Limited from 1993-2003


Worked as the Regional Manager at East Africa at Yana Air Cargo Ltd from 1990-1993

Worked as the Chief Executive Officer at Executive Air Services Limited Cooper Skybird Air charters Limited from 1983-199

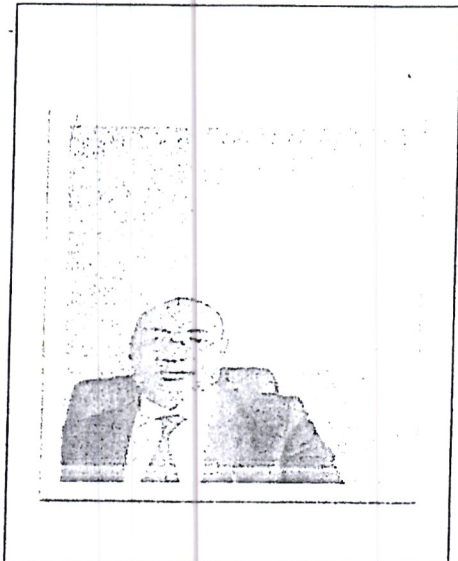
He is the Chairperson of Education, Research, Training and Innovation Committee

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	<p>Name: Rachael A. Omollo D.OB: 1979 Key Qualifications: Bachelor of Tourism Management – Moi University Work Experience: Work as the general Manager for Ocean Air Tours and Travel Ltd from June 2009 to date Worked as Senior Travel Consultant for Jet Travel Ltd – Raptim Kenya from June 2006-May 2009 Worked as Travel Consultant for Uniglobe Charleston Travel Ltd and Loren Travel and Safari Ltd from September 2005-June 2006 Worked as administrative assistant for International Federation of Red Cross and Red Crescent She is the Chairperson of Risk and Audit Committee</p>
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	<p>Name: Mr. David Ounah D.OB: 1973 Key Qualifications: Master of Science Degree in Community Health and Development, The Great Lakes University of Kisumu Work Experience: Currently working as Central Veterinary Laboratories, Kabete Worked as Regional Veterinary Investigation Laboratory, Eldoret from 2010-2019 Worked at Maseno University – School of Public Health and Community Development from 2008-2010 Worked at KEMRI, Kilifi from 2001-2008</p>
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Name: Joseph M. Kanyi
D.O.B: 27th December 1968
Key Qualifications: Msc in entrepreneurship - Kenyatta University, Bsc in entrepreneurship - Karatina University, HND in entrepreneurship-KTTC, Diploma In Technical Education – KTTC.
Work Experience: 2002- 2003,- Lecturer, Eldoret National Polytechnic 2003- 2007, Lecturer, Thika Technical Training Institute, 2007-2013, Ministry of labour – Chief Enterprise Development officer, 2014-2017, Micro Small Enterprise Authority (MSEA)- Ag Head, Business Advisory and Support services and Deputy CEO. 2017- 2018, Ministry of Industry, Trade and cooperatives- Assistant Director of Trade. 2018 to Date, Ministry of Education, State Department of VTT, Deputy Director, Technical Education.




Name: Judith Gahuya Akaranga
D.OB: 29th September, 1966
Key Qualifications: MED (Educational Administration)-Kenyatta University.
Work Experience: Worked as a teacher at Lugulu Girls high school from 1990 to 1996. 1997 to 2004 HOD at St. Mary's Mumias Girls High School. Principal khwisero Girls from 2004 to 2006, Principal Shitoto Girls from 2006 to 2008. DOS Masai TTI from Jan 2013 to April 2016, D/principal Masai TTI May 2016 to Dec 2016. Principal Musakasa TTI from Dec 2016 to March 2019. Principal Shamberere TTI from 2019 to date.
 Judith Gahuya Akaranga is the secretary to the board of Governors.


III. Management Team.

	<p>Name: Judith Gahuya Akaranga D.O.B: 29th September, 1966 Key Qualifications: MED (Educational Administration)- Kenyatta University Work Experience: Worked as a teacher at Lugulu Girls High School from 1990 to 1996, HOD Lugulu Girls from 1996 to 1997, HOD St. Mary's Girls Mumias from 1997 to 2004. Principal Khwisero Girls from 2004 to 2006, Principal Shitoto Girls from 2006 to 2008. DOS Masai TTI from Jan 2013 to April 2016, D/Principal Masai TTI May 2016 to Dec 2016. Principal Musakasa TTI from Dec 2016 to March 2019. Principal Shamberere TTI from March 2019 to date.</p>
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	<p>Name: Lucy S. Muhavi D.O.B: 27/02/1968 Key Qualification: MED Planning and Management, BED Home Economics Work Experience: Worked as an assistant teacher Matende Secondary School from 1991 to 1998. HOD Technical and Applied Sciences at Matende Secondary School from 1998 to 2008. Deputy Principal Matende Secondary School from 2008 to 2013. HOD IM Shamberere TTI from 2016 to 2019. D/Principal (Administration) Shamberere TTI from June 2019 to date.</p>
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	<p>Name: Sebastian Lidigu Shikoli D.O.B: 30/10/1966 Key Qualification: Masters in Business Administration-Kenyatta University, Higher Diploma in Enterprenuership Development-Kenya Technical Trainers College, Diploma in Technical Education-KTTC Work Experience: Worked as a lecturer at Sigalagala Technical Training Institute from 1996 to 2001, lecturer at KaiboiTTI from 2001 to 2004, worked at Technology Development Centre-Athi River from 2004 to 2007, worked as a lecturer at Kenya Technical Trainers College from to 2007 to 2017 , Registrar at Shamberere Technical Training Institute from 2017 to 2021. D/Principal Academics from 2022 to date.</p>
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	NAME	EZRA ORINA
	DOB	18/8/1980
	Academic Qualifications	Bachelor of education-University of Eldoret Diploma in technical education-Kenya Technical teachers College Diploma in Mechanical Engineering(mechanical)-Railways Training Institute
	Other Qualifications	Senior Management Course(SMC)-Kenya School of Government
	Work experience	Worked as a maintenance Technician at Twiga Stationers and Printers-Nairobi Technical instructor at National Youth Service Technical college-Mombasa Examinations officer-Shamberere technical training institute Internal Quality Assurance Officer- Shamberere technical training institute Registrar- Shamberere technical training institute



Name: Asuka Francis James

D.O. B: 03/01/1979

Key Qualification: Bachelor of Science in Animal Production – Egerton University, Post Graduate Diploma in Education (PGDE) – Mount Kenya University.

Work Experience: Worked as a principal at Shunem Girls High School Lanet Nakuru from 2006 to 2012, Registrar at Nakuru College of Health Sciences and Management from 2013 to April 2015. Worked as a principal at Shunem Girls High School Lanet Nakuru from May 2015 to August 2019. Technical and Vocational Trainer at Shamberere Technical Training Institute from September 2019 to date. Currently the acting Dean of Students



Name: Patrick Shiyonga,

D.O.B 14/05/1966

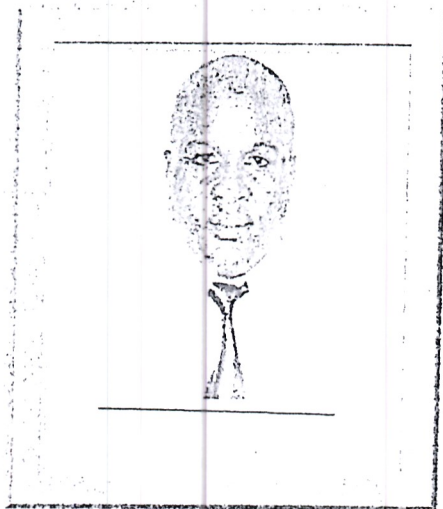
Key Qualification: MED G&C-Masinde Muliro University, B.E.D Arts (ENG/LIT) – University of Nairobi, SI Grading-Bondo Teachers College, P1-Kaimosi Teachers College.

Work Experience: Worked as a teacher at Reliance High School Webuye from 1987 to 1988, teacher Samitsi Secondary School from 1988 to 1989, teacher at Magui Secondary School Vihiga, worked as a Senior teacher at St. Luke's Lumakanda High School from 2004 to 2008, a lecturer and principal graduate teacher at Kibabii Diploma Teachers College 2009 to 2015, Lecturer Shamberere TTI from 2015 to date. Mr. Shiyonga is a Co-ordinator Guiding and Counselling.

