

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY PAPERS LAID	
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THE AUDITOR-GENERAL

ON

**NATIONAL INDUSTRIAL
TRAINING AUTHORITY**

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

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NATIONAL INDUSTRIAL TRAINING AUTHORITY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2022

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

**National Industrial Training Authority
Annual Reports and Financial Statements
For the year ended June 30, 2022**

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1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The National Industrial Training Authority (NITA) is a State Corporation established under the Industrial Training Act of 2011 under the Ministry of Labour and Social Protection. NITA is domiciled in Kenya and has regional offices in Mombasa, Nakuru, Nyeri, Embu, Eldoret, Thika and Kakamega. The mandate of the Authority is to promote the highest standards in the quality and efficiency of industrial training in Kenya and ensure adequate supply of properly trained manpower at all levels in industry.

The Authority is governed by a Board of Directors under whom the Director General serves. The Director General is responsible for the day-to-day management of the Authority and strategic direction.

(b) Principal Activities

NITA's principal mandate, vision and mission are as follows:

Vision

A globally competitive and adequate workforce for industrial development

Mission

To regulate and facilitate quality industrial training for enhanced productivity

Core Values

Customer Focus; Integrity; Transparency and Accountability; Creativity and Innovation Lifelong Learning; Stakeholder Engagement and Equity and Access

Strategic Objectives

Facilitate provision of adequate, relevant and portable skills for productivity enhancement and competitiveness; Mainstream the informal sector with relevant curriculum in industrial training; Mainstream quality assurance among key stakeholders; Enhance and expand service delivery in industrial training at National and County Government levels; Ensure skilled and productive Workforce; Enhance industry-institutional linkages and expand capacity of industrial training institutions; Establish and implement sustainable funding model for industrial training

Mandate

Industrial training; assessing and collecting industrial training levy and fees; regulating trainers registered under the Act; developing industrial training curricula; integrating labour market information into skills development; harmonizing curricula and certificates of competence; Assessing industrial training, testing occupational skills and awarding certificates including Government trade test certificates; equating certificates; accrediting institutions engaged in skills training for industry

NITA has five industrial training centres:

1. NITA, Nairobi
2. NITA, Mombasa
3. NITA, Athi River
4. NITA, Nairobi Textile Training Institute
5. NITA, Kisumu

(c) Key Management

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

- NITA Board of Directors
- Director General
- Management

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Director General	Stephen Ogenga
2.	Director, Industrial training and skills Development	Jane Kamau
3.	Director Corporate Services	Gerald Kirimi
4.	Centre Manager NITA Nairobi	Millicent Otom
5.	Centre Manager Nairobi Textile Training Institute	Festus Musyoki
6.	Manager, Accounts	Julius Ndenge
7.	Manager, Human Resource and Administration	Sammy Maiyo
8.	Manager, Industrial Training	William Mwanza
9.	Manager, Internal Audit	Teresa Langat
10.	Manager, Supply Chain Management	Elvina Osodo
11.	Manager, Information Communication Technology	Festus Kitui
12.	Manager, Legal Services	Caroline Musango
13.	Centre Manager NITA Kisumu	Mary Wamoko
14.	Ag. Centre Manager NITA Athi River	Zakayo Mutonga
15.	Ag. Centre Manager NITA Mombasa	Fedelis Odumo

(e) Fiduciary Oversight Arrangements

National Industrial Training Board comprises of four committees that provide oversight. These are the:

1. Industrial Training and Strategy Committee (IT&SC)
2. Finance and Levy Administration Committee (FLAC);
3. Human Resource, Governance and Administration Committee (HRGAC),
4. Audit and Risk Management Committee (ARMC)

The ITSC provides oversight on operations within NITA as well as strategy. It thus covers areas such as industrial training, trade testing, curriculum development and management of the Industrial Training Centres.

The FLAC provides over sight on all matters to do with Finance and Levy. It handles budgets and Financial Statements, quarterly management accounts, changes in rates for any income generating activities and any significant (un-budgeted) expenditure. At the same time the committee provides oversight on the operations of the levy section including collections strategies and operational reports on performance.

The HRGAC provides oversight on HR, Governance and Administration of NITA. Its' responsibilities include supporting an adequate, competent and well-motivated workforce. The committee is also charged with ensuring that other NITA resources (e.g. Offices and pool motor vehicles) are utilized in an optimal manner. It also ensures that tenets of good corporate governance are maintained.

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The ARMC provides oversight on risk management, internal controls, external audit, compliance and overall organizational reporting as stipulated in the Audit and Compliance Committee Charter.

NITA is also guided and complies with circulars giving guidance from the National Treasury as well as any other direction given by the Parent Ministry.

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f) Headquarters

P.O. Box 74494-00200-NAIROBI
Commercial Street-Industrial Area
opposite KEMSA
Nairobi, KENYA

(g) Contacts

Telephone :(254) 720-917897/
(254)-736-290676
E-mail: directorgeneral@nita.go.ke
Website: www.nita.go.ke

(h) Bankers

1. Kenya Commercial Bank Ltd.
Industrial Area Branch
P. O. Box 18031-00500
Nairobi, Kenya
2. National Bank of Kenya Ltd.
Harambee Avenue Branch
P.O. Box 41862
City Square 00200
Nairobi, Kenya
3. Standard Chartered Bank of Kenya Ltd.
Industrial Area Branch
P. O. Box 18081-00500
Nairobi, Kenya

(i) Independent Auditors

Auditor General
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
P.O. Box 40112
City Square 00200
Nairobi, Kenya

2. THE BOARD OF DIRECTORS

NAME	QUALIFICATION AND WORK EXPERIENCE
 <p>Dr. Kamau Gachigi PhD. in Solid State Science, IMRL, The Pennsylvania State University (USA) M.S. in Solid State Science, IMRL, The Pennsylvania State University (USA) B.Sc. (Hons) in Materials Science, University of Bath (UK)</p>	<p>Chairman - National Industrial Training Board Date of Birth: 4th July, 1966 Aug 2014 to date - Founding Executive Director, Gearbox April 2015 to date - Board, State Corporation Board Member, Numerical Machining Complex</p>
 <p>Gilda Atieno Odera Current Part- time PhD Candidate, Public Policy Administration, MA in Leading Innovation and Change, (University of York St John, United Kingdom) Degree in Sociology (UON)</p>	<p>Chairperson – Human Resource, Governance and Administration Committee (HRG&AC) Member National Industrial Training Board Representing FKE Date of Birth: 26th September, 1966 Consultant Director, All About Marketing Ltd Current Vice President, Federation of Kenya Employees Current Board Member, University Funds Board Panel Member & Chair of Business Process Committee in the Health Feb 2019- June 2020 - Reform Panel of Experts, Kenya 2016 to 2019 - Council Member, Kenya National Quality Authority</p>
 <p>Carolyn C. Rutto Certificate Public Relations (RGI) PI Certificate (Kericho Teachers T. College)</p>	<p>Chairperson – Ad Hoc Steering Committee of the Kenya Youth & Employment and Opportunities Project (KYEOP) Member National Industrial Training Board Representing COTU (K) Date of Birth: 26th June, 1969 2nd Assistant Secretary General – Central Organization of Trade Unions, COTU (K). Member - General Wages Council. Member of reconciliation committee Counter Trafficking Advisory Committee (CTIP). National Advisory Committee on person with disability Assistant National Women leader - Kenya Electrical Trades and Allied Union (KETAWU). 2019 to date - County revenue collection coordinator and relationship officer Kenya Power</p>

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 <p>Mr. Benson Okwaro</p>	<p>Chairman – Industrial Training and Strategy Committee (IT&SC) Member - National Industrial Training Board representing COTU (K) Date of Birth: 9th February 1951 Communication Workers Union – General Secretary Central Organization of Trade Unions – Deputy Secretary General affiliated to UN Africa – Committee Member / ICT President</p>
 <p>Mr. Wilson Ngahu MBA in Strategic Management</p>	<p>Chairman – Finance and Levy Administration Committee (FLAC) Member – National Industrial Training Board and Chairman Representing Special Interests from May 2019 to present Date of Birth: 12th September, 1978 MBA - Master of Business Administration in Strategic Management (University of Nairobi) December 2012. Bachelor of Arts (Economics) University of Nairobi) December 2002. Certified Public Accountant (CPA) (K) KASNEB 2002-2007</p>
 <p>Michael M. Muthondu BSc – Hospitality Management Post Graduate Diploma – Marketing Current – LLB</p>	<p>Chairman – Audit and Risk Committee (ARMC) National Industrial Training Board Representing FKE Date of Birth: Chief Executive Officer – Kenya Association of Hotelkeepers and Caterers Current Board Positions Second National Vice President - FKE KEPSA Boma Hospitality College National Tourism Crisis Response Team Kenya Tourism Federation East Africa Tourism Platform National Labour Board</p>
 <p>Rev. Brother Joel Kandie Chebii, OGW Higher level Diploma Entrepreneurship Education in Kenya (ILO) Diploma in Vocational and Technical Training of Trainers (ILO) Diploma in Theology</p>	<p>Member National Industrial Training Board representing COTU Date of Birth: 20th October, 1953 Vice Chairman General of COTU Kenya 2000 to 1995 : National General Secretary of Tailors and Textiles Workers Union. 1990 to 1986 : Elected National Chairman of Tailors and Textiles Workers Union 1986 to 1989 - Assistant National Treasurer for Tailors and Textiles: Workers Union as well as COTU (K) Board member.</p>

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 <p>Mr. Bernard S. Isalambo MSc. Entrepreneurship</p>	<p>Member - National Industrial Training Board Representing the Principal Secretary, State Department for Vocational and Technical Training, Ministry of Education</p> <p>Date of Birth: 15th April, 1962</p> <p>Deputy Director TIVET in charge of Governance and field services</p>
 <p>Apollo Nganga Kiarrii HRM - Institute of HRM Kenya Institute of Management The Technical University of Kenya</p>	<p>Member National Industrial Training Board Representing FKE</p> <p>Date of Birth: 16th September 1966</p> <p>Chief Executive Officer - Kenya Tea Growers Association (KTGA)</p> <p>Management Board Member – Federation of Kenya Employers</p> <p>Member – Tea Industry Task Force</p>
 <p>Dr. Musa Nyandusi Masters in Medicine (MMED)</p>	<p>Member - National Industrial Training Board Representing Principal Secretary Ministry of East African Community, Labour & Social Protection (State Department for Labour)</p> <p>Date of Birth: 15th March, 1973</p> <p>3rd June 2019 – date - Director, Directorate of Occupational Safety and Health Services (DOSHS), Department for Labour, Ministry of Labour and Social Protection, Secretary to the National Council for Occupational Safety and Health (NACOSH), a body whose role is to advise the Cabinet Secretary in matters OSH</p>
 <p>Mr. Rastus Shikuku MBA Finance</p>	<p>Member - National Industrial Training Board Representing Principal Secretary, The National Treasury & Planning.</p> <p>Date of Birth: 1st August, 1982</p> <p>Assistant Director, Budget</p>
 <p>Stephen O. Ogenga M. Eng. Sc. (Computer Engineering) B. Eng. Tech. (Electrical/Electronic) Member IEEE Member (Inst. of Eng. Australia)</p>	<p>Director General</p> <p>Date of Birth: 27th March, 1968</p> <p><i>Work Experience:</i></p> <p>2014 to April 2019 – Director Industrial Training, NITA; 2013-2014 – Deputy Director KICD; 2008-2012 – Senior Assistant Director KIE; 2007-2008 – Lecturer Maseno University and MMUST; 1999-2006 – Tutorial Fellow and Senior Instructor University of Botswana</p>

