

REPORT

PARLIAMENT
OF KENYA
LIBRARY

THE NATIONAL ASSEMBLY	
DATE: 05 JUL 2023	
TABLED BY:	Hon Owen Bayart CS, MP Deputy leader majority
CLERK-AT-THE-TABLE:	THE AUDITOR-GENERAL Anlye Mumbi

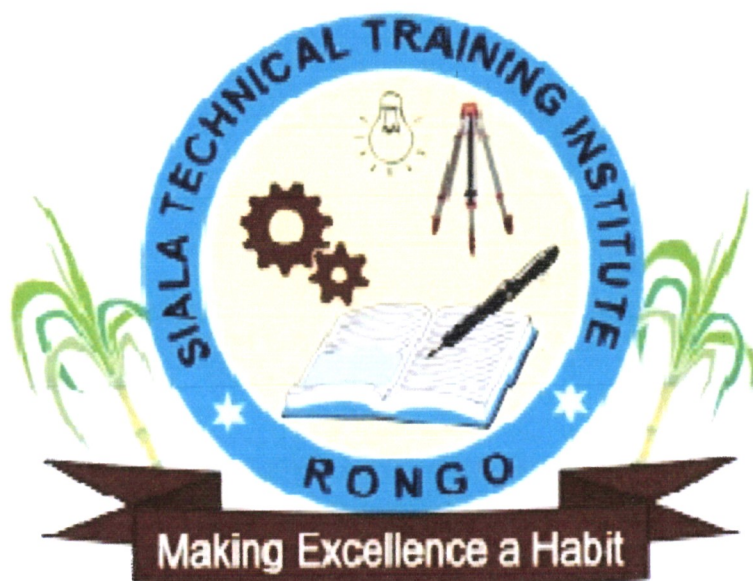
ON

**SIALA TECHNICAL
TRAINING INSTITUTE**

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



11/11/10



SIALA TECHNICAL TRAINING INSTITUTE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 2022





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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Siala Technical Training Institute was established under the TVET Act, 2013 in the year 2016.

The Institute is domiciled in Kenya and operates within the mandate of Ministry of Education which provides the general policy and strategic direction on Kenya's higher Education.

(b) Principal Activities

The core business of the Institute as provided by the TVET Act 2013 section 26 (1) (a) and (d) includes;

- i. Promotion of skills training in (TVET) through, research, science, technology and innovation in commensurate with industry and community demands.
- ii. Promotion of gender balance and equality of opportunity among students and employees.
- iii. Promotion of equalization for persons with disability, minorities and other marginalized groups.

Vision

A centre of excellence in research and skills training commensurate with industry and community demand.

Mission

To be a national skills training centre in TVET, research, science, technology and innovation to meet community demands.

Our slogan

Making excellence a habit

Core values

- i. Integrity
- ii. Transparency and Accountability
- iii. Team work
- iv. Fairness
- v. Creativity and Sustainability.



(c) Key Management

Siala Technical Training Institute day-to-day management is under the following organs:

- i. Board of Governors
- ii. Principal (Accounting Officer)
- iii. Management Team

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Asha Bakari
2.	Deputy Principal Administration	Jenipher Obuya
3	Deputy Principal Academics	Leah Odhiambo
4	Registrar	Alex Owiti
5	Dean of Students	Jacob Oloo
6	Head of Finance	Peter Aduda

(e) Fiduciary Oversight Arrangements

The Board has the overall mandate of ensuring the sound management of the Institute. This includes; approving policies, strategic governance, planning and reviewing policies and plans. Also approving budgets and quarterly/annual financial statements.

The Management team has the responsibility of ensuring that the policies approved by the Board are implemented and enhancing sound financial management for effective operations.



KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

- (f) **Headquarters**
P.O. Box 164-40404 **RONGO,**
Rongo, Homa-Bay Road,
RONGO, KENYA
- (g) **Contacts**
Telephone :(254) 706 633 334
E-mail: sialainstitute@gmail.com
Website: www.sialatech.ac.ke
- (h) **Bankers**
Kenya Commercial Bank Ltd.
Rongo Branch,
P.O. Box 266-40404
RONGO, KENYA.
- (i) **Independent Auditors**
Auditor General
Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084-00100 GPO
Nairobi, Kenya
- (j) **Principal Legal Adviser**
The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112, City Square 00200
Nairobi, Kenya

I. THE BOARD OF GOVERNORS



NAME: Mr. George P. Ogutu
YOB: 1963
POSITION/KEY RESPONSIBILITIES:
Board Chairman
QUALIFICATIONS: B.A. (UON).
WORK EXPERIENCE:
District Officer in Busia, Kakamega, Mwingi and Meru, Assistant Secretary Ministry of Information and Broadcasting.