Name: CPA Josiah A. Egadwa

D.O.B : 01/ 01/1973 **Qualification:** Master of Business Administration (Finance Option)- University of Nairobi, Bachelor of Commerce (Accounting Option)-The Catholic University of Eastern Africa, CPA (K)-Certified Public Accountant of Kenya.

Work Experience: Worked as an Accounts Clerk Chavavo Secondary School 2002 to 2009, Bursar Esalwa Sec school 2009 to 2015. Finance And Administrative officer at Eregi Teachers Training college from 2015-2021, Finance officer- Shamberere Technical Training Institute 2021 to date.



IV. Chairman's Statement

On behalf of the Board of Governors of Shamberere Technical Training Institute, I wish to present the Annual Report for the FY 2021/2022. The board of governors has with support of the Ministry of Education put in place the necessary infrastructure as outlined in our strategic plan 2019-2024 to meet the expectations of the Ministry of Education and in line with achieving vision 2030 of training individuals with the necessary skills to meet the demands of the labour market through forging partnerships with the private and public sectors. The board appreciates the timely financial support it receives from the government in form of trainees capitation grants which has gone a long way in reducing the stress in the implementation of the Institute budget. In the same breath may I appreciate the role the Ministry has played in employing and deploying trainers to our Institute.

The current strategic plan expires in 2024 and it's the Boards wish and aspirations that the projects set out for completion will indeed be completed. During the current life of our strategic plan (2019-2024) we have implemented the following projects; Construction of phase 1 of the Tuition block, construction of four classrooms, construction of a hostel, Installation of solar lighting in the administration block, and study room, Expansion of WI-FI Coverage, acquisition and expansion of the Institute land, establishment of a driving school, equipment of the secretarial room, equipment of the relevant staff as per the requirements of Ministry Of Education guidelines and the development of sports grounds.


Challenges

The growth in enrolment has spurred the need for us to be more innovative thus creation and introduction of relevant and current courses at all levels. However, this growth comes with challenges which require redress. With the current technological development and the need for online teaching, and blended learning, the institute requires an upgrade on the current information Technology laboratory to an advanced and modern Technological centre and library. With the increase in enrolment, we need to complete phase two and three of the Tuition block to provide additional space for learning our automotive workshop was completed in 2019, but lacks equipment, our dreams will not be realised without the support of the Ministry.

Inadequate training staff poses a challenge on our academic performance, eleven (11) trainers have exited in the in the last 2 years due to retirement and transfer and have not been replaced to date. The Institute has only 53 PSC Tutors against a trainee population of 2100, this has forced the BOG to hire 43 more trainers on BOG terms hence straining the personal emoluments budget.

The institute has in the recent past acquired more land from her neighbours for expansion. However, there are still patches of land not acquired due to over pricing by the land owners. The land owners access their homes through our main gate which poses insecurity to the trainees and the Institute property. It is not also possible to erect a perimeter wall along the fence. I would like to appreciate the Board members, the Management, staff, students and stakeholders for their commitment throughout the financial year. Thank you for your continued support.

Shamberere Technical Training Institute
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Sign 

Eng. Musa Osieko Kulubi

Chairman, BOG

Shamberere Technical Training Institute.

V. Report of The Principal

Dear Stakeholders,

It gives me great pleasure to present the annual report for the financial year 2021/2022. I wish to report that this has been another very successful year for us.

In the just concluded financial year 2021/2022, the Institute joyfully celebrated her 2nd graduation ceremony where 817 trainees graduated with awards of diplomas, craft and Artisan certificates.

Our graduation data indicate that we are making great strides in our efforts to train and educate more female students and to make STTI a truly equal opportunities institution in line with the national objective of empowering the woman.

Through the years, Shamberere TTI has grown in enrolment and in the number of technical and business courses offered to trainees drawn across the country, from our last graduation with 530 trainees in 2017 to the current enrolment of over 2100 trainees exposed to skills in engineering, Agriculture, Information communications Technology, Business studies and Institutional management. This exponential growth is attributed to expanded partnerships and collaborations we are forging with our partners in matters Technical education, training and environmental management. We remain committed partners in various projects through science, technology, research and innovation. Currently we are partnering with International Fund for Agricultural Development (IFAD) through PROCASUR, ILO and USTADI Foundation to kick start the jobs open for the youth (JOY) project in Agribusiness training for the youth. To ensure sustainability and continuity of the JOY project, STTI is in the process of establishing an agribusiness and Technological centre (SAtec) to coordinate the JOY project activities at STTI.

The institute is also partnering with among others; The KCB foundation in youth and empowerment programs (2jiajiri); The Equity bank in environmental management, with the most recent being a tree planting day at the institute where over 5000 trees were planted; The Michigan University through USAID in a youth training and empowerment program; The Kitale National Polytechnic in implementing the presidential directive of establishing a driving school; The Ministry of environment and forestry in a forest management program; Local industries including West Kenya, Butali and Nzoia sugar companies in fabrication works, (spare parts) and industrial attachment of our trainees. Through this partnerships, the institute has stood out in the region as a destination for academic excellence in Technical and business courses. Currently the institute boasts of a centre of excellence in mechanical engineering. The management appreciates the Government for the support in construction and equipping of the mechanical engineering workshop as a flagship project however the Automotive workshop is yet to be equipped.

STTI has made tremendous strides in infrastructure, to meet the growing demand for our courses, and enrolment, we commissioned the first phase of our tuition block in the financial year 2019/2020 and constructed 4 classrooms in the FY 2020/2021. Capable of housing 500 trainees. The institute therefore requires more funding to complete the 2nd and 3rd phase of the construction of the tuition block which will enable us to fully accommodate our students' population in terms of learning space. It is also worth noting that the institute is still using the some of the facilities

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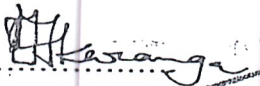
initially built by the youth polytechnic that birthed the institute. This includes the Administrative offices hence there is need to put up an administrative block for the staff and heads of department offices.

STTI suffers from an acute shortage of trainers, currently the institute has only 53 PSC employed trainers against a trainee population of 2248 giving a ratio of 42 trainees per trainer, this has compelled the BOG to outsource 43 more trainers to meet the ever increasing student population, The institutes therefore pleads with the Government to employ and deploy more trainers to STTI. Shamberere Technical Training Institute has performed exceptionally well in co curriculum activities. We are currently the western Region KETTISO Champions in soccer men. We also participate in TVET fair, drama and athletics up to the National levels.

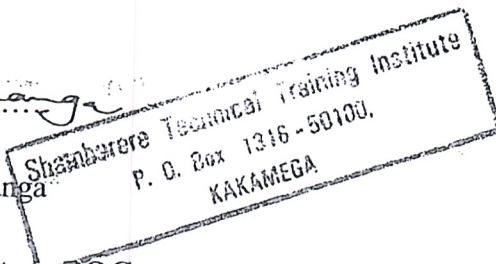
On mentorship, STTI successfully mentored and handed over Kongoni TVC and is currently mentoring Chevaywa TVC In Lugari constituency Kakamega county.

I therefore want to appreciate the Government through the Ministry of Education, Various CDF Funds, members of staff, students, parents, guardians, partners, suppliers, local Administration, community and all other stake holders for your support and involvement in bringing STTI This far.

Sign: _____



Judith G. Akaranga



Principal/Secretary BOG

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VI. Statement of Performance Against Predetermined Objectives

Section 81 Sub-section 2 (f) of the Public Finance Management Act, 2012 requires the Accounting Officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

Shamberere technical Training Institute has three strategic pillars as follows:

Pillar 1: Institutional Capacity Building

Pillar 2: Maximizing the Impact of Partnerships and Stakeholders

Pillar 3: Enhancing the Student Experience

Shamberere technical Training Institute develops its annual Work Plans based on the above three pillars. Assessment of the Board's performance against its annual work plan is done on quarterly basis.