3. MANAGEMENT TEAM

 <p>Stephen O. Ogenga M. Eng. Sc. (Computer Engineering) B. Eng. Tech. (Electrical/Electronic) Member IEEE Member (Inst. of Eng. Australia)</p>	<p>Director General</p>
 <p>Jane W. Kamau BSc. Mechatronic Eng. JKUAT MSc Energy Management (University of Nairobi)</p>	<p>Director, Industrial Training & Skills Development</p>
 <p>Gerald Kirimi MSc Science (Finance) BCOM (Finance), CPA(K)</p>	<p>Director, Corporate Services</p>
 <p>William O. Mwanza B. Phil. Mech Eng. Technical University of Kenya</p>	<p>Manager, Industrial Training</p>

 <p>Sammy Maiyo MSc Commerce in Internal Business BBA (HRM) Member Institute of Human Resource Management</p>	<p>Manager, Human Resource and Administration</p>
 <p>Julius M. Ndenge MBA from Kenyatta University BCOM Finance, CPA (K)</p>	<p>Manager Accounts</p>
 <p>Teresa Lagat MBA from University of Nairobi CFE, CPA (K)</p>	<p>Manager Internal Audit</p>
 <p>Eliva Osodo MBA in Procurement and Supply Chain Management from University of Nairobi, BBA(Entrepreneurship)KEMU Diploma in Procurement and Supply Chain Management</p>	<p>Manager, Supply Chain Management</p>

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 <p>Festus Kitui MSc.in Management Information system from the Institute of Technology Australia (IOTA) and BSc. in Mathematics, Physics & Computing from Maseno University.</p>	<p>Manager, Information Communication Technology</p>
 <p>Carolyn Musango MSc of Laws (Uon) Bachelor of Laws (LLB) (Uon) Certified Public Secretary of Kenya Diploma Kenya School of Law</p>	<p>Manager, Legal Affairs</p>
 <p>Eng. Festus Musyoki MBA (Project Management) Kenyatta University B. Tech (Textile. Eng) Moi University EBK Member</p>	<p>Centre Manager - NITA Textile Training Institute (NTTI)</p>
 <p>Millicent Janet Otom MBA – Daystar University BBM (Marketing) Council Member of Marketing Society of Kenya</p>	<p>Centre Manager- NITA Nairobi</p>

 <p>Mary Wamoko Bachelor of Education, Science (Maths, Computer) Mount Kenya University, Higher –Diploma Electrical Engineering, Technical University of Mombasa, Diploma Technical Education, Kenya Technical Trainers College.</p>	<p>Centre Manager NITA Kisumu</p>
 <p>Ruth Dero MSc Communication Studies BSc Public Relations Communication Member Public Society of Kenya (PSRK)</p>	<p>Manager, Corporate Communications</p>
 <p>Fidelis Odumo MBA - Marketing (Mt. Kenya University), B.com - Marketing (Kenyatta University)</p>	<p>Ag. Centre Manager, NITA Mombasa</p>
 <p>Zakayo Mutonga Bachelor of Education Kenyatta University</p>	<p>Ag. Centre Manager, NITA Athi River</p>

4. CHAIRMAN'S STATEMENT

It is with great pleasure that I present the Authority's Financial Report for the year ended 30th June 2022 on behalf of Board members, management and staff of National Industrial Training Authority.

The National Industrial Training Authority (NITA) is charged with the management, coordination and regulation of industrial training in the country. Industrial training plays a crucial role in the modern world by supplying the skills required by the industry for development.

NITA as a regulator of industrial training in the country has continued to ensure that the industry is supplied with adequate and skilled labour force capable of meeting the industry demand. The Authority as part of its strategic objective as contained in its strategic plan 2018/2022 has embarked on ensuring that the critical components of skills in the country meet the needs of industry through a collaborative effort of the interested parties and relevant training. The Authority takes cognizance of the fast changing need of skills in the industry and therefore strengthening linkages between training institutions and industry to ensure skills developed remain responsive to changes in the industry.

During the year under review, the Authority marked the formal commencement of awarding national qualifications as defined in the KNQF, through registration of Trade Test qualifications on the KNQF which now allows holders of government trade test (i) certificates to formally progress all the way to professional master-craftsperson levels. In addition, apprentices and skills-upgraders can now commence their certification at national skills certificate (NSC-I) to NSC-VII. The afore-mentioned national qualifications are well outlined and placed on KNQF level 2 to 8. The graduates from the skills sub-section can equally progress horizontally to other sub-sections in the KNQF including higher education and vocational and technical sub-sections.

Further, NITA greatly contributed to the development of the 1st draft Recognition or Prior Learning (RPL) policy and implementation guidelines, which underwent validation on 20th August 2021 following the presidential directive on 1st June 2021. RPL process enables persons to acquire formal qualification that matches their knowledge and skills which enhances employability, mobility, lifelong learning and social inclusion.

During the financial year, NITA strategically partnered with key players in ~~the~~ industry to realize its mandate: notable successful partnerships included; Cisco Bridge IT Academy, Differently Talented Society of Kenya (DTSK) these partnerships were geared towards championing inclusion in education and training which are critical in addressing and responding to the diversity of needs of learners. The Authority partnered with Base Titanium to train and certify its workers. In addition, NITA partnered with the Korean government through KOICA in the capacity development project. During the year, the Authority partnered with Plan international, Salvador Caetano and Hyundai motor company to equip NITA Centres with the state of the art hybrid electric car engine simulators in a bid to enhance training in the automotive industry. Lastly, the Authority partnered with the County Governments among them; Baringo, Kakamega, Bomet, Kajiado, Kitui and Wajir among others. These Counties have partnered with NITA to sponsor youth to pursue various technical courses in NITA's Industrial Training Centres. The goal of these partnerships is to spearhead NITA's Transformational Agenda and contribute towards the realization of the country's development Agenda.

The Authority during the year under review trained and certified over seventy-five thousand trainees in various trades including newly introduced Homecare Management Training. NITA further placed an approximate of thirty thousand students on industrial attachment. The Authority has achieved great milestones in the year ended and looks forward to greater achievement in future.

Thank you.



Dr. Kamau Gachigi
NITB Chairman

5. REPORT OF THE DIRECTOR GENERAL

The National Industrial Training Authority will always appreciate the support provided by the Government and Development Partners by preparing and submitting accurate and timely financial reports. This is a reflection of our commitment to operate within the prevailing financial management framework. It is therefore with great pleasure that I present to you the Annual Report and Financial Statement for the Financial Year ended 30th June 2022.

The Authority's efforts during the reporting period were geared towards the realization of its Strategic Plan (2018-2022) which cut across; reviewing, developing and implementing the industrial training schemes, improved management of industrial training levy, partnership with key industry players and efficient industrial attachment and placement of students among other strategies.

To align with the Big Four Agenda and other national priorities, the Authority partnered with relevant agencies in the industry to develop frameworks and standardize recognition of prior learning (RPL). RPL is the process of identifying, assessing and certifying knowledge, skills and attitudes regardless of how, when or where learning occurred. Through RPL it is expected that persons in the industry will acquire certification in the chosen areas of trade. Recognition of these types of learning will result in benefits in the labour market, formal education and training, greater opportunity for broader development, access to jobs, career progression, fostered remuneration and generally promoted employment equity. The RPL Framework will also include the Vertical Projection for NITA Level 4 to Level 8.

Pursuant to our corporate vision, the Authority gazetted the developed industrial training schemes which are key in standardizing training at different levels to various qualifications. This is in realization that aligning industrial training to the government's development agenda is a critical factor where the relevance of training programmes available to the employer is concerned.

NITA is responsible for assessing and collecting industrial training levy which every employer must remit on behalf of their employees' Kshs 600 annually to cater for their skills advancement. As part of the initiative under the Government of Kenya's "doing business made easier" agenda aimed at simplifying the process of paying the industrial training levy, KRA and NITA developed the Unified Payroll Return (UPR) for joint declaration and payment of Pay As You Earn (PAYE) and Industrial Training Levy (levy). This was rolled out in December 2020. The adopted strategy will go a long way in ensuring there is continuous skills enhancement for the employees/workers in the industry.

So far, the Authority has demonstrated its ability to deliver its core mandate, however, we still want to make our customer experience precisely in industrial training, more easily accessible as they interact with our services. This is the reason why the reporting period reflects quite a substantive investment in the Information Communication Technology (ICT) as part of our efforts to strengthen the organizational capacity in Automation by deploying the Enterprise Resource and Planning (ERP) system.

To ensure compliance with the provisions of the constitution on public participation, the Authority has ensured stakeholder engagement especially in policy developments and shall endeavor to sustain these engagements in future to ensure that the policies developed, meets the needs of the stakeholders.

Finally, the achievements we have outlined would not have been met without the dedication of our devoted Management Team and Staff Members. I would like to express my sincere gratitude for the support and cooperation geared towards achieving the Authority's mandate. I am confident that we have put in place a formidable team that will continue the work that was envisioned during the inception of the Authority. As we look into the future I encourage the momentum that we have built together as a regulator in the Industrial Training to rise to greater and more transformational levels as we continue to inculcate a positive culture to enable industrial training and skills development in Kenya.

Thank you.