NAME: Ms. Jane Akelo Ombajo
YOB: 1975
POSITION/KEY RESPONSIBILITIES:
Chairperson Education and Training committee
QUALIFICATIONS: M.A. B.Sc (Dr. Ambedkar Marathwada University India), Dip (Aurangabad India).
WORK EXPERIENCE:
Process Operator-Invisible Technologies, Data Specialist-Cloud Factory Kenya, M&E Officer Lorna Foundation.



NAME: Ms. Vivian Chemiron
YOB: 1991
POSITION/KEY RESPONSIBILITIES:
Board Member-Chairperson Finance Committee.
QUALIFICATIONS: B.Com. (Egerton University)
WORK EXPERIENCE:
Senior Account Assistant Rongo University.



NAME: Mr. John Mulatya Kisyula.
YOB: 1964
POSITION/KEY RESPONSIBILITIES:
Board Member
QUALIFICATIONS: B.Sc (CITDA
India), Diploma with KTTC.
WORK EXPERIENCE:
Lecturer KITI (Nakuru)



NAME: Mr. Symon Lawi Muriuki
YOB: 1963
POSITION/KEY RESPONSIBILITIES:
Board Member
QUALIFICATIONS: B.Sc., Dip
WORK EXPERIENCE:
Managing Director- Housemark
Company, Director-Catch22 Bar and
Lounge, Project Coordinator, Marketing
Manager- ApproTEC, Lecturer- Muranga
College of Technology.



NAME: Mr. Paul Otieno Aol
YOB: 1985
POSITION/KEY RESPONSIBILITIES:
Board Member
QUALIFICATIONS: LLB. (UoN)
WORK EXPERIENCE:
Secretary- Taskforce for the restoration
of Nairobi Dam, Office of the Legal
Advisor Secretariat-Nairobi City County,
Legal Assistant-Governor's Office Nairobi
City County, Centre Secretary-EK Kenya.



NAME: Dr. Maurice O. Odondo

YOB: 1974

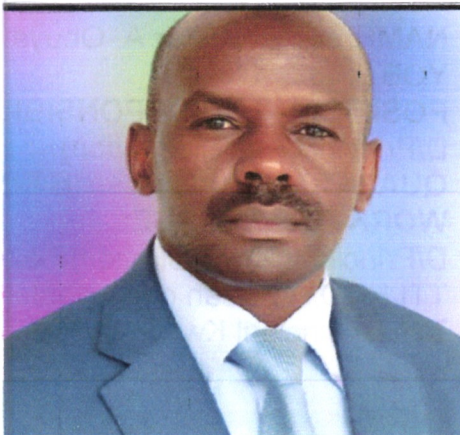
POSITION/KEY RESPONSIBILITIES:

Chair person Audit and Risk committee

QUALIFICATIONS: PhD (JKUAT) MBA (K U), B.Ed (Moi University),

WORK EXPERIENCE:

Deputy Director of Training, Research and Consultancy-KEMI, Deputy Director Corporate Services-KEMI, Head of School of Management-KEMI, National Management Trainer-KEMI, Teacher-Owiro Akoko Girls Secondary School.



NAME: Mr. Tom Olang'o

YOB:

POSITION/KEY RESPONSIBILITIES:

County Director (TVET)

QUALIFICATIONS:

WORK EXPERIENCE:

County Director TVET Ministry of Education.



NAME: Ms. Asha Bakari

YOB: 1972

POSITION/KEY RESPONSIBILITIES:

Principal /BOG Secretary

QUALIFICATIONS: M.Ed., B.Sc., PGDE Maseno.

WORK EXPERIENCE:

Principal siala TTI, D/Principal, Head of Department, P.C coordinator, ISO 9001 Management Representative and Trainer Mawego TTI.



II. MANAGEMENT TEAM



NAME: Ms. Asha Bakari
YOB: 1972
POSITION/KEY RESPONSIBILITIES:
Principal /BOG Secretary
QUALIFICATIONS: M.Ed., PGDE,
B.Sc.
WORK EXPERIENCE:
Principal Siala TTI, D/Principal, P.C
Coordinator, Head of Department, ISO
9001 Management Representative
and Trainer Mawego TTI.