Shamberere Technical Training Institute achieved its performance targets set for the FY 2020/2021 period for its three strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities
Pillar 1: Institutional Capacity Building	<ul style="list-style-type: none"> ✓ Recruitment of staff and development of existing human resource base ✓ Expansion of teaching and learning infrastructure ✓ Acquisition of adequate teaching and learning tools, materials and equipment ✓ Provision of adequate working infrastructure tools and equipment ✓ Equipping an ultramodern ICT laboratory and installing computers in all study areas 	<ul style="list-style-type: none"> ✓ Staff establishment ✓ Appointment letters ✓ Developed training programmes ✓ Number of staff trained ✓ Complete classrooms ✓ Tools, equipment and learning materials in place ✓ Number of computers installed ✓ Functional human resource financial management and student management systems 	<ul style="list-style-type: none"> ✓ Undertake staff establishment survey ✓ Implement staff establishment survey. ✓ Recruit additional staff ✓ Develop training programmes ✓ Train staff ✓ Construct 4 classrooms ✓ Establish and furnish modern story tuition block ✓ Acquire tools equipment and learning materials

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Pillar 2:	Maximizing the Impact of partnerships and Stakeholders	<ul style="list-style-type: none"> ✓ Establishing and operationalising the STTI Alumni Association ✓ Reaching out to donors to partially underwrite the infrastructural developments ✓ Establishing working partnerships with industrial entities locally, regionally and nationally ✓ Maintaining a working relationship with County and national governments on funding the Institute ✓ establishment of income generating across all departments that provide goods/services to the public 	<ul style="list-style-type: none"> ✓ Registration certificate ✓ Functional alumni Association Office ✓ Alumni database ✓ Alumni publicity materials ✓ Number of meetings held ✓ Number of fundraisers held ✓ Donor mapping documents ✓ Number of proposals written ✓ Number of projects funded ✓ Number of corporate industrial entities ✓ Number of MOAs signed with selected corporate entities 	<ul style="list-style-type: none"> ✓ Register the STTI Alumni association ✓ Establish alumni office ✓ Draw a list of relevant potential donors ✓ Write proposals to selected donors ✓ Draw a list of local, regional and national corporate industrial entities ✓ Enter MOAs with selected corporate industrial entities
Pillar 3:	Enhancing the student experience	<ul style="list-style-type: none"> ✓ Establishment of safe and modern hostels for female and male students ✓ Widening of the variety of sports and games offered ✓ Widening of variety of entertainment ✓ Establishment of a modern dining hall 	<ul style="list-style-type: none"> ✓ Number of hostels established ✓ Number of new entertainment activities est. ✓ Number of new sports and games established ✓ Dining hall and kitchen established 	<ul style="list-style-type: none"> ✓ Established safe and modern hostels ✓ Widen the variety of entertainment/leisure activities ✓ Establish and furnish a modern dining hall ✓ Establish and furnish a modern sanatorium ✓ Install a fool proof security system

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		<ul style="list-style-type: none"> ✓ Establishment of a modern sanatorium ✓ Establishment of a guaranteed security system 	<ul style="list-style-type: none"> ✓ Sanatorium established ✓ Functional and secure security system 	
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VII. Corporate Governance Statement

The Institute's Board of Management was appointed in 14th October 2020 by the Cabinet Secretary, Education as per the Ministry's regulations and was inaugurated on 16th November 2020. Members are 9 as listed below,

1. Eng. Musa OsiekoKulubi Chairman
2. Judth Akaranga Secretary
3. Mr Joseph Sunguti Member
4. Ms Rachael Adhiambo Omolo Member
5. Ms Judith Alubokho Shibu Member
6. Mr Duncan Wandabwa Member
7. Mr John Ouma Daniel Member
8. Mr Eliud Kulecho Member
9. Mr David Ayah Ounah Member

The Board is committed to ensuring good governance of the Institute by upholding the values of teamwork, integrity, accountability, transparency and fairness.

The Board Meetings Attendance

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

NO.	NAME	QUARTER 1		QUARTER 2	QUARTER 3		QUARTER 4	
		DATE		DATE	DATE		DATE	
		6.8.21	27.9.21	14.12.21	20.1.22	25.3.22	11.4.22	18.6.22
1.	Eng.Musa Osieko Kulubi	✓	✓	✓	✓	✓	✓	✓
2.	Judith Akaranga	✓	✓	✓	✓	✓	✓	✓
3.	Mr.Joseph Sunguti	✓	✓	x	x	x	x	x
4.	Ms.Rachael Adhiambo Omolo	✓	✓	✓	✓	x	x	x

Shamberere Technical Training Institute

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5.	Ms.Judith Alubokho Shibu	✓	✓	✓	✓	x	✓	✓
6.	Mr.Duncan Wandabwa	✓	✓	✓	✓	✓	✓	✓
7.	Mr John Ouma Daniel	✓	✓	✓	✓	✓	✓	✓
8.	Mr.Eliud Kulecho	✓	✓	x	✓	✓	✓	✓
9.	Mr David Ayah Ounah	✓	✓	✓	✓	✓	✓	✓
10	Mr. Joseph Kanyi	x	x	x	✓	✓	✓	✓

Functions of the Board

The Board of Management, during the inauguration on 16th November 2020, was sensitized on their roles and responsibilities according to the TVET Act which were:

- a) Overseeing the conduct of education and training in the Institute in accordance with the provisions of TVET Act 2013 and any other written law.
- b) Promoting and maintaining standards, quality and relevance in education and training in the Institute in accordance with the TVET Act 2013 and any other written law.
- c) Administering and managing the property of the Institute
- d) Developing and implementing the Institute's Strategic Plan – *STTI Strategic Plan 2019 - 2024 was developed by the Board.*
- e) Preparing annual estimates of revenue and expenditure for the Institute and incurring expenditure on behalf of the Institute – *STTI Annual budget for FY 2021/2022 was discussed and approved by the Board on 28th January 2021*
- f) Receiving, on behalf of the Institute, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons.
- g) Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of TVET Act 2013
- h) Mobilizing resources for the Institute
- i) Developing and reviewing programmes for training and to make recommendation to TVETA – *the Board is in the process of launching CBET Curriculums*
- j) Regulating the admission and exclusion of students from the Institute, subject to a qualifications framework and the provisions of TVET Act 2013.

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

- k) Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Ministry.
 - l) Recruiting and appointing trainers from among qualified professionals and practicing trades persons in relevant sectors of industry.
 - m) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the Institute in consultation with the Authority.
 - n) Making regulations governing organization, conduct and discipline of the staff and students
 - o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submit the same to the Board.
 - p) Providing for the welfare of the students and staff of the Institute
 - q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the Institute.
 - r) Discharging all other functions conferred upon it by TVET Act 2013 or any other written law
- To achieve the above objectives, the Board has in place 3 sub-committees:
- a) Finance and infrastructure committee
 - b) Education, Research, Training and innovation and human resource committee.
 - c) Risk and Audit Committee.

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

Finance and human resource committee members and meetings attendance

NO	NAME	QUARTER 1		QUARTER 2	QUARTER 3	QUARTER 4
		DATE	DATE	DATE	DATE	DATE
		13.7.2021	23.7.2021	12.10.2021	17.1.2022	8.4.22
1	CPA JUDITH SHIBU	✓	✓	✓	✓	✓
2	MR. JOHN DANIEL OUMA	✓	✓	✓	✓	✓
3	MR. ELIUD KULECHO	✓	✓	✓	✓	✓
4	MR. DAVID OUNAH	✓	✓	x	x	x
5	MR. JOSEPH SUNGUTI	✓	✓	x	x	x
6	MR. JOSEPH KANYI	-	-	-	x	x

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

Education, research, Training and innovation committee members and meetings attendance.

NO	NAME	QUETER 1	QUARTER 2	QUARTER 3	QUARTER 4
		17.9.2021	19.11.2021	18.3.2022	20.5.2022
1	MR. JOHN DANIEL OUMA	✓	✓	✓	x
2	MR. DAVID OUNAH	✓	x	✓	x
3	MR. DUNCAN WANDABWA	✓	✓	✓	✓
4	MR. JOSEPH SUNGUTI	✓	✓	x	x
5	MR. ELIUD KULECHO	✓	✓	✓	x
6	MR. JOSEPH KANYI	x	x	✓	
7	MR. JOSEPH KANYI	-	-	-	✓
8	JUDITH SHIBU	-	-	-	✓

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

Risk and audit committee members and meetings attendance.

NO	NAME	QUARTER 1		QUARTER 2	QUARTER 3	QUARTER 4
		20.8.2021	23.9.2021	30.11.2021	11.2.2022	16.5.2022
1	MS. RACHAEL OMOLLO	✓	✓	✓	✓	
2.	MR. DUNCAN WANDABWA	✓	✓	✓	✓	✓
3	MR. DAVID OUNAH	✓	✓	✓	✓	✓
4	CPA ANNET ONGAYE	✓	✓	✓	✓	
5	MR. JOSEPH SUNGUTI	✓	✓	✓	x	
6	JOSEPH KANYI	x	x	x	✓	✓
7	MR. ELIUD KULECHO	-	-	-	-	-
8	MR. JOHN DANIEL OUMA	-	-	-	-	-

VIII. Management Discussions and analysis

The entity's operational and financial performance.