Stephen O. Ogenga
DIRECTOR GENERAL

6. REVIEW OF NATIONAL INDUSTRIAL TRAINING AUTHORITY PERFORMANCE FOR FY 2021/2022

NITA has four (4) Key Result Areas, namely, Regulation of industrial training; Industrial skills development, Resource mobilization, and Organizational capacity development. In addition, the Authority has seven (7) Strategic Objectives within the Strategic Plan 2018-2022. The Strategic objectives are:

- a) Key Result Area I - Regulation of industrial training;
 - i) To Strengthen the Regulatory Role of NITA
 - ii) To Streamline Quality Assurance in Industrial Training Among Key Interested Parties
- b) Key Result Area II - Industrial skills development,
 - i) To Facilitate Provision of Adequate and Relevant Skills for Productivity Enhancement & Competitiveness
 - ii) To Mainstream Industrial Training in The Informal/Jua Kali Sector
- c) Key Result Area III - Resource mobilization,
 - i) To Enhance the Financial Sustainability of Industrial Training Programmes
- d) Key Result Area IV - Organizational capacity
 - i) To Ensure Adequate, Skilled and Productive Workforce for NITA
 - ii) To Strengthen Governance and Corporate Image

NITA develops its Corporate Work Plan based on the four (4) Key Areas and the seven (7) Strategic Objectives. Assessment of the Board’s performance against its annual Corporate Work Plan is done on quarterly basis mainly through the Performance Contracting System. The Authority achieved most of the performance targets set for the FY 2021/2022 period for its four KRAs and seven Strategic Objectives as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
KRA I - Regulation of Industrial Training	To Strengthen the Regulatory Role of NITA	% implementation of Board resolutions	Coordinate the implementation of resolutions of the NITB	90%
		Number of the 5 Terms of Reference Implemented	Coordinate the implementation of the Sector Training Committees	64.2%
	To Streamline Quality Assurance in Industrial Training Among Key Interested Parties	Number of targeted 110 training providers registered	Standardization of Industrial Training Offered In The Industry	205
		% Review of the Industrial Training Act	Appropriate Policy, Legal and Institutional Frameworks in Place	25.67%
KRA II - Industrial skills development	To Facilitate Provision of Adequate and Relevant Skills	Number of Youth and Women in Textiles and Apparels trained	Skills to Actualize the “Big Four” Initiative Enhanced	14,467

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	for Productivity Enhancement & Competitiveness	against the target of 10,000		
		Number of workers approved for training against a target of 40,000	Persons Trained In Industrial Skills Increased	45,324
	To Mainstream Industrial Training in The Informal/Jua Kali Sector	Number of persons attached in industry against a target of 30,000	Trainees and Instructors/Lecturers Attached In Industry Increased	29,102
		Number of persons assessed against a target of 64,000	Persons Assessed In Competencies Increased	153,291
KRA III - Resource mobilization	To Enhance the Financial Sustainability of Industrial Training Programmes	% absorption of allocated funds	Absorption of Allocated Funds (GOK)	95.81%
		% absorption of Externally Mobilized Resources	Absorption of Externally Mobilized Resources	20.98%
		Amount of money collected against a target of Ksh 764.2M	A-In-A	Ksh825,757,162
		Amount of levy collected against a target of Ksh 950m	Collection of Industrial Training Levy Enhanced	Ksh. 721,969,223
KRA IV - Organizational capacity Development	To Ensure Adequate, Skilled and Productive Workforce for NITA	Number of NITA staff trained	Competence Development	91
	To Strengthen Governance and Corporate Image	% implementation of service delivery charter	Implementation of Citizens' Service Delivery Charter	89.57%
		% of complaints resolved	Resolution of Public Complaints	83.72%
		% mitigations activity against Covid-19	Mitigate the effect of Covid-19 Pandemic	75%
		% of brand publicity and corporate image undertaken	Brand Publicity and Corporate Image enhanced	100%
		% marketing of products and services	Marketing of NITA Products and Services	135%
		% AGPO by youth and women	Access to Government	Ksh 13.4%

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			Procurement Opportunities (AGPO) against a target of Ksh 258.8 m	
		% promotion of local content in procurement	Promotion of Local Content in Procurement against a target of Ksh 345.08M	Ksh 24.11%
		% disability mainstreaming	Disability Mainstreaming	59%
		% corruption prevention interventions	Corruption Prevention	85%

7. CORPORATE GOVERNANCE STATEMENT

The Board of Directors recognizes the importance of applying the highest standards of corporate governance as a key contributor to its long term success, long term value and prosperity. Balancing the interest of the company's many stakeholders. It provides the frame work for attaining the Authority's objectives.

The Board

The size, composition and appointments of the Members of the Board are prescribed in the Training and Industrial Act. NITA Board comprises of eleven (11) independent non-executives board of directors. Each member serves for a maximum of two terms of four (4) years each.

No.	COMMITTEE NAME	MEMBERSHIP
1.	Audit and Risk Management Committee; - ARMC	1. Mr. Mike Macharia - Chair 2. Rev. Joel K. Chebii, OGW 3. Mr. Apollo Kiarie 4. Mr. Rastas Shikuku
2.	Finance and Levy Administration Committee; - FLAC ;	1. Mr. Wilson Ngahu - Chair 2. Dr. Musa Nyandusi 3. Ms. Gilda Odera 4. Mr. Benson Okwaro 5. Mr. Rastas Shikuku
3.	Human Resource, Governance and Administration Committee; - HRG&A ;	1. Mrs. Gilda Odera - Chair 2. Rev. Joel Chebii 3. Ms. Carolyn Rutto 4. Mr. Wilson Ngahu 5. Mr. Benard Isalambo
4.	Industrial Training and Strategy Committee; - IT&SC ;	1. Mr. Benson Okwaro - Chair 2. Mr. Mike Macharia 3. Ms. Carolyn C. Rutto 4. Mr. Apollo Kiarie 5. Mr. Benard Isalambo
	Ad Hoc Steering Committee of The Kenya Youth & Employment And Opportunities Project (KYEOP)	1. Ms. Carolyn C. Rutto - Chair 2. Dr. Kamau Gachigi 3. Mr. Apollo Kiarie 4. Dr. Musa Nyandusi 5. Rev. Joel Chebii, OGW

The Board is charged with the following responsibilities:

- Defining the purpose of the National Industrial Training Authority, that is, its strategic intent and objectives, and its values which should be clear, concise and achievable;
- Strategy formulation and ensuring there are appropriate policies, systems and structures to effectively and successfully implement the strategies;
- Provide leadership within a framework of prudent and effective structures which enable risks to be assessed;
- Identify the opportunities as well as the principle risks in its operating environment including the preparation of the risk policy plans/risk management policies and implementation of appropriate measures to manage such risks or anticipated impact on the corporate business;

- e) Review on a regular basis the adequacy and integrity of the internal controls, acquisition and divestures, management information systems including compliance with applicable laws and regulations;
- f) In stewardship and in discharging its obligations, the Board assumes responsibility in the following areas:
- (i) Retaining full and effective control over NITA, and monitoring management in implementing Board plans and strategies;
 - (ii) Ensuring ethical behaviour and compliance with relevant laws and regulations, audit and accounting principles, and NITA's own governing documents and Code of Ethics;
 - (iii) Defining levels of materiality, reserving specific powers to the Board and delegating other matters with the necessary written authority to management and instituting effective mechanisms that ensure Board responsibility for management performance of its functions; among other mandates and responsibilities as stipulated in the Industrial act.

BOARD COMMITTEES

The Board has established the following committees;

- Industrial Training & Strategy committee
- Human Resource, Governance & Administration committee
- Finance & Levy Administration Committee
- Audit & Risk Management committee
- ADHOC Steering Committee on the Kenya Youth Employment and Opportunity Project

FINANCE & LEVY ADMINISTRATION COMMITTEE.

Terms of reference for the committee include;

- Approve and maintain budgetary systems of Authority.
- Oversee financial reporting process & internal controls
- Monitor the financial reporting process to ensure compliance.
- Review, approve or recommend to the Board on matters pertaining to investments.

HUMAN RESOURCE, GOVERNANCE & ADMINISTRATION COMMITTEE.

The term of reference for the committee include;

- To approve recommendations on terms and condition of employment in the Authority, recruitment functions and staff appraisals.
- To ensure effective management, succession planning and management development plans are in place.
- Approve programs & policies involving the overall compensation of employees & Authority's collective bargaining agreement.
- Regularly assess staff benefit plans including new trends
- Review & monitor corporate performance against approved targets.

INDUSTRIAL TRAINING & STRATEGY COMMITTEE

The terms of reference for the committee include;

- To develop strategies for industrial training
- Ensure that implementation of Industrial Training is effective & efficient
- Advice on terms & conditions of industrial training providers.
- Develop regulations to facilitate effective industrial training
- Monitor Industrial training & advice on Industrial training.

AUDIT & RISK MANAGEMENT COMMITTEE.

The terms of reference for the committee include;

- Establish a NITA'S risk management policy.
- Create an understanding and ensure risk management practices at NITA.
- Review the scope & planning of the external audit.
- Review the annual financial statements of the Authority

Summary of Board and Board Committee Meetings for Financial Year 2021/2022

The following is a summary of the meetings of the Board and its Committees that took place for the year under review:

S/No.	Board / Committee	No. of Meetings
1	National Industrial Training Board	<ul style="list-style-type: none"> • 3 scheduled meetings • 3 special meetings
2	Finance and Levy Administration Committee	<ul style="list-style-type: none"> • 3 scheduled meetings • 1 special meeting
3	Human Resource, Governance And Administration Committee	<ul style="list-style-type: none"> • 3 scheduled meetings • 6 special meetings
4	Industrial Training And Strategy Committee	<ul style="list-style-type: none"> • 4 scheduled meetings
5	Audit and Risk Management Committee	<ul style="list-style-type: none"> • 3 scheduled meetings
6	AD HOC Committee- KYEOP	<ul style="list-style-type: none"> • 4 scheduled meetings • 2 special meetings

8. MANAGEMENT DISCUSSION AND ANALYSIS

The National Industrial Training Authority management team oversees development and implementation of annual budget approved by the National Industrial Training Board (NITB). NITA management therefore monitors the use of funds in line with the approved budget and Corporate Work Plan during the financial year. The Authority makes quarterly reports on budget utilization which are submitted to the Board of Directors, Parent Ministry and to The National Treasury. The reports indicate the achievements by the Authority, the challenges experienced during the implementation period and makes recommendations for overcoming the challenges.

The management also gives advice to the Board of Directors on issues related to its budget implementation such as low absorption of funds and revenue performance. This therefore promotes accountability in the use of financial resources.

Compliance with Statutory Requirements

The process of budget implementation ensures compliance to the Public Financial Management (PFM) Act 2012 and all other statutory requirements. NITA management has continued to improve its financial management system to ensure that financial records of the Authority are accurate and offers a true reflection of the financial position.

During the year under review, the Authority reported an increase in Industrial Training levy collections by 17% compared to the previous year. The increase is attributed to the NITA-KRA collaboration. The management further recognises that the Training levy collection for the period under review is 13% below the budget. This under achievement of budget can be attributed to challenges faced by the Authority due to many organizations non-compliance to pay the Industrial Training Levy and the political risk. In order to mitigate on this non-compliance, the Authority in consultation with FKE is holding sensitization forums with employers across the country to educate them about the benefits of being compliance with the Industrial Training Levy payments. The Unified Payroll Returns (UPR) introduced in January 2021 through a Government initiative on ease of doing business in the country saw the Authority partner with KRA in collection of Industrial Training Levy. The Authority is also contemplating recovering Industrial Levy contribution in arrears by enforcement of the Act and recover with interest and penalties all outstanding levy contributions due to the Authority. The authority has therefore continued to improve its customer relations with employers, which has been achieved through closer liaison with the Authority's stakeholders. From the implementation of 2021/22

FY budget, it was clear that about 39% of the total revenue to the Authority was realized from Industrial training levy, Government grants and subsidies 15% while revenue from rendering of services 41%, on call deposit 1% and other incomes 4%.