Financial Performance

The Institute received income from students fees in the financial year 2021-2022 on accrual basis amounting to Ksh 86,806,879.00 and capitation grants from the government of Ksh 63,750,000.00 based on a student population of 2248, for the First and second quarter and Ksh 15,015,000.00 based on a student population of 2002 students for the third quarter. Actual received for the first, second and third quarter is Ksh 48,735,000.00, the government did not disburse the amount for the fourth quarter Ksh15, 015,000.00. The institute did not receive any Development grants from the government during this period. The institute further received income from the sale of goods from her income generating activities under productions units of Ksh 6,793,200.00. and on other income from tender fees of Ksh 11,000.00

The total revenues for the financial year 2021/2022 was therefore Ksh 157,557,029.00 and total expenditure of Ksh 139,982,428.00 resulting into a surplus of Ksh 17,574,601.00

Income generating Activities -Production Units

A part from training which is the key mandate of the Institute, STTI engages in Production Units. The State-of-the-Art mechanical engineering machines are also used for:

- Fabrication of different items/products
- Fabrication students chairs and desks for neighbouring schools

The Institute's Guest House facility provides accommodation and meals to guests, it is also hired for occasions, and it also provides attachment to students during holidays.

The institute also engages in farming activities under crop production, dairy farming and pig rearing, which also go a long way in enhancing our Student Agriculture class practical.

SECTION B

Entity's compliance with statutory requirements

In the financial year under review Shamberere TTI complied with all the statutory obligations.

SECTION C

Key projects and investment decisions the entity is planning/implementing

The Institute has the following projects:

i) Proposed Tuition Complex

A proposal was made to the government for funding of a tuition complex. This will address the issue of facilities that has limited enrolment in the Institute for lack of capacity. This project was anticipated to cost Kshs. 85,000,000.00 and to be financed by Government of Kenya.

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

The first phase of the project comprising of a two storey building of 9 class rooms is now complete and in use at a total cost of **Ksh 34,217,749.60**.

7. Construction of classrooms

The Institute has further constructed 4 classrooms out of savings from Income Generating Activities at a total cost of **Kshs. 3,994,720.00**.

8. Construction of Dormitory

The Institute has also completed construction of a dormitory out of savings from Income Generating Activities at a total cost of **Kshs. 2,299,120.00**.

9. Purchase of land

Due to the gradual increase in students' population, the institute has planned for the purchase of land from her neighbours.

SECTION D

Major risks facing the entity

The Institute financial assets are trade receivables and cash and short term deposits which arise directly from its operations. The Institute has financial liabilities comprising trade and other payables.

The Institute has exposure to the following risks:

- i) Liquidity risks
- ii) Credit risks

The board has overall responsibility for the establishment and oversight of the Institute's risk management framework. The board through their regular meetings addresses risks associated with internal operations.

Liquidity risk

Liquidity risk is the risk that the Institute will not be able to meet its financial obligations as and when they fall due. The Institute's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Institute's reputation. Typically the Institute ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters and political violence.

Credit risk

Credit risk is the risk of financial loss to the Institute if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the organization's receivables from customers. The Management ensures that student debtors

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

clear their fees arrears before their documents (Certificates) are released. Organization's receivables from customers. Shamberere TTI did not have any material arrears in statutory/financial obligations in the year under review.

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

X. Report of the Board of Governors.

The Board members submit their report together with Financial Statements for the year ended June 30th, 2022 which show the state of affairs of Shamberere Technical Training Institute.

Principal activities

The principal activity is to provide Technical and vocational training.

Results

The results of Shamberere Technical Training Institute for the year ended June 30, 2022 are set out in this report.

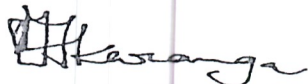
BOARD OF GOVERNORS

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

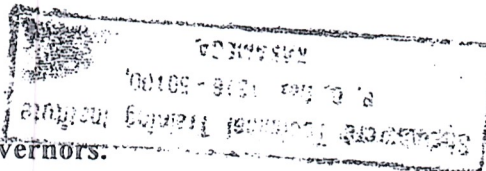
Auditors

The Auditor General is responsible for the statutory audit of Shamberere Technical Training Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30th 2022.

By Order of the Board

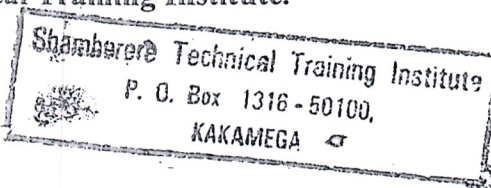


Secretary Board of Governors.



Shamberere Technical Training Institute.

Date 5/6/2023



IX. Environmental and sustainability reporting

Shamberere 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, which is founded on five pillars: 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.

10. Sustainability Strategy and profile

Shamberere TTI has made progress with regard to sustainability strategy and profile. These have been done through clearly setting visions, mission and values that clearly reflect Shamberere TTI culture.

The elements have been integrated into a four-year strategic plan with clearly stipulated programmes, targets and key performance indicators.

The institution has received capitation, development grants, HELB bursaries and County Development Funds that have enabled the institution to make progress in improving infrastructure, enhancing student experience and improving employees' welfare.

2. Environmental performance

The institution has a keen interest in managing biodiversity and waste management. These have been achieved by ensuring that the institution's waste does not find its way into the community and participating in community clean-up exercises and tree planting.

3. Employee welfare

The institution through its strategic plan has a comprehensive staff establishment guidance that stipulates recruitment based on gender, improving skills and managing careers. The institution has supported employees to attend seminars and training programmes.

The organization also adheres to the Occupational Safety and Health Act of 2007, (OSHA).

4. Market place practice

a) Responsible competition practice

- Shamberere TTI, being a government institution, is on the forefront in ensuring responsible competition by supporting surrounding institutions offering education.
- The college has a complaints centre that handles corruption-related cases and reports them to the Board of Governors and has created awareness on corruption through anti-corruption posters and billboards.

b) **Responsible Supply Chain and supplier relations** – The College has a supply chain officer who ensures that the goods and services and works received by the college are of high quality, fairly priced and acquired competitively) **Responsible marketing and advertisement**. The college advertises its tenders and programmes on

Newspapers with national coverage.

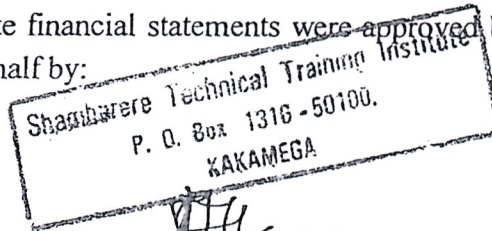
11. Community Engagements


The college actively involves in community programmes such as sports, drama and dance competitions.

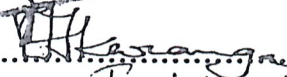
**Shamberere Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2022**

Approval of the financial statements

Shamberere Technical training institute financial statements were approved by the Board on 28th September 2022 and signed on its behalf by:




.....
Name *MUSA OSIOKO KUKUHI*
Chairman B.O.G


.....
Name *JUDITH AKARANGA*
Accounting Officer/Principal

XI. Statement of Board of Governors Responsibilities

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

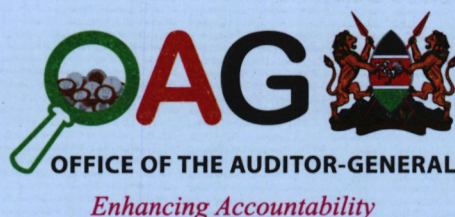
The Board members are responsible for the preparation and presentation of the *entity's* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on **June 30, 2022**. This responsibility includes: (i) maintaining 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 entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the *entity*, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

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

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

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Shamberere Technical Training Institute set out on pages 1 to 45, which comprise of the statement of financial position

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

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

Basis for Qualified Opinion

Lack of Land Ownership Titles

The statement of financial position reflects a balance of Kshs.371,217,381 in respect of property, plant and equipment which, as disclosed in Note 19 to the financial statements includes land and building valued at Kshs.137,917,257. However, the balance of Kshs.137,917,257 includes the value of two parcels of land measuring 3.8 hectares and 0.51 hectares whose valuation reports and ownership documents were not provided for audit review. In the absence of ownership documents, the value of land reported in the statement of financial position could not be confirmed.