Total Revenue Collection

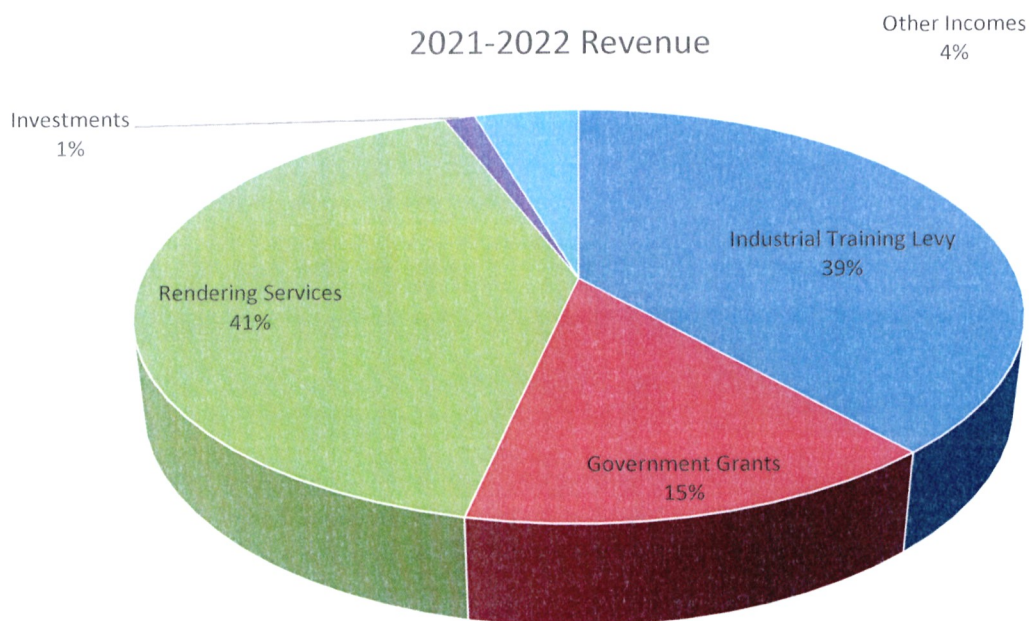


Figure 1.0 Total revenue collected for the year 2021/2022



Figure 1.1 Total revenue and Budget for the year 2021/2022

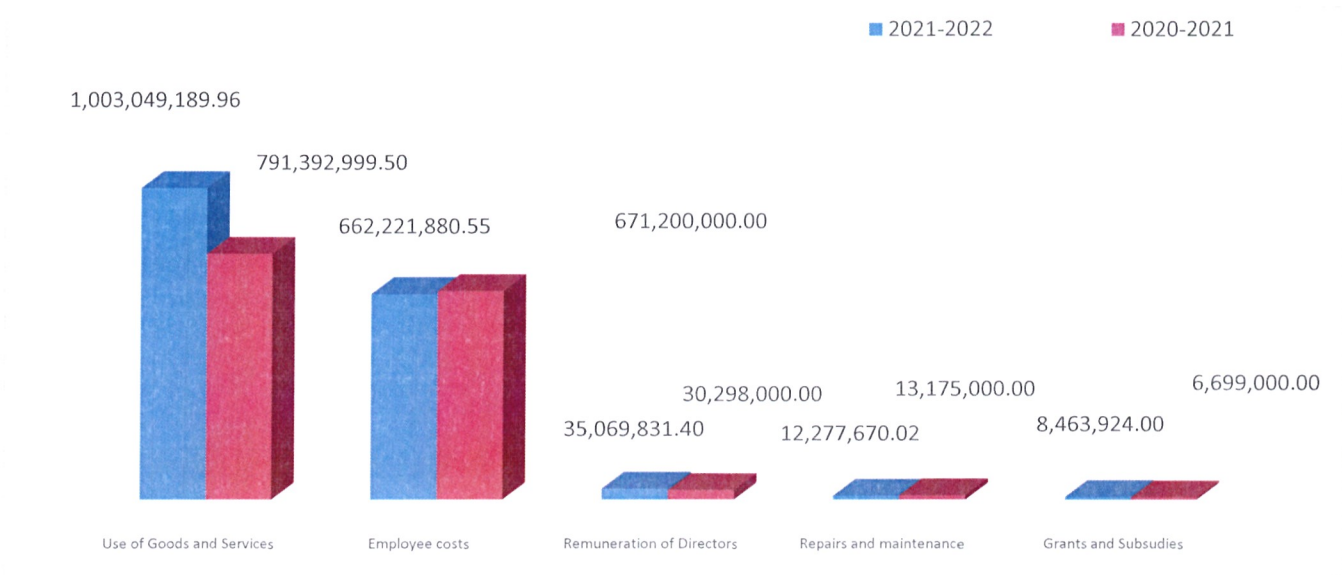


Figure 2.0 Expenditure comparison for the year 2021/2022 and 2020/2021

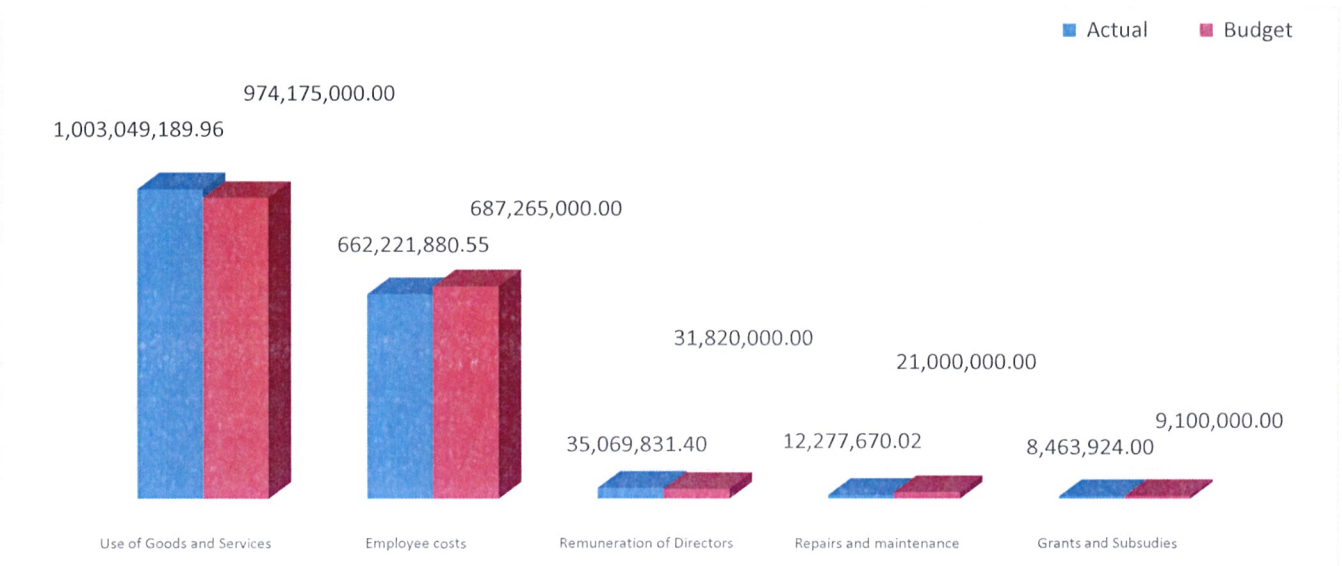


Figure 2.2 Actual Expenditure in comparison with Budget for the year 2021/2022

The major risk facing the National Industrial Training Authority are financial and operational risks associated with the Authority’s mandate. During the financial year 2021/2022 the management updated and monitored the risk profiles for each of the operating businesses and major projects to identify the nature and likelihood of its occurrence for specific material risks, key controls that are in place to mitigate and manage the risks, sources and levels of assurance

provided on the effective operations of key controls and responsibilities for managing risks. Therefore, the risk framework, policies and procedures will continue to be enhanced as the Authority's existing operations develop and its range of activities expand.

The year 2021/2022 the Authority's income on investment reduced by 16% as compared to the last financial year and 46% below the budget. This under achievement of the budget was attributed to changes in investment when the Authority liquidated part of its investments to procure Training Equipment to Centres. Equity shares with the Consolidated Bank of Kenya is 8.4M

9. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The project is not directly involved in corporate social activities; however, the Authority is actively involved in supporting the society as elaborated below.

❖ Female Engineering Sponsorship Programme

NITA's Corporate Social Investment is in form of sponsorship of 25 Kenyan female students from needy backgrounds annually to pursue engineering courses at craft, certificate and diploma levels in an effort to reduce gender disparity in technical/engineering disciplines as a part of its Corporate Social Investment. Through this affirmative action, this programme has benefitted over two hundred and twenty five (225) Kenyan students across the country to date.

The Female Engineering Training Programme was conceived out of a report on an overseas study tour to fifteen (15) countries with best levy practices in 2005. The objective of the programme was to address the observed gender imbalance in the engineering profession by supporting deserving and needy females to undertake engineering training.

Selected candidates are placed in NITA Centres, other National Polytechnics and technical training institutions. The students have undertaken various courses in electrical engineering (electronics, telecoms and computer), mechanical engineering (plant option and production), land survey, quantity survey, civil engineering, agricultural, and chemical engineering.

Criteria for selection of trainees is based on academic qualifications, and neediness of applicants from Arid and Semi- arid Land [ASAL] areas. Targeted ASAL areas are: Mandera, Turkana, Lamu, Wajir, West Pokot, Kwale, Ijara, Tana River, Garissa, Isiolo, Marsabit, Samburu, Elgeyo - Marakwet, Suba, Kajiado, Kilifi, Taita Taveta, Teso, Mt. Elgon, Kitui, Mwingi, Tharaka, Mbeere, Transmara, Makueni, Kuria and Marigat.

Most females from these marginalised areas fail to take Physics in high schools therefore leaving the subject to be male dominated, a factor which has contributed to a lower number of applicants from these regions.

Through the Female Engineering Sponsorship Committee which oversees the day-to-day running of the Programme, the Authority is working to develop intensive outreach programs in these areas to sensitize the locals on the importance of taking technical courses.

❖ Launch of CISCO/Bridge IT Academy

The effects of the Covid-19 pandemic have augmented the unemployment rate. It is important to provide mechanisms that equip people with disabilities (PWDs) with skills to match the market demand in order to boost their employability. NITA, CISCO Academy, Sightsavers International {through the initiative, Inclusive Futures}; Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, through its programme Employment and Skills for Development in Africa (E4D) and through the Global Project for the Inclusion of Persons with Disabilities seeks to promote this initiative through the launch of the CISCO/Bridge IT Academy to bridge the skills gap in the market by training people with disabilities (PWDs) in advance I.T. skills.

❖ Sustainability Strategy and Profile

Kenya's global competitiveness depends on its ability to create a human resource base that is constantly subjected to skills upgrading, NITA is awake to this fact and continues to provide strategic leadership in the development and advancement of the industrial skills ecosystem to ensure systemic, deliberate and innovative policy formulation and mobilization of resources to intensively and effectively drive the skills development agenda in the industry.

10. REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the National Industrial Training Authority affairs.

Principal activities

The Principal activities of the Industrial Training Authority are:

- Industrial training;
- Assessing and collecting industrial training levy and fees;
- Regulating trainers registered under section 7C of the Act
- Developing industrial training curricula;
- Integrating labour market information into skills development;
- Harmonizing curricula and certificates of competence;
- Assessing industrial training, testing occupational skills and awarding certificates
- Including Government trade test certificates;
- Equating certificates;
- Accrediting institutions engaged in skills training for industry;
- Associating or collaborating with any other body or organization within or outside Kenya as the Board may consider desirable or appropriate and in furtherance of the purposes for which the Authority is established;

Directors

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

Auditors

The Auditor General is responsible for the statutory audit of the National Industrial Authority in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Board

Corporate Secretary
Nairobi

Date.....

11. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, under the Industrial Training Act 2011 require the Directors to prepare financial statements in respect of that National Industrial Training Authority (NITA) which give a true and fair view of the state of affairs of NITA at the end of the financial year and the operating results of the NITA for that year. The Directors are also required to ensure NITA keeps proper accounting records which disclose with reasonable accuracy the financial position of NITA. The Directors are also responsible for safeguarding the assets of NITA.

The Directors are responsible for the preparation and presentation of the NITAs financial statements, which give a true and fair view of the state of affairs of NITA for and as at the end of the financial year ended on June 30, 2022. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period.
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of NITA
- (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 NITA
- (v) selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Directors accept responsibility for NITA 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 Industrial Training (Amendment) Act, 2011.

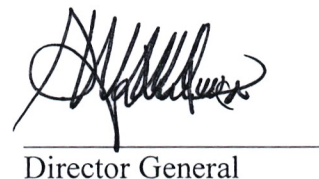
The Directors are of the opinion that NITA financial statements give a true and fair view of the state of ITA transactions during the financial year ended June 30, 2022, and of the NITA's financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for NITA which have been relied upon in the preparation of the NITA's financial statements as well as the adequacy of the systems of internal financial control.

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

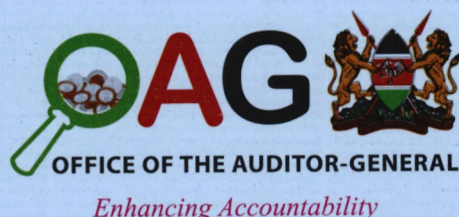
Approval of the financial statements

NITA financial statements were approved by the Board on.....2022 and signed on its behalf by:


Chairman of the Board


Director General

REPUBLIC OF KENYA



Telephone: +254-(20) 3214000
Email: 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 NATIONAL INDUSTRIAL TRAINING AUTHORITY 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 the 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 National Industrial Training Authority set out on pages 1 to 42, which comprise of the statement of financial position as at 30 June, 2022, and statement of financial performance, statement of changes in net

assets, statement of cash flows, 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Industrial Training Authority 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 Industrial Training Act, 2011 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.225,164,823 as disclosed in Note 18 to the financial statements. Review of supporting documents revealed that the balance includes balances that have been outstanding for long with some dating back to 2016/2017 financial year. Further, Management did not make a provision for doubtful debts nor explain the mechanism put in place to recover the long outstanding debts.

In the circumstances, the accuracy, recoverability and fair statement of the receivables from exchange transactions balance of Kshs.225,164,823 could not be confirmed.

2. Unsupported Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.332,820,042 as disclosed in Note 24 to the financial statements. However, the balance was not supported with detailed ageing analysis to ascertain for how long the payables have been outstanding.

In the circumstances, the accuracy and fair statement of trade and other payables balance of Kshs.332,820,042 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Industrial Training Authority 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

Unresolved Prior Year Audit Matters

In the audit report of the previous year, a number of paragraphs were raised. However, Management has not resolved or disclosed all the prior year matters as provided by the Public Sector Accounting Standards Board templates. Further, Management has not provided satisfactory explanation for the delay in resolving the issues.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Long Outstanding Imprest

The statement of financial position and as disclosed in Note 19 to the financial statements reflects receivables from non-exchange transaction balance of Kshs.61,355,885 in respect to outstanding staff imprest. Review of the imprest register revealed that the balance had not been surrendered within the stipulated time of seven (7) working days from completion of the activities while some balances date back to the financial year 2014/2015. This is contrary to the provisions of Regulation 93(5) of the Public Finance Management (National Governments) Regulations, 2015 which states that a holder of a temporary imprest shall account or surrender the imprest within seven (7) working days after returning to duty station.

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

2. Irregular Payment to Part-Time Lecturers

The statement of financial performance reflects use of goods and services expenditure of Kshs.1,003,049,190 and as disclosed in Note 11 to the financial statements. The balance includes expenditure on part-time lectures of Kshs.31,223,000. Review of payment rates applied as per the appointment letters revealed that the Authority's Board had recommended part-time industrial trainers/instructors' rates of Kshs.600 per hour for Diploma and specialized certificate courses and Kshs.400 per hour for all other

specialized courses with effect from 01 June, 2015. However, the Salaries and Remuneration Commission (SRC) circular approving the rates was not provided for audit.

In the circumstances, the regularity of the payment of Kshs.31,223,000 could not be confirmed.

3. Non-Compliance with the One-Third of Basic Salary Rule

Review of payroll revealed that some employees' remuneration were below a third of their basic salaries. This is contrary to the provisions of Employment Act 2012, Section 19(3) which provides that an Employer shall not deduct an amount which is equivalent to more than two-third from the basic wages of an Employee.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and 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 Directors

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

In preparing the financial statements, Management is responsible for assessing the Authority's ability to continue to sustain its services, disclosing, as applicable, matters

related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Authority or to cease operations.

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

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

The Board of Directors is responsible for overseeing the Authority'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 overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in

amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority'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 Authority 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 Authority to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nahey Gathungu, CBS
AUDITOR-GENERAL

Nairobi

12 May, 2023

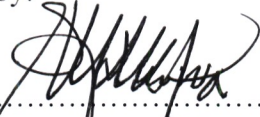
**National Industrial Training Authority
Annual Reports and Financial Statements
For the year ended June 30, 2022**

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

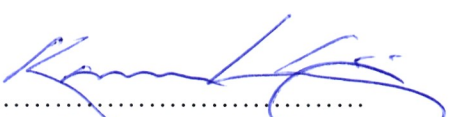
Description	Note	2021-2022	2020-2021
		Kshs	Kshs
Revenue from non-exchange transactions			
Training Levy	6	781,025,542	670,140,000
Transfers from other governments entities	7 (a)	298,620,000	298,120,000
Total revenue from non-exchange Transactions		1,079,645,542	968,260,000
Revenue from exchange transactions			
Rendering of services	8	822,601,400	387,437,000
Finance income	9	27,040,712	32,450,000
Other income	10	91,680,930	77,805,000
Total revenue from exchange Transactions		941,323,042	497,692,000
Total revenue		2,020,968,584	1,465,952,000
Expenses			
Use of goods and services	11(a)	1,003,049,190	791,393,000
Employee costs	12	662,221,881	671,200,000
Board Expenses	13	35,069,831	30,298,000
Depreciation and amortization expense	14	236,011,349	211,886,000
Repairs and maintenance	15	12,277,670	13,175,000
Grants and Subsidies	16	8,463,924	6,699,000
Total Expenses		1,957,093,845	1,724,651,000
Surplus/(deficit)for the period/year		63,874,739	(258,699,000)

The notes set out on pages 6 to 37 form an integral part of these Financial Statements

The Financial Statements set out on pages 1to 43 were signed on behalf of the Board of Directors by:


.....
Accounting Officer


.....
Head of Finance


.....
Chairman of the Board

Name: **Stephen O. Ogenga**

Name: **Gerald Kirimi**
ICPAK Member Number:8725

Name: **Dr. Kamau Gachigi**

Date

Date **18/04/2023**

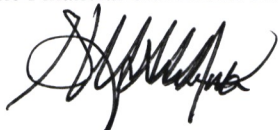
Date

**National Industrial Training Authority
Annual Reports and Financial Statements
For the year ended June 30, 2022**

14. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2022

	Notes	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and Cash equivalents	17 (a)	207,950,751	27,860,000
Receivables from Exchange transactions	18	225,164,823	211,113,000
Receivables from Non-Exchange transactions	19	61,355,885	44,209,000
Investments	20	8,400,000	8,400,000
Short term Investments		580,000,000	580,000,000
Total Current Assets		1,082,871,459	871,582,000
Non-Current Assets			
Property, Plant and Equipment	23	9,399,786,372	9,536,201,000
Intangible Assets	22	29,186,950	19,830,000
Total Non-Current Assets		9,428,973,322	9,556,031,000
Total Assets		10,511,844,781	10,427,613,000
Liabilities			
Current Liabilities			
Trade and other payables	24	332,820,042	315,018,000
Provision for receivables current year	25b	31,582,000	31,582,000
Prepaid Fees	24	-	544,000
Total Liabilities		364,402,042	347,144,000
Net Assets		10,147,442,739	10,080,468,000
Capital Reserves		90,000,000	90,000,000
Revaluation Reserve		9,899,001,000	9,899,001,000
Accumulated Surplus		158,441,739	91,467,000
Total Net Assets		10,147,442,739	10,080,468,000
Total Net Assets and Liabilities		10,147,442,739	10,080,468,000

The Financial Statements set out on pages 1 to 43 were signed on behalf of the Board of Directors by:



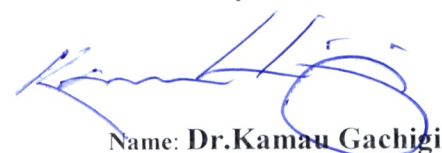
Name: Stephen O. Ogenga

Accounting Officer



Name: Gerald Kirimi

Head of Finance



Name: Dr. Kamau Gachigi

Chairman of the Board

ICPAK Member Number: 8725

Date

Date

18/04/2023

Date

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15. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

	Capital replacement development reserve/Capital Reserve	Revaluation Reserve	Accumulated surplus	Total
	Kshs	Kshs	Kshs	Kshs
As at 1 July 2020	90,000,000	9,899,001,000	353,883,000	10,342,884,000
Adjustment (2020-2021)			(3,717,000)	(3,717,000)
Revaluation Adjust				-
Surplus (Loss) for the period	-	-	(258,699,000)	(258,699,000)
As at 30 June 2021	90,000,000	9,899,001,000	91,467,000	10,080,468,000
As at 1st July 2021	90,000,000	9,899,001,000	91,467,000	10,080,468,000
Adjustment (2021-2022)	0	0	3,100,000	3,100,000
Revaluation Adjust	0	0	0	0
Surplus (Loss) for the period	0		63,874,739	63,874,739
As at 30 June 2022	90,000,000	9,899,001,000	158,441,739	10,147,442,739


Note: The Adjustment of Ksh 3,100,000 resulted from double reporting of an expense in the F/yr 2020/2021 which over casted the net loss reported. The transaction which is a payment to National Oil Company was both reported under expenses (use of good and services) and also included as a payable in the Payables amount for the F/yr 2020/2021 (Ksh 315,018,000). The adjustment has thus been made to correct this error and to report the correct Financial position.