In the circumstances, the accuracy, completeness and ownership of the property, plant and equipment of Kshs.137,917,257 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects receipts budget and actual on comparable basis amounts of Kshs.252,966,846 and Kshs.134,423,799

respectively, resulting to under-funding of Kshs.118,543,047 or 47 % of the budget. Similarly, the statement reflects actual expenditure of Kshs.121,773,966 against approved budget of Kshs.252,966,846 resulting to under-performance of Kshs.131,192,880 or 52% of the budget.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and the Board of Governors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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


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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

14 July, 2023

Shamberere Technical mTraining Institute
Annual Report and Financial Statements for the year ended 30th June 2022


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

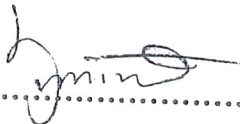
	Notes	Period ended 30 th June 2022	Period ended 30 th June 2021
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	63,750,000	51,502,500
Total Revenue from non- exchange transactions		63,750,000	51,502,500
Revenue from exchange transactions			
Rendering of services- Fees from students	7	86,806,879	68,998,353
-Sale of goods (Production units)	8	6,793,200	5,481,135
Other income	9	206,950	10,000
Revenue from exchange transactions		93,807,029	74,489,488
Total revenue		157,557,029	125,991,988
Expenses			
Use of goods and services	10	69,572,669	57,655,432
Employee costs	11	22,291,097	16,534,257
Remuneration of directors	12	4,851,757	4,538,230
Depreciation and amortization expense	13	40,580,474	10,733,366
Repairs and maintenance	14	2,589,889	6,978,059
Finance costs	15	96,542	97,930
Total expenses		139,982,428	96,537,274
Net Surplus for the Period		17,574,601	29,454,714

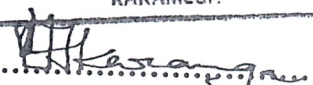
The notes set out on pages 6 to 25 form an integral part of the Annual financial Statements.

The Financial Statements set out on pages 1 to 7 were signed by:

Shamberere Technical Training Institute
P. O. Box 1316 - 50100.
KAKAMEGA


.....
Chairman BOG


.....
Finance Officer


.....
Principal

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

ICPAK No. 14179

Date: 5/6/2022

Date: 5/6/2022

Date: 5/6/2022

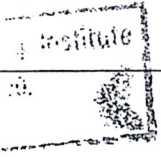
Shamberere Technical Training Institute
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XIV. Statement of Financial Position as at 30th June 2022

	Notes	Period ended 30 th June 2022	Period ended 30 th June 2021
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	16	58,624,475	56,436,232
Current portion of receivables from exchange transactions	17	104,752,392	57,512,995
Inventories	18	3,536,586	4,662,430
Total current Assets		166,913,453	118,611,657
Non-current assets			
Property, plant and Equipment	19	371,217,381	431,118,116
Intangible assets	20	5,150,152	5,159,200
Biological Assets	21	242,470	277,630
Total Non -current Assets		376,610,003	436,554,946
Total Assets		543,523,456	555,166,603
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	22	4,051,353	17,657,841
Refundable deposits from customers	23	22,698,808	187,060
Total Current liabilities		26,750,161	17,844,901
Non-current liabilities		0.0	0.0
Total Liabilities		26,750,161	17,844,901
Net assets		516,773,295	537,321,702
Reserves			
Capital Fund		516,773,295	537,321,702
Total net assets and liabilities		543,523,456	555,166,603

The Financial Statements set out on pages 1 to 7 were signed by:

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



[Handwritten signature]

Chairman B.O.M

Date... 5/6/2023

[Handwritten signature]

Finance Officer

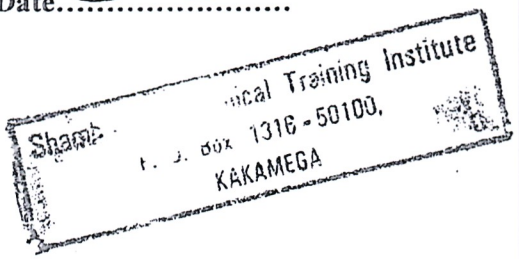
ICPAK No 14179

Date... 5-0-23

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Principal

Date... 5-6-2023



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

Description	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2020			35,254,672	-	35,254,672
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	1,356,189	-	1,356,189
Capital/development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	38,288,864	(38,288,864)	-
At June 30, 2021			36,610,861		36,610,861
At July 1, 2021			36,610,861		36,610,861
Revaluation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	12,660,833	-	12,660,833
Capital/development grants received during the year	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	20,501,273	(20,501,273)	-
At June 30, 2022			49,271,694		49,271,694

(Note:

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

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

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

	Note	Period ended 30th June 2022 Kshs	Period ended 30 th June 2021 Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants		48,735,000	51,499,932
Rendering of services- Fees from students		57,539,057	68,998,353
Sale of goods		2,941,670	5,481,135
Other income		11,000	67,701
Total Receipts		109,226,727	126,047,121
Payments			
Compensation of employees		22,291,097	16,534,257
Use of goods and services		70,258,345	74,000,898
Finance cost		96,542	97,930
Other Payments		4,870,512	11,516,289
Total Payments		97,516,496	102,149,374
Net cash flows from operating activities		11,710,231	23,897,747
Cash flows from investing activities		0.00	
Purchase of property, plant, equipment and intangible assets		(9,326,038)	(32,476,251)
Proceeds from sale of Biological Assets		(195,950)	
Decrease in non-current receivables			
Increase in investments			
Net cash flows used in investing activities		(9,521,988)	
Cash flows from financing activities			
Development grants			
Repayment of borrowings			
Increase in deposits			
Net cash flows used in financing activities			
Net increase/(decrease) in cash and cash equivalents		2,188,243	(8,578,504)

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Cash and cash equivalents at beginning of the year		56,436,232	65,014,736
Cash and cash equivalents as at 30 th June 2022		58,624,475	56,436,232

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

The Financial Statements set out on pages 1 to 7 were signed by

Shamberere Technical Training Institute P. O. Box 1316 - 50100. KAKAMEGA
--

.....
Chairman B.O.M	Finance Officer	Principal
	ICPAK No. 14179	
Date.. 5-6-22	Date.. 5/6/22	Date.. 5-6-22

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 %
Revenue						
Transfers from other govt entities and govt grants	78,000,000	(-)	78,000,000	63,750,000		
Rendering of services- fees from students	70,564,000	(-)	70,564,000	63,880,599		18 %
Sale of goods	24,910,000	-	24,910,000	6,793,200		9.4 %
Other income-Development Grants	79,492,846	-	79,492,846	0.00		72.7 %
Total Income	252,966,846	(-)	252,966,846	134,423,799		-
Expenses						
Compensation of employees	29,952,000	-	29,952,000	22,291,097		25.6 %
Use of goods and services	32,835,000	(-)	32,835,000	20,312,960		38.1 %
Government Grants capitacion	78,000,000	(-)	78,000,000	63,750,000		18.3 %
Grants and subsidies Development grants)	79,492,846		79,492,846	0.00		
Repairs and maintenance	4,277,000	(-)	4,277,000	2,589,889		39.4 %
Remuneration of directors	3,500,000	(-)	3,500,000	6,036,820		72.5 %
Production units	24,910,000	-	24,910,000	6,793,200		72.72%
Total Expenditure	252,966,846	(-)	252,966,846	121,773,966		
Surplus For the Period		(-)		12,660,833		
(Budget notes)						

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual) provide a reconciliation.

XVIII. Notes to the Financial Statements

1. General Information

Shamberere Technical Training Institute is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to provide training to artisans, craftswomen and men, technicians, technologists, businesswomen and men at artisan, craft and diploma certificate levels.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *entity's* accounting policies.

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

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2022.

IPSASB deferred the application date of standards from 1st January 2022 owing to COVID 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p>

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Standard	Effective date and impact:
	<p>(a) The nature of such social benefits provided by the Entity; (b) The key features of the operation of those social benefit schemes; and</p> <p>12. The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. <i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>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.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. <i>(State the impact of the standard to the Entity if relevant)</i></p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial Instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <i>State the impact of the standard to the Entity if relevant</i>
<p>IPSAS 43</p>	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>

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Standard	Effective date and impact:
	<i>State the impact of the standard to the Entity if relevant</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>

iii. Early adoption of standards

(The entity) did not early-adopt any new or amended standards in year 2022.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the

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amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

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

Dividends

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

4 Summary of Significant Accounting Policies (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2021/2022 was approved by the Board of Governors on *28th January 2021*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

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

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

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

c) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule *the first schedule* of the *income tax Act* cap 470.