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16. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Training Levy	6	781,025,542.35	670,140,000
Government grants and subsidies	7	298,620,000.00	298,120,000
Rendering of services	8	822,601,399.80	387,437,000
Finance income	9	27,040,712.35	32,450,000
Other income ,rentals and agency fees	10	91,680,929.55	77,805,000
Total Receipts		2,020,968,584	1,465,952,000
Payments			
Compensation of employees	12	662,221,880.55	671,200,000
Goods and services	11	1,003,049,189.96	791,393,000
Other payments	13,15&16	55,811,425.42	50,172,000
Increase in receivables staff debtors		17,146,885.35	(6,089,000)
Increase in receivables exchange		14,051,823.00	(16,450,000)
Decrease/Increase in Account Payables		-17,802,042.00	(35,928,000)
Decrease in prepaid fees		544,000.00	42,291,000
Total Payments		1,735,023,162	1,496,589,000
Net cash flows from operating activities		285,945,422	(30,637,000)
Cash flows from investing activities			
Purchase of property, plant, equipment	23	(63,716,521)	(63,521,000)
Purchase of intangible assets	22	(45,238,150)	(20,984,000)
Net cash flows used in investing activities		(108,954,671)	(84,505,000)
Cash flows from financing activities			
Adjustments		3,100,000	(3,717,000)
Cash flows from financing activities		-	-
Net increase/(decrease)in cash and cash equivalents		180,090,751	(118,858,000)
Net increase/(decrease)in cash and cash equivalents		180,090,751	(118,858,000)
Cash and cash equivalent as at 1 JULY		607,860,000	726,718,000
Cash and cash equivalents at 30th JUNE		787,950,751	607,860,000

The Financial Statements set out on pages 1 to 43 were signed on behalf of the Board of Directors by:


Name: **Stephen O. Ogenga**


Name: **Gerald Kirimi**


Name: **Dr. Kamau Gachigi**

Accounting Officer

Head of Finance:
ICPAK M/NO:8725

Chairman of the Board

Date

Date

Date

18/04/2023

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17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
Revenue	a	b	C=(a+b)	d	e=(c-d)	f=d/c*100
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Industrial Training Levy	900,000,000	-	900,000,000	781,025,542	118,974,458	87%
Government grants and subsidies	300,620,000	-	300,620,000	298,620,000	2,000,000	99%
Rendering of services	593,355,000	-	593,355,000	822,601,400	(229,246,400)	139%
Investment Income	50,000,000	-	50,000,000	27,040,712	22,959,288	54%
Other income,rentals and agency fees	27,450,000	-	27,450,000	91,680,930	(64,230,930)	334%
Total Income	1,871,425,000	-	1,871,425,000	2,020,968,584		
Expenses						
Use of goods and services	974,175,000	-	974,175,000	1,003,049,190	(28,874,190)	103%
Employee costs	687,265,000	-	687,265,000	662,221,881	25,043,119	96%
Remuneration of directors	31,820,000	-	31,820,000	35,069,831	(3,249,831)	110%
Repairs and maintenance	21,000,000	-	21,000,000	12,277,670	8,722,330	58%
Grants and Subsidies	9,100,000	-	9,100,000	8,463,924	636,076	93%
Total Expenses	1,723,360,000	-	1,723,360,000	1,721,082,496		
Surplus for the period						
Capital Expenditure	147,560,000		147,560,000	108,954,671		74%

Budget notes

1. REVENUE BUDGET

The over collection of Revenue of 8% was as a result of homecare cohort activities under Trade Test. The Authority is expected to improve its revenue collection as the economy stabilizes from the effects of Covid 19.

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2. EXPENSES

The negative variance is as a result of general increase in cost of goods and services that affected cost of training materials and depreciation and amortization charge that surpassed the provision by Kshs 94 Million.

18. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

National Industrial Training Authority is established by and derives its authority and accountability from Industrial Training (Amendment) Act 2011. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to promote the highest standards in the quality and efficiency of Industrial Training in Kenya and ensure adequate supply of properly trained manpower at all levels in industry.

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 areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements.

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 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3(applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2022: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2022 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> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2022:</p> <ol style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when

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Standard	Effective date and impact:
	<p>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.</p>
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard</p>

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

The entity recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

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.

Rendering of services

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

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

Sale of goods

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

Interest income

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions

Dividends

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

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 National Industrial Training Board. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the Authority upon receiving the respective approvals in order to conclude the final budget. Accordingly, the Authority did not have any additional appropriations on the 2021-2022 budget.

NITA'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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (Continued)

Sales tax

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

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

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

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

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 all of the 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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Research and development costs (Continued)

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

i) Financial instruments

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

NITA 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 a 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:

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Research and development costs (Continued)

i) 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. NITA determines the classification of its financial liabilities at initial recognition.

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

Loans and borrowing

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

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

i) Inventories

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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

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

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

j) Provisions

Provisions are recognized when the Authority 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 Authority 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

NITA 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

NITA 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 Authority in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

NITA does not create and maintains reserves in terms of specific requirements.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

n) Foreign currency transactions

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

o) Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

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

q) Service concession arrangements

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the NITA'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. State all judgements, estimates and assumptions made: e.g

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 LEVIES, FINES AND PENALTIES

Description	2021-2022	2020-2021
	Kshs	Kshs
Industrial Training Levy	781,025,542	670,140,000
Total	781,025,542	670,140,000

(Training levy collected from employers for the purpose of skill upgrading of employees as per the industrial training act)

7 (a) TRANSFERS FROM OTHER GOVERNMENTS

Description	2021-2022	2020-2021
	Kshs	Kshs
Operational Grant	290,620,000	290,620,000
Development Grant	8,000,000	7,500,000
Total	298,620,000	298,120,000

7 b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred	Amount recognised in capital fund.
National Treasury			
Ministry of Labour and Social Services	298,620,000	-	-
Total	298,620,000	-	-

(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending entity Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry).

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 (a) RENDERING OF SERVICES

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition Fees and Accommodation	166,880,952	85,704,000
Registration of Trainers	10,798,319	10,098,000
Trade Test Fees	635,753,190	288,320,000
Conference	9,168,939	3,315,000
Total revenue from rendering of services	822,601,400	387,437,000

(Trade test Fees for assessment and certification of skills, Tuition and Accommodation for student trainers at the Authority centres, Registration of Trainers fees for the regulation of Training providers, Conference Fee)

9 FINANCE INCOME - EXTERNAL INVESTMENTS

Description	2021-2022	2020-2021
	Kshs	Kshs
Income from on call deposits	27,040,712	32,450,000
Total other income	27,040,712	32,450,000

(Interest from investment on call deposit with KCB)

10 (a) OTHER INCOME

Description	2021-2022	2020-2021
	Kshs	Kshs
Miscellaneous Receipts	91,680,930	77,805,000
Other income		
Total other income	91,680,930	77,805,000

(Income from sale of curriculum, rent from staff houses, amount on insurance claims for staff and donation from International Labor Organisation).

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 USE OF GOODS AND SERVICES

Description	2021-2022	2020-2021
	Kshs	Kshs
Advertising and Publicity	12,088,501	7,881,055
Audit fees	960,000	-
Bedding & Linen	1,591,890	1,436,385
Chemicals, Detergents & Industrial gases	2,084,773	2,990,583
Claims, Damages & Compensation	7,095,886	2,564,999
Conference Expenses	5,351,909	9,134,431
Curriculum Development	14,542,250	5,172,861
Domestic Travel	28,886,297	31,465,700
Electricity	22,164,300	17,352,685
Bank Charges	8,187,219	7,562,341
Food & Ratio	46,324,965	32,533,978
Foreign Travel	6,190,725	16,800
Fuel, Oil and Lubricants	12,095,880	8,965,605
Hospitality	8,375,339	12,755,604
Industrial Attachment	28,859,665	45,269,680
Insurance	7,976,736	3,774,257
Internal Audit Expenses	1,602,223	3,599,220
Legal Expenses	5,348,065	8,742,697
Library	1,013,060	614,252
Management Consultancy	-	103,600
Marketing Expenses	5,387,268	8,521,675
Office and General Supplies	21,910,748	21,619,722
Parttime Lectures	31,222,558	11,049,843
Planning Expenses	4,106,650	2,088,100
Professional Services		-
Quality Assurance Expenses	9,210,645	4,278,100
Registration of Training Providers Expenses	5,332,965	4,654,149
Reimbursements for Management Expenses	179,052,961	113,316,097
Rent & Rates	591,399	827,111
Sector Committees	16,487,061	19,264,858
Security	22,666,554	27,492,861
Seminars & Workshops	4,553,783	5,381,516
Specialized Materials	36,321,872	29,615,887
Student Examination	2,154,327	2,219,471
Subscriptions	1,475,946	1,349,230
Supplies Chain Management Expenses	6,347,275	4,148,685
Telecommunication	6,014,533	6,045,196
Trade Test Expenses	355,467,407	267,119,592

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Training Levy Expenses	35,387,373	50,651,070
Uniforms & Protective Clothing	775,200	35,655
Water	11,110,741	9,777,449
Staff Development	14,842,721	-
Welfare	11,889,523	-
Total Use of Goods& Services	1,003,049,190	791,393,000

12 EMPLOYEE COSTS

a) Employee cost

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and wages Basic	341,130,300	324,304,000
Commuter Allowance	53,236,000	57,220,000
House Allowance	140,260,000	148,565,000
Staff Pension	45,649,881	49,829,000
Medical Expenses	58,305,914	59,861,100
Other Allowance	23,639,785	9,427,900
Staff Development	0	8,988,000
Staff Welfare	0	13,005,000
Employee costs	662,221,881	671,200,000

13 BOARD EXPENSES

Description	2021-2022	2020-2021
	Kshs	Kshs
Chairman's Honoraria	591,000	657,000
Board Other Expenses	14,074,980	17,828,000
Board Capacity Building	13,158,400	4,531,000
Board Sub Committee	7,245,452	7,282,000
Total director emoluments	35,069,831	30,298,000

14 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2021-2022	2020-2021
	Kshs	Kshs
Property ,Plant and Equipment	200,130,149	205,590,000
Intangible Assets	35,881,200	6,296,000
Total Depreciation and amortization	236,011,349	211,886,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 REPAIRS AND MAINTENANCE

Description	2021-2022	2020-2021
	Kshs	Kshs
Maintenance of Equipment	203,674	479,000
Maintenance of Buildings	2,680,792	5,702,000
Maintenance of Furniture	225,450	424,000
Maintenance of Grounds	451,530	186,000
Maintenance of Motor Vehicle	8,221,619	5,720,000
Maintenance of Software	494,605	664,000
Total repairs and maintenance	12,277,670	13,175,000

16 GRANTS AND SUBSIDIES

Description	2021-2022	2020-2021
	Kshs	Kshs
Female Engineering	8,463,924	6,699,000
Total grants and subsidies	8,463,924	6,699,000

17 (a) CASH AND CASH EQUIVALENTS

Description	2021-2022	2020-2021
	Kshs	Kshs
Current account	207,117,363	27,013,000
Cash in Hand	833,388	847,000
Short Term Investments	580,000,000	580,000,000
Total cash and cash equivalents	787,950,751	607,860,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17 (b) DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Description		2021-2022	2020-2021
Financial institution	Account number	Kshs	Kshs
a) Current account			
KCB Industrial Area (Revenue)	1102588075	150,623,575	7,422,000
KCB Industrial Area (Payments)	1158641931	42,279,764	16,218,000
KCB Kisumu	1144138434		19,000

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		706,706	
KCB Mombasa	1144254639	4,561,286	215,000
KCB Kitengela	1170854729	7,502,866	1,720,000
Standard Chartered Bank Industrial Area	104031408200	-	140000
National Bank Harambee Avenue	1001000902800	1,443,166	1,279,000
Sub- total		207,117,363	27,013,000
b) Cash in hand			
KCB Industrial Nairobi		511,062	541,000
KCB Kisumu		72,327	148,000
KCB Mombasa		100,000	8,000
KCB Kitengela		149,999	150,000
Sub- total		833,388	847,000
Total Cash in hand & Bank		207,950,751	27,860,000
c) On call Deposits			
KCB		440,000,000	440,000,000
Sub- total		440,000,000	440,000,000
d) Staff Car Loan and Mortgage			
Car Loan		20,000,000	20,000,000
Mortgage		120,000,000	120,000,000
Sub- total		140,000,000	140,000,000
Grand total		787,950,751	607,860,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2021-2022	2020-2021
	Kshs	Kshs
Current receivables		
Receivables - Conference	47,765,005	44,896,000
Receivables- Students	135,699,937	125,718,000
Receivables- DTB	12,823,321	12,823,000

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Receivables- Bounced Cheques	18,758,885	18,759,000
Receivables- Others	10,117,675	8,917,000
Total current receivables	225,164,823	211,113,000

19 RECEIVABLES FROM NON-EXCHANGE

Description	2021-2022	2020-2021
	Kshs	Kshs
Current receivables		
Receivables – Staff	61,355,885	44,209,000
Total current receivables	61,355,885	44,209,000

20 INVESTMENTS

Description	2021-2022	2020-2021
	Kshs	Kshs
Equity Investments	8,400,000	8,400,000
Equity in Shares	8,400,000	8,400,000
c) On call Deposits		
KCB	440,000,000	440,000,000
Sub- total	440,000,000	440,000,000
d) Staff Car Loan and Mortgage		
Car Loan	20,000,000	20,000,000
Mortgage	120,000,000	120,000,000
Sub- total	140,000,000	140,000,000
Grand Total	588,400,000	588,400,000

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

21 PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Plant & Machinery	Motor Vehicles	Computer & Accessories	Furniture	Equipment	Books	Totals
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Cost									
At 1st July 2018	5,653,615,000	2,734,589,000	237,084,000	188,614,000	163,366,000	65,736,000	196,944,000	1,233,000	9,241,181,000
Revaluation	954,685,000	(125,311,000)	204,437,000	(134,870,000)	(127,564,000)	(9,737,000)	(186,196,000)	-	575,444,000
Additions	-	4,002,000	-	-	58,073,000	10,807,000	10,040,000	-	82,922,000
As at 30th June 2019	6,608,300,000	2,613,280,000	441,522,000	53,744,000	93,875,000	66,806,000	20,788,000	1,233,000	9,899,548,000
As at 1st July 2019	6,608,300,000	2,613,280,000	441,522,000	53,744,000	93,875,000	66,806,000	20,788,000	1,233,000	9,899,548,000
Adjustment Revaluation	-	55,850,000	(32,187,000.00)	28,571,000	-	(7,693,000)	-	-	44,541,000
Additions	-	2,014	-	-	50,984,000	9,243,000	48,634,000	-	110,875,000
As at 30th June 2020	6,608,300,000	2,669,132,014	409,335,000	82,315,000	144,859,000	68,356,000	69,422,000	1,233,000	10,054,964,000
At 1st July 2020	6,608,300,000	2,669,132,014	409,335,000	82,315,000	144,859,000	68,356,000	69,422,000	1,233,000	10,054,964,000
Additions	-	38,649,000	-	-	12,500,000	622,000	11,750,000	-	63,521,000
At 30th June 2021	6,608,300,000	2,707,781,014	409,335,000	82,315,000	157,359,000	68,978,000	81,172,000	1,233,000	10,118,485,000
At 1st July 2021	6,608,300,000	2,709,793,000	409,333,854	82,315,000	157,358,000	68,979,000	81,172,000	1,233,484	10,118,485,000
Additions	-	20,825,524	-	16,270,575	4,966,775	9,017,245	12,637,064	-	63,716,521
At 30th June 2022	6,608,300,000.00	2,730,618,524.37	409,333,854.00	98,585,575.40	162,324,775.05	77,996,244.77	93,809,063.60	1,233,484.00	10,182,201,521
Depreciation & Impairment									
As at 1st July 2019	0.00	241,722,000.00	120,590,000.00	144,663,000.00	101,285,000.00	22,261,000.00	51,289,000.00	492,000.00	682,302,000.00
Depreciation	0.00	65,375,000.00	29,636,000.00	0.00	47,128,000.00	7,654,000.00	17,420,000.00	123.00	167,336,000.00

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Accumulated Dep 30th June 2019	0.00	307,097,000.00	150,226,000.00	144,663,000.00	148,413,000.00	29,915,000.00	68,709,000.00	615,000.00	849,638,000.00
Revaluation Reserve	0.00	(307,097,000.00)	(150,226,000.00)	(144,663,000.00)	(148,413,000.00)	(29,915,000.00)	(68,709,000.00)	0.00	(849,023,000.00)
Depreciation	0.00	65,332,000.00	55,192,000.00	13,437,000.00	28,162,000.00	8,351,000.00	2,599,000.00	124,000.00	173,197,000.00
Accumulated Dep as at 1st July 2019	0.00	65,332,000.00	55,192,000.00	13,437,000.00	28,162,000.00	8,351,000.00	2,599,000.00	739,000.00	173,812,000.00
Adjustment for Depreciation	0.00	1,396,000.00	(4,023,000.00)	7,143,000.00	0.00	(962,000.00)	0.00	0.00	3,554,000.00
Depreciation	0.00	66,779,000.00	51,167,000.00	20,578,000.00	43,457,000.00	8,545,000.00	8,678,000.00	123,000.00	199,327,000.00
Accumulated Dep 30th June 2020	0.00	133,507,000.00	102,336,000.00	41,159,000.00	71,619,000.00	15,934,000.00	11,277,000.00	863,000.00	376,694,000.00
Depreciation	-	67,745,000	51,167,000	20,579,000	47,207,700	8,622,000	10,147,000	123,000	205,590,000
Accumulated dep 30th June 2021	-	201,252,000	153,504,000	61,737,000	118,827,000	24,556,000	21,423,000	986,000	582,284,000.00
Depreciation	-	67,694,525.35	51,166,875.00	20,578,750.00	41,797,775.05	8,622,375.00	10,146,500.00	123,348.40	200,130,148.80
Accumulated dep 30th June 2022	-	268,946,525.35	204,670,875.00	82,315,750.00	160,624,775.05	33,178,375.00	31,569,500.00	1,109,348.40	782,415,148.80
Net Book Values									
As at 30th June 2022	6,608,300,000.00	2,461,671,999.02	204,662,979.00	16,269,825.40	1,700,000.00	44,817,869.77	62,239,563.60	124,135.60	9,399,786,372.39
As at 30th June 2021	6,608,300,000	2,508,541,000	255,833,000	20,578,000	38,530,000	44,423,000	59,749,000	247,000	9,536,201,000
Depreciation Rate		2.5%	12.5%	25.0%	30.0%	12.5%	12.5%	10.0%	

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 INTANGIBLE ASSETS-SOFTWARE

Description	2021-2022	2020-2021
	Kshs	Kshs
Cost		
At beginning of the year	119,604,000	98,620,000
Additions	45,238,150	20,984,000
At end of the year	164,842,150	119,604,000
At end of the year	164,842,150	119,604,000
At beginning of the year	99,774,000	93,479,000
Amortization	35,881,200	6,295,000
At end of the year	135,655,200	99,774,000
NBV	29,186,950	19,830,000

23 PROPERTY PLANT AND EQUIPMENT

Description	2021-2022	2020-2021
	Kshs	Kshs
Cost At beginning of the year	10,118,485,000	10,054,964,000
Additions	63,716,521	63,521,000
Accumulated Depreciation	(782,415,149)	(582,284,000)
At end of the year	9,399,786,372	9,536,201,000
NBV	9,399,786,372	9,536,201,000

24 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade Payables	332,820,041.61	315,018,000.00
Payment received in advance	-	544,000.00
Employee advance	-	-
Other payables	-	-
Total trade and other payables	332,820,041.61	315,562,000.00

25 CURRENT PROVISIONS

a) Deposits in collapsed Banks

Description	2021-2022	2020-2021
	Kshs	Kshs
Prudential Bank Ltd	50,595,000	50,595,000
Thabiti Finance Company	26,029,000	26,029,000
Pioneer Building Society	15,000,000	15,000,000
Continental Credit Finance Ltd	8,830,000	8,830,000
Nairobi Finance Company	8,530,000	8,530,000
Allied Credit Limited	5,388,000	5,388,000

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Middle Africa Finance Co. Ltd	5,345,000	5,345,000
Meridian BIAO Bank (K) Ltd	3,988,000	3,988,000
Inter Africa Credit Ltd	2,461,000	2,461,000
Country Building Society	2,000,000	2,000,000
United Trustee Finance Co. Ltd	1,300,000	1,300,000
Total Deposits held in collapsed banks	129,466,000	129,466,000
Provision for Deposits in collapsed Banks	129,466,000	129,466,000
Total Deposits held in collapsed banks	129,466,000	129,466,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

b) Provisions for Receivables

Description	2021-2022	2020-2021
	Kshs	Kshs
Provisions for bounced Cheques	18,759,000.00	18,759,000.00
Provisions for DTB Cheques	12,823,000.00	12,823,000.00
Total Provisions	31,582,000.00	31,582,000.00