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.

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

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of 20 years.

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

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

e) Property, plant and equipment

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

f) Leases

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

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

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

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

g) Intangible assets

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

h) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit.

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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

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

Notes to the Financial Statements (Continued)

13. Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

j) Inventories

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

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

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

Inventories (Continued)

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

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

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

k) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential

will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occur

l) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. (*Entity to state the reserves maintained and appropriate policies adopted*).

m) Changes in accounting policies and estimates

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

n) Employee benefits

Retirement benefit plans

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

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

o) 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.

p) 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

q) Related parties

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members

of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

r) Service concession arrangements

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

s) 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.

t) Comparative figures

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

u) Subsequent events

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

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions.

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).

Shamberere Technical Training college
 Annual Report and Financial Statements for the year ended 30th June 2022
 Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

7. Description	Period ended 30 th June 2022	Period ended 30 th June 2021
	KShs	KShs
Capitation grants	63,750,000.00	37,579,932.00
Total government grants and subsidies	63,750,000.00	37,579,93.00

1st quarter 2248 students @ sh 7500 = sh 16,860,000.00

2nd quarter 2248 students @ sh 7500 = sh 16,860,000.00

3rd quarter 2002 students @ sh 7500 = sh 15,015,000.00

4th quarter 2002 students @ sh 7500 = sh 15,015,000.00 - (Was Not disbursed by the MOE)

Total Sh 63,750,00.00

Shamberere Technical Training college

Annual Report and Financial Statements for the year ended 30th June 2022

7. Rendering of Services

Description	Period ended	Period ended
	30 th June 2022	30 th June 2021
	KShs	KShs
Tuition fees	5,659,780	11,647,442
Activity fees	2,328,275	1,017,298
Teaching materials	126,425	155,033
Personal Emoluments	915,280	3,544,188
Local Travel and Transport	509,472	918,644
Repairs Maintenance and Improvements	148,795	432,937
Attachment and Medical fees	692,185	914,957
Students Identity Cards	113,870	11,745
Development Fees	8,500	4,800
Fees Arrears FY 2021/2022	29,267,822	4,942,822
Administration fees	5,630	7,430
Book levy	5,250	
Library fees	-	1,300
ICT Packages	24,750	
Hostels fees	759,130	1,191,575
Students Union	152,845	587,426
Admission fees	432,280	171,450
Electricity Water and Conservancies	526,535	1,016,185
Examination fees	11,079,108	4,888,761
Graduation	480,000	
Replacement Fund (Caution Money)	471,195	60,145
NYS Subsidy	15,204,000	20,575,500
HELB	22,784,600	
CDF	17,809,960	
Total Revenue from Rendering Of Services	109,505,687.00	68,998,353.00
Less prepaid fees	22,698,808.00	
Total	86,806,879.00	68,998,353.00

Shamberere Technical Training college
Annual Report and Financial Statements for the year ended 30th June 2022

8. Sale of Goods

Description	Period ended 30 th June 2022	Period ended 30 th June 2021
	KShs	KShs
Bus hire	240,000	208,650
Guest house	665,580	4,004,340
Mechanical workshop	200,000	896,800
Cafeteria Sales	1,678,190	310,930
Sale of farm produce	157,900	60,415
Sub Total cash	2,941,670	5,481,135
Pending bills – NYS	3,299,400	-
Pending bills – catering	552,130	-
Total revenue from the sale of goods	6,793,200	5,481,135

9. OTHER INCOME

Description	Period ended 30 th June 2022	Period ended 30 th June 2021
	KShs	KShs
Tender	11,000.00	67,701
Sale of Biological Assets	195,950	
Total other income	206,950.00	67,701

Shamberere Technical Training college
Annual Report and Financial Statements for the year ended 30th June 2022

10. USE OF GOODS AND SERVICES

Description	Period ended 30 th June 2022	Period ended 30 th June 2021
	KShs	KShs
Electricity Water and Conservancies	1,526,341	1958,469
Tuition Expenses	13,618,548	12,238,693
Local Travelling and transport	11,593,407	811,039
Teaching Materials Expenses	8,947,088	7,752,975
Activity Expenses	6,994,329	492,772
Administration Expenses	1,967,315	859,601
Medical Expenses	310,560	320,590
Books Levy	0.00	3500
Examination Expenses	5,220,600	8,800,520
Guest house Expenses	1,076,709	1,069,556
Farm Expenses	579,900	310,410
Cafeteria Expenses	4,049,962	
Mechanical Workshop Expenses	638,752	3,062,846
Transport Bus hire Expenses	18,000	0.00
Student council Expenses	1,061,320	485,378
HELB Refunds	214,463	32,400
Guiding and counselling	48,400	11,000
Attachment Expenses	1,747,992	588,143
Subscriptions to Professional bodies	78,100	148,200
Security band fire safety		250,234
Admissions Expenses	49,340	0.00
Postage and daily Newspapers	33,600	34,110
Covid 19 management Expenses	0.00	4,312,877
Marketing and Advisement Expenses	540,210	459,360
Hygiene cleaning and sanitation Expenses	314,205	296,450
NYS Subsidies	2,875,201	4,861,970
Graduation Expenses	1,110,309	0.00
Student Identity Cards	257,485	257,700
Hostel Expenses	431,000	1,534,800
Joy Project	203,680	
Pending bills	4,065,853.00	
Total good and services	69,572,669	58,253,592

Shamberere Technical Training college
Annual Report and Financial Statements for the year ended 30th June 2022

11. EMPLOYEE COSTS

	Period ended 30 th June 2022	Period Ended 30 th June 2021
	KShs	KShs
Personal Emoluments Non- Teaching staff	7,160,304	6,906,124
Personal Emoluments BOG Trainers Staff	6,500,302	3,738,316
STTI Welfare	413,838	355,282
Staff Welfare	1,211,110	1,670,980
SACCO Deductions	1,308,951	1,144,118
NHIF	482,150	307,000
NSSF	1,488,920	980,340
PAYE	790,991	911,932
Salary Advances	79,050	53,000
Production units facilitation Expenses		27,600
Staff Training Development Workshops	2,855,481	352,360
Total Employee Costs	22,291,097	16,447,052

12. REMUNERATION OF DIRECTORS

Description	Period ended 30 th June 2022	Period ended 30 th June 2021
	KShs	KShs
Directors emoluments	4,851,757	4,538,230.00
Other allowances		
Total director emoluments	4,851,757.00	4,538,230.00

13. DEPRECIATION AND AMORTIZATION EXPENSE

Description	Period ended 30th June 2022	Period ended 30th June 2021
	KShs	KShs
Property Plant and Equipment	38,009,260	41,520,735
Arnotization of computer software	2,571,214	491,485
Total depreciation and amortization	40,580,474	42,012,220

14. REPAIRS AND MAINTENANCE

Description	Period ended 30th June 2022	Period ended 30th June 2021
	KShs	KShs
Repair and Maintenance	2,589,889	6,978,059
Total repairs and maintenance	2,589,889	6,978,059

15. FINANCE COSTS

Description	Period ended 30 th June 2022	Period 30 th June 2021
	KShs	KShs
Bank Charges	96,542	97,930
Total finance costs	96,542	97,930

16. CASH AND CASH EQUIVALENTS

Description	Period ended 30 th June 2022	Period ended 30 th June 2021
	KShs	KShs
KCB Main A/c 1114269840	35,088,537	32,986,119
KCB Examinations A/c 1114270083	3,391,883	18,797
KCB Development A/c 1114270032	13,193,984	15,027,490
KCB Kongoni A/c 1179839811	5,335	5,798
Co- Op Bank A/c 01139166706600	5,178,815	3,611,034
Diamond Trust Account	717,405	719,805
National Bank	190	190
Petty Cash Main Account	99,772	97,755
Petty Cash Production Units	42,589	57,435
Safaricom Paybill Holding	818,815	3,539,459
Imprest Holdings	87,150	372,350
Total Cash and Cash Equivalents	58,624,475	56,436,232

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

17. CURRENT RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	Period ended 30 th June 2022	Period ended 30 th June 2021
	KShs	KShs
Current receivables		
Student debtors	69,862,382.00	
FY 2021/2022 ksh 29,267,822		
Previous years ksh 40,594,560		53,622,735
NYS Subsidy	15,204,000	0.00
Other debtors	4,671,010	3,865,260
MOE Grants Capitation quarter 4 FY 2021/2022	15,015,000.00	-
Total current Receivables	104,752,392.00	57,487,995

18. INVENTORIES

Description	Period ended 30 th June 2022	Audited prior Year 30 th June 2021
	KShs	KShs
Consumable stores	3,374,168	4,559,289
House Keeping	48,963	0.00
Health unit stores	69,995	70,594
Catering consumable stores	43,460	32,547
Total inventories at the lower of cost and net realizable value	3,536,586	4,662,430

Shamberere Technical Training college
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Annual Report and Financial Statements for the year ended 30th June 2022
19. Property, Plant and Equipment

	Land and buildings	Motor Vehicles	Furniture and Fittings	Computers	Library Books	Plant and Equipment	Capital work in progress	Total
	2% Shs	25% Shs	12.5% Shs	33.3% Shs	20% Shs	12.5% Shs	Shs	
Depreciation Rate								
Cost								
As at 1 st July 2020	146,274,580	6,800,000	4,788,360	6,139,748	4,235,503	400,219,300	-	568,457,491
Additions			25,923	80,000		131,080		237,003
Disposals								
Transfers/adjustments								
As at 30 th June 2021	146,274,580	6,800,000	4,814,283	6,219,748	4,235,503	400,350,380		568,694,494
Additions	2,532,238	4,201,160	462,795	1,345,595	-	784,250		9,326,038
Disposals	-							
Transfer/ Adjustments								
As at 30 th June 2022	148,806,818	11,001,160	5,277,078	7,565,343	4,235,503	401,134,630		578,020,532
Depreciation and impairment								
As at 1 st July 2020	5,254,522	3,381,813	1,333,813	3,652,295	1,717,219	111,933,494		127,273,156
Depreciation	2,820,401	854,547	435,057	854,962	503,657	36,052,111		41,520,735
Impairment								
At 30 th June 2021	8074923	4,236,360	1,768,870	4,507,257	2,220,876	147,985,605		168,793,891

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

	8,074,923									
Depreciation	2,814,638	1,691,200	438,526	1,018,343	402,925	31,643,628			38,009,260	
Impairment										
At 30 th June 2022	10,889,561	5,927,560	2,207,396	5,525,600	2,623,801	179,629,233			206,803,151	
Net Book values										
At 30 th June 2021	140,391,538	3,204,525	3,371,706	2,353,713	2,392,370	279,403,859			431,117,711	
At 30 th June 2022	137,917,257	5,073,600	3,069,682	2,039,743	1,611,702	221,505,397			371,217,381	

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

The Reducing balance method of depreciation was used for depreciating the Assets of Property plant and equipment at the following rates as provided for in the Institute Finance policy:

1. Buildings at the rate of 2%
2. Motor vehicles at the rate of 25%
3. Furniture and fittings at the rate of 12.5%
4. Computers at the rate of 33.3%
5. Library books at the rate of 20%
6. Property plant and equipment at the rate of 12.5%

20 INTANGIBLE ASSETS-SOFTWARE

Description	Period ended 30 th June 2022	Prior period audited June 30 th 2021
	KShs	KShs
Cost		
At beginning of the period 1 st July 2021	5,953,000	2,386,053
Additions during the period	2,562,166	3,566,947
At end of the period 30 th June 2022	8,515,166	5,953,000
Additions—internal development		
At end of the period	8,515,166	5,953,000
Amortization and impairment		
As at 30 th June 2022	793,800	364,063
Amortization during the period at 33.33%	2,571,214	429,737
Acc Impairment loss during the period	3,365,014	793,800
At end of the period		
NBV	5,150,152	5,159,200

Shamberere Technical Training college
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21. BIOLOGICAL ASSETS

Cost	30 th June 2022	30 th June 2021
At the beginning of the period	277,630	-
Revaluations		-
Additions/New Acquisitions	260,240	150,000
Growth enhancement (Food and enhancement)	66,550	127,630
Cost at end of 30 th June 2022	604,400	277,630
Less Losses;		-
Death of 1 herd of cattle of cattle	(150,000)	
Death of pig	(16000)	
Less Sale;		
Sale of cattle	(160,000)	
Sale of pigs	(27,950)	
Sale of goats	(8000)	
Net book value	242,470	277,630

22. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	Period ended 31 st June 2022	Prior period audited (30 th June 2021)
	KShs	KShs
Trade payables	4,051,353	12,203,900
Third-party payments (Retentions)	0.00	2,025,301
Other payables	0.00	1,807,500
Total trade and other payables	4,051,353	16,036,701

23. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

Description	Period ended 31 st June 2022	Period 30 th June 2021
	KSh	KSh
Fees paid in advance	22,698,808	1,621,140
Caution money	471,195	-
Total deposits		

Shamberere Technical Training college
Annual Report and Financial Statements for the year ended 30th June 2022

	2,317,003	1,621,140
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Shamberere Technical Training college
Annual Report and Financial Statements for the year ended 30th June 2022

XIX. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Failure to Develop and Maintain an Assets Register	An Asset register was available but not in the prescribed format, a valuation of the institute assets has been carried out that has enabled the carrying amounts to be entered in the asset register. This is being worked on and will be available by end of first quarter of the FY 2022/2023	Not Resolved	30 th Sept 2022
2	Capital Work in Progress Negative Excluded from the property plant and equipment balance of Kshs.431,118,116 is negative balance of Kshs.10,655,339 indicated as assets transfer/adjustment whose explanation and supporting documents were not provided for audit review. Under the circumstances, the property plant and equipment are not fairly stated.	This was an error in the financial statements and has been corrected by removing it- (See Appendix 2)	Resolved	

Shamberere Technical Training college
Annual Report and Financial Statements for the year ended 30th June 2022

	<p>1 Depreciation and Amortization</p> <p>Included in statement of profit or loss and other comprehensive income is Kshs.38,288,864 being amortization of intangible assets and property, plant and equipment depreciation as disclosed in Note 13 to the financial statements. Review of the accounting policies revealed that the Management has not disclosed the applicable amortization or depreciation rates and period used in the computation of the asset impairment. In the absence of this disclosure, it is not possible to ascertain the accuracy of amortization or depreciation charged as disclosed in the financial statements.</p> <p>In the circumstances, the accuracy of amortization/depreciation charged amounting to Kshs.38,288,864 could not be confirmed.</p>	<p>Depreciation and amortization is provided for in the Institute Finance policy. The depreciation method is the reducing balance at the rates outlined below, this has further been incorporated in the Financial statements FY 2020/2021 (see a copy attached -Appendix 2)</p> <p>Furniture, plant and equipment 12.5%</p> <p>i. Computers 33.3%</p> <p>ii. Motor Vehicles 25%</p> <p>iii. Library books 20%</p> <p>iv. Building 2%</p> <p>Armortization of intangible Assets 3.33%</p> <p>Resolved</p>	
<p>3</p>	<p>1. Imprest holding Account</p> <p>Included in cash and cash equivalents balance of Kshs.56,436,232 is Kshs.372,350 in respect of unsunderred imprests for the year under review. No explanation was availed of why unsunderred imprests have been included as part of cash balance as disclosed on Note 17 to the financial statements.</p> <p>In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Ksh.56,436,232 could not be confirmed.</p>	<p>The item un surrendered imprests of Ksh 372,350 was recognised as cash and cash equivalents as was guided by the Revised template 30th June 2021 under note 4 (r); (see page 18 of the financial statements FY2020/2021 – Appendix 2)</p> <p><i>(Extract; For the purpose of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/ or institutions which</i></p> <p>Resolved</p>	