26 EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2021-2021	2020-2021
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	0.00	0.00	0.00	0.00	0.00
Non-current benefit obligation	0.00	0.00	0.00	0.00	0.00
Total employee benefits obligation	0.00	0.00	0.00	0.00	0.00

The entity operates a defined benefit scheme for all full-time employees from July 1, 2013. The scheme is based on xxx percentage of salary of an employee at the time of retirement. During the year, XXX actuarial valuers were engaged to value the scheme. The liability at the end of the year is as follows:

	2021-2022	2020-2021
	Kshs	Kshs
Valuation at the beginning of the year	0.00	0.00
Changes in valuation during the year	0.00	0.00
Valuation at end of the year	0.00	0.00

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.400 per employee per month.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27 CASH GENERATED FROM OPERATIONS

Description	2021-2022	2020-2021
	Kshs	Kshs
Surplus for the year before tax	63,874,739	(258,699,000)
Adjusted for:		
Depreciation	236,011,349	211,886,000
Working Capital adjustments		
Increase in receivables exchange	(14,051,823)	6,089,000
Increase in receivables non exchange	(17,146,885)	16,451,000
Increase in payables	17,802,042	35,927,000
Decrease in payments received in advance	(544,000)	(42,291,000)
Net cash flow from operating activities	285,945,422	(30,637,000)

28 FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (Continued)

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

Description	Total Amount	Fully Performing	Past due
	Kshs	Kshs	Kshs
At 30 June 2022			
Receivables from non-Exchange Transactions	61,355,885	26,031,000	35,324,885
Conference Fees	47,765,000	8,373,000	39,392,000
Student Fees	135,700,000	18,528,000	117,172,000
Other Receivables	10,118,000	1,201,000	8,917,000
Bank Balances	787,914,000		787,914,000
Total	1,042,852,885	54,133,000	988,719,885
At 30 June 2021			
Receivables from Exchange Transactions	60,659,000	55,069,000	5,590,000
Conference Fees	48,785,000	14,552,000	34,233,000
Student Fees	119,351,000	93,585,000	25,766,000
Other Receivables	17,484,000	17,484,000	-
Bank Balances	726,718,000	726,718,000	
Total	972,997,000	907,408,000	65,589,000

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

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

(ii) Liquidity risk management

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. FINANCIAL RISK MANAGEMENT (Continued)

(ii) Liquidity risk management (Continued)

Description	Less than 1 Month	Between 1-3 Months	Over 5 Months	Total
	kshs	kshs	kshs	kshs
At 30 June 2022				
Trade Payables	162,164,042	21,357,000	149,299,000	332,820,042
Total	162,164,042	21,357,000	149,299,000	332,820,042
At 30 June 2021				
Trade Payables	61,767,000	253,795,000	-	315,562,000
Total	61,767,000	253,795,000	-	315,562,000

iii) Capital Risk Management

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Revaluation Reserve	9,899,001,000	9,899,001,000
Retained Earnings	158,441,739	91,467,000
Capital Reserve	90,000,000	90,000,000
Total Funds	10,147,442,739	10,080,468,000
Current liabilities	332,820,042	315,562,000
Total Current Liabilities	332,820,042	315,562,000
Net debt ratio to Equity	3%	3%

29 RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. RELATED PARTY BALANCE (Continued)

Description	2021-2022	2020-2021
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of goods to xxx	Nil	Nil
Sales of services xxx		
Total	Nil	Nil
b) Grants from the Government		
Grants from National Govt	298,620,000	298,120,000
Grants from County Government		
Donations in kind		
Total	298,620,000	298,120,000
c) Expenses incurred on behalf of related party		
Payments of salaries and wages for xxx employees	506,429,000	578,153,000
Payments for goods and services for xxx		
Total	506,429,000	578,153,000
d) Key management compensation		
Directors' emoluments	1,044,000.00	1,044,000.00
Compensation to the CEO	5,918,000.00	1,046,000.00
Compensation to key management	68,112,000.00	79,787,000.00
	75,074,000.00	81,877,000.00
Total	880,123,000.00	958,150,000.00

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Description	2021-2022	2020-2021
	Kshs	Kshs
Court Litigations	38,000,000	38,000,000
Audit fee	1,500,000	1,500,000
Kra Tax Arrears	53,895,000	
Tvet 20% Act	6,620,000	
Helb 10% Act	3,310,000	
Motor Vehicle Purchase	12,750,000	
Totals	116,075,000	39,500,000

31 CAPITAL COMMITMENTS

Description	2021-2022	2020-2021
	Kshs	Kshs
Authorised for		-
Authorised and Contracted for	6,495,000	8,913,000
Total	6,495,000	8,913,000

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

32 EVENTS AFTER THE REPORTING PERIOD

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

33 ULTIMATE AND HOLDING ENTITY

NITA is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Labour and Social Protection, State Department for Labour. Its ultimate parent is the Government of Kenya.

34 Currency

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

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19. APPENDICES

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Inaccuracies in the Financial Statement.	<p>The budget balances reflected in the statement of comparison of budget and actual amounts differed from those in the approved budget provided for audit.</p> <p>Further, review of payrolls provided for audit revealed unexplained discrepancies with the balances reflected in the statement of financial performance.</p> <p>In addition, the statement of financial performance and as disclosed in Note 11 to the financial statements reflects fuel, oil and lubricants balance of Kshs. 8,966,00 cut which an amount of Kshs.10,181,899 spent during the year was not posted to the general ledger.</p>	<p>It should be noted that revenue from Fines, penalties and levy collected reported under collection of 30% due to Covid-19 impact during the year under review.</p> <p>The GOK funding on development grant 7,500,000 was withdrawn.</p> <p>Investment Income reported under collection of 35% during the period under review due to interest rates dropping and also Authority Liquidating parts of Investments</p>	Manager Accounts	Resolved	
Property, Plant and Equipment	<p>i) Incomplete asset register The statement of financial position and as disclosed in Note 21 to the financial statements</p>	<p>The Management has noted the audit findings and recommendations and effort is</p>	Manager Accounts	Not Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>reflects property, plant and equipment balance of Kshs. 9,536,201,000. However, as previously reported, the balance includes land valued at Kshs 6,608,300,000 without title deeds.</p> <p>ii) Assets without ownership The balance also includes disputed parcel of land measuring 12.91 hectares valued at Kshs. 1,260,000,000 which was allocated to a private developer. In compensation, the Authority's regional centre in Mombasa, that is, the Mombasa Industrial Training Centre was allocated another parcel of land measuring 6.2 hectares located in Bombolulu area. This fact has not been disclosed in the financial statement and Management, did not show effort made by the Authority in pursuing the matter with the National Land Commission to acquire the titles to avoid losing the property.</p> <p>iii) Motor Vehicles Further, motor vehicles with a carrying amount of Kshs. 20,578,000 excludes the value of eleven (11) vehicles where (10) were registered under the Ministry of Labour and Manpower Development, and one is registered under Danida/Rural Development Fund. No documents were provided for audit to show efforts by the Management to have the vehicles registered in the Authority's</p>	<p>being done to update the Asset register regularly and the process of acquisition of ownership documents is still on going.</p>			


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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	name. In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs. 9,536,201,000 2021 could not be confirmed.				
Unsupported Investments	<p>The statement of financial position reflects short term investments balance of Kshs. 580,000,000 which, as disclosed in Note 20 (a) to the financial statements includes a balance of Kshs. 440,000,000 being balance on call deposits. However, fixed deposits receipts, certificate of balance, Board approval and interest earned were not provided.</p> <p>Further, the register provided did not reflect the fixed deposit receipts references, period, date deposited, maturity date and interest rate. In addition, included in short term investments balance of Kshs.580, 000,000 is Kshs. 140,000,000 relating to mortgage (Kshs. 120,000,000) and car loan (Kshs.20, 000,000) maintained at a commercial bank. The audit revealed that the Authority does not maintain separate cashbook or prepare separate monthly reconciliations for the staff mortgage and car loan.</p>	<p>The Investment register is up to date and available for the purposes of audit</p>	<p>Manager Accounts</p>	<p>Resolved</p>	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Deposits held in collapsed banks	<p>In the circumstances, the propriety and accuracy of Kshs. 580,000,000 could not be confirmed.</p> <p>The statement of financial position and as disclosed in Note 24 (a) to the financial statements reflects deposits amounting to Kshs. 129,466,000 held in various banks that collapsed over (20) years ago. During the year under review, no contingent liability was provided for the likely loss from these doubtful deposits. The Management did not demonstrate any efforts to recover the deposits through the Deposits Protection Fund.</p>	<p>The Deposits held in collapsed Banks is an historical case and the Authority is in the process of seeking an approval for write off since the recoverability of this funds is doubtful.</p>	<p>Manager Accounts</p>	<p>Not resolved- Process on going</p>	<p>31st December 2023</p>

Stephen Ogenga
Director General



Date.....

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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	IDA-5812-KE	WORLD BANK	5 YEARS	KSH. 3,500,000,000	YES	NO

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, ie total costs incurred, stage which the project is etc)

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	KYEOP	KSH.3,500,000,000	KSH.2,700,308,338	77%	KSH.575,808,289	KSH.290,909,383	DONOR FUNDS

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APPENDIX III: INTER-ENTITY TRANSFERS

ENTITY NAME:				
Break down of Transfers from the State Department of Labour				
FY 2021/2022				
a	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		16/09/2021	72,655,000	2021/2022
		07/12/2021	72,655,000	2021/2022
		17/03/2022	72,655,000	2021/2022
		10/05/2022	72,655,000	2021/2022
		Total	290,620,000	
b	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		25/10/2021	4,000,000	2021/2022
		23/06/2022	4,000,000	
		Total	8,000,000	
c	Direct Payments			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		Total	Nil	
d	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	IDA	2021/2022	205,587,026	2021/2022
		Total	205,587,026	

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

Head of Finance
National Industrial Training Authority

Head of Accounting Unit
Ministry of Labour & Social Protection

Sign -----

Sign-----

National Industrial Training Authority
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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized				Total Transfers during the Year	
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables		Others - must be specific
Ministry of Labour	16/09/2021	Recurrent	72,655,000	72,655,000	-	-	-	-	72,655,000
Ministry of Labour	07/12/2022	Recurrent	75,655,000	72,655,000	-	-	-	-	72,655,000
Ministry of Labour	17/03/2022	Recurrent	75,655,000	72,655,000	-	-	-	-	72,655,000
Ministry of Labour	10/05/2022	Recurrent	72,655,000	72,655,000	-	-	-	-	72,655,000
Ministry of Labour	25/10/2021	Development	4,000,000	4,000,000	-	-	-	-	4,000,000
Ministry of Labour	23/06/2021	Development	4,000,000	4,000,000	-	-	-	-	4,000,000
Total			298,620,000	298,620,000					298,620,000