Shamberere Technical Training college
Annual Report and Financial Statements for the year ended 30th June 2022

		were not surrendered or accounted for at the end of the financial period)																
<p>2. Variances between Financial Statement Balances and Schedules Balances</p> <p>The following variances were noted between the figures reported in the financial statements and those in supporting schedules.</p> <table border="1"> <thead> <tr> <th>Item</th> <th>Financial statements Balance</th> <th>Supporting Schedule Balances</th> <th>Variances</th> </tr> </thead> <tbody> <tr> <td>Use of Goods & services - Lt& T Expenses</td> <td>8,111,039</td> <td>7,640,839</td> <td>- 6,829,799</td> </tr> <tr> <td>Cash and cash Equivalent</td> <td>56,436,232</td> <td>52,369,233</td> <td>4,066,999</td> </tr> <tr> <td>Other Trade Payables</td> <td>17,657,841</td> <td>19,715,601</td> <td>-2,057,760</td> </tr> </tbody> </table>		Item	Financial statements Balance	Supporting Schedule Balances	Variances	Use of Goods & services - Lt& T Expenses	8,111,039	7,640,839	- 6,829,799	Cash and cash Equivalent	56,436,232	52,369,233	4,066,999	Other Trade Payables	17,657,841	19,715,601	-2,057,760	<p>The above corrections have been done and incorporated in the Financial statements FY 2020/2021, (Appendix 1) for item of cash and cash equivalents the variance of Ksh 4,066,999.00 as outlined above is properly covered under note 17 for the sub items;</p> <p>Cash in hand on main accountKsh 97,755.00</p> <p>Cash in hand P.U account Ksh 57,435.00</p> <p>Imprest holding account.....Ksh 372,350.00</p> <p>Mobile money bankingKsh 3,539,459.00</p> <p>Total..... Ksh 4,066,999.00</p>
Item	Financial statements Balance	Supporting Schedule Balances	Variances															
Use of Goods & services - Lt& T Expenses	8,111,039	7,640,839	- 6,829,799															
Cash and cash Equivalent	56,436,232	52,369,233	4,066,999															
Other Trade Payables	17,657,841	19,715,601	-2,057,760															
<p>In the circumstances, the completeness and accuracy of the financial statements for the year ended 30 June 2021 could not be confirmed.</p>		Resolved																

Shamberere Technical Training college
Annual Report and Financial Statements for the year ended 30th June, 2022

	Unsupported Transactions	Receivables from Exchange	
<p>The statement of financial position reflects under current assets, current receivables from exchange transactions balance of Kshs.57,512,995 as of 30 June 2021. This balance has been broken down under Note 27(a) to represent student debtors of Kshs.26,693,520, staff advances of Kshs.25,000 and other debtors of Kshs.3,865,260</p>	<p>Analysis of the financial statement as of 30 June, 2021 revealed a decline of student debtors by Kshs.2,688,978 from Kshs.29,382,498 as of 30 June, 2020. No schedules were provided for the recovered amounts.</p> <p>No aging analysis, fee management policy, or debtor's circularization was carried out to ascertain the recoverability of the debts</p> <p>It was further noted that this balance of students' debtors is generated from invoicing and receipting and as a result could not be independently confirmed from the records whose veracity could not be established.</p> <p>In the circumstances, the recoverability of the student fee debtor's balances of Kshs.26,693,520 could not be confirmed and the huge fees arrears continue to impact negatively on the institutes budget implementation due to low revenue collection.</p>	<p>A students fees policy. has been developed to be incorporated in the finance policy as a section (a copy is attached under Appendix 5)</p>	<p>Resolved</p>

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

	<p>In the circumstances, the authenticity of the debtor's balance could not be confirmed as stated in the financial statements</p>		
<p>7</p>	<p>3. Presentation of Financial Statements</p> <p>The audit revealed the following anomalies with regard to presentation of the financial statements which are contrary to the National Treasury Circular Ref.AG.4/16/2. Vol.3(72) dated 30 June 2021 on Annual Financial Reporting (templates) for financial reporting for the year ended 30 June 2021.</p> <ol style="list-style-type: none"> i. Notes to the financial statements without amounts or with blank spaces or marked XXX are included in the financial statements and in the notes to the financial statements. The Notes affected are 1,2 and 4. ii. Spacing in the Notes not proper iii. Property, plant and equipment on Note 31 to the financial statements lacks at least one year of asset movement comparative for the 2019/2020 financial year iv. Cover page of the financial statements has the following anomalies: <ul style="list-style-type: none"> o contains the words 'amended' instead of 'annual' report and financial statements o contains 'annual financial reporting template' while it should not have that narration on the cover page. 	<p>Corrections have been made refer to Appendix 1 – Annual report and financial statements for the year ended 30th June 2021.</p> <p style="text-align: right;">Resolved</p>	

Shamberere Technical Training college
Annual Report and Financial Statements for the year ended 30th June 2022

	<p>o on page 1, statement of financial performance does not have 'e'</p>		
8	<p>Irregular Payments to Trainers</p> <p>Analysis of the payments to part-time trainers relating to the year under review showed that payments to part-time trainers amounting to Kshs.333,340 were made in full without considering the contact hours attended.</p> <p>Moreover, the Institute does not have a part-time staff management policy stipulating the supervision checklists including the timetable, attendance list, and log in log out register. Hence it was not possible to ascertain if the number of contact hours paid was actually taught.</p> <p>Further analysis of personnel files of sampled trainers showed that the trainers were issued with one-year contracts which had long expired. From the personal files, no renewals of contracts and salary adjustments had been made yet they continued drawing irregular payments from the institute as analyzed in Appendix 1.</p>	<p>Due to increasing student population, the institute has a deficiency of 41 trainers against a back drop of meagre resources. However, the institute has engaged Public Service Commission to provide more trainers to meet this deficit.</p> <p>On variances on basic salary arising from the payroll and employment contract letters, the payroll is in tandem with the revised employment contracts for the affected employees (See the revised contract letters attached -Appendix 4)</p> <p>The human resource office recently established is in the process of incorporating part-time staff management policy stipulating the supervision checklists including the timetable, attendance list, and log in log out registers in the already existing Human resource policy document as sections and sub sections. A commitment is made to achieve this by 30th Sep 2022.</p>	30 th Sep 2022
9	<p>Budgetary Control and Performance</p> <p>Shamberere TTI prepared a budget without adhering to the TVET financial reporting template for 2021 (number 17-</p>	<p>A corrected statement of comparison of budget and actual amounts has been prepared (see a copy of the financial statements</p>	Res0lved

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<p>page 5 statement of comparison of budget and actual amounts for the year ended 30 June 2021) where the format for preparation of the budget was provided. As a result, the budget contains proposed values instead of original budget, adjustments, final budget, actual on comparable basis and performance difference. Moreover the figures presented in the financial statements on page 5 in the statement of comparison of budget and actual amounts for the year cannot be linked to the approved budget provided for audit.</p> <p>Under the circumstances, the Institute irregularly spent funds without approval of the Cabinet Secretary as required and incurring expenditure not budgeted for.</p>	<p>2020/2021 page 5 attached - Appendix 1) The anomaly of not submitting the annual budget to the cabinet secretary Ministry of education for approval has been corrected and the annual budget for the FY 2021/2022 has properly been approved by the BOM and The cabinet secretary Ministry of education.</p>		
<p>Failure to Maintain Annual Board Work plan, Board Charter and Board Register Included in the financial statements is remuneration of Board of Directors expense of Kshs.4,538,230 as disclosed on Note 12 to the financial statements.</p> <p>Audit review of the board matters, observed that the Institute management did not maintain an annual work plan for the board, board registers, and board charter contrary to provisions of Mwongozo Code of Governance for State Corporations. From the foregoing, it is not clear how the Board has been executing its mandate in absence of the work plan, board charter and board attendance registers.</p>		<p>This has been noted and a commitment made to have the annual board work plan, board charter and board register by 30th Sep 2022</p>	<p>Not Resolved 30th Sep 2022</p>

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	<p>Therefore, in absence of the board attendance registers and work plan, board expenses amounting to Kshs.4,538,230 could not be confirmed.</p>		
<p>11</p>	<p>In the circumstances, Management is in breach of the law.</p> <p>Weakness in Payroll Management</p> <p>The statement of receipts and payments reflects Kshs.16,534,257 expenditures in respect to employee costs. Review of personnel data and payment vouchers availed during audit revealed no existence of effective payroll controls and governance in the management of public resources.</p> <p>The entity does not maintain detailed monthly payroll data, duly filled leave movement forms, updated staff files, approved salary structures, career progression guidelines, updated staff establishment, casuals payment schedule, casual policy and part time teaching staff policy documents.</p> <p>In the circumstances, without clear and specific records on staff compensation and responsibilities, efficient use of the Institute resources is less likely to be achieved.</p> <p>The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit</p>	<p>The institute has recently established a human resource office and consequently employed a human resource officer in October 2021. The above issues have been noted and action is being taken to address them.</p> <p>30th Sep 2022</p>	

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	evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.		
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Guidance Notes:

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

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Name: *J. W. O. O. O.*

Accounting Officer.

Principal.

Date *5-6-22*