NAME: Ms. Jenipher A. Obuya
YOB: 1963
POSITION/KEY RESPONSIBILITIES:
D/Principal (Administration)
QUALIFICATIONS: M.sc. B.Ed.
WORK EXPERIENCE:
D/Principal(Administration)Siala
TTI, HOD/Ag Dean of Students Siala
TTI, D/Principal KwoyoKodalo Sec.
School.



NAME: Ms. Leah A. Odhiambo
YOB: 1967
POSITION/KEY RESPONSIBILITIES:
D/Principal (Academics)
QUALIFICATIONS: B.sc.
WORK EXPERIENCE:
D/Principal (Academics)Siala TTI, HOD
Kisii Nat. Poly, Ass. Dean of Students
Moi Institute of Tech., Lecturer
Ramogiinst of Adv. Tech(RIAT), HOD
RIAT.



NAME: Mr. Alex Owiti

YOB: 1976

POSITION/KEY RESPONSIBILITIES:

Registrar

QUALIFICATIONS:

M.A(UON), B.ED.(UON)

WORK EXPERIENCE:

Trainer Mawego TTI, Trainer
,Registrar SialaTTI.



NAME: Mr. Peter Aduda

YOB: 1977

POSITION/KEY RESPONSIBILITIES:

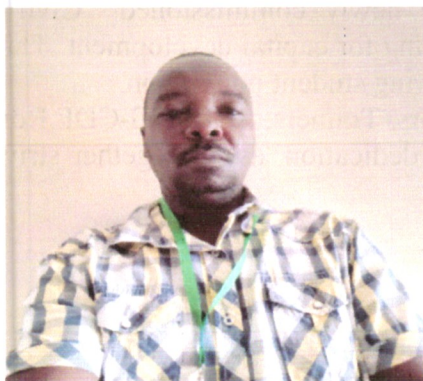
Finance Officer.

QUALIFICATIONS: CPA (K) (KCA

Kisii.)

WORK EXPERIENCE:

Finance Officer Siala TTI, Accountant
Southern Enterprises Ltd



NAME: Mr. Jacob Oloo Olwa

YOB: 1968

POSITION/KEY RESPONSIBILITIES:

Dean of Students

QUALIFICATIONS: Higher National

Diploma .

WORK EXPERIENCE:Registrar

Kisiwa TTI,

Dean of Students Siala TTI.



CHAIRMAN'S STATEMENT



On behalf of Siala Technical Training Institute, I'm pleased to present the Annual Report and Financial Statements for the year ended 30th June 2022. These statements are prepared in conformity with the International Public Sector Accounting Standards (IPSAS) and International Accounting Standards (IASs).

Further, the statements incorporate the requirements of Article 81 of the Public finance management Act, 2012 and the National treasury guidelines with regards to adoption of IPSAS.

Siala Technical Training Institute is committed to its mission of offering quality training within an environment of prudent financial management.

The just reviewed strategic plan will act as a guide for resource mobilization, utilization and management in order to improve efficiency and effectiveness in service delivery to staff, students and other stakeholders.

Moreover it will enable prioritization of projects and activities that are central to growth of the Institute and the attainment of vision 2030.

This is the sixth year since the establishment of Siala TTI. During the financial year 2021/2022 the Institute saw an increased number in student enrolment. This was attributed to government fee capitation.

We are confident that, with continued prudent management of resources and an increase in Government Development Grants and the continued engagement with other partners (NG-CDF and County Government) the Institute will develop into one of the modern TVET Institutions in the region.

I wish to thank the government for its financial support so far that has made it possible to implement the Institution's mandate and programs, more so the newly commissioned Civil Engineering Complex. However, I would like to appeal for more funding for capital development. This will enable the Institution build new infrastructure to support the growing student population.

Finally, I would also wish to thank the Board of Governors, Trainers, Staff, NG-CDF Rongo, Parents, Guardians and Students for their continued support and dedication, as we together strive to achieve greater heights of excellence.

Thank you.

Mr. George Philip Ogutu
Chairman, Board of Governors ,Siala TTI



REPORT OF THE PRINCIPAL



Presented here is the annual report and financial statements of Siala Technical Training Institute for the year ended 30th June 2022 as required by the Public Finance Management Act, 2012.

Siala TTI's performance during the year under review was impressive despite the financial constraints faced during the year. The government capitation still remains as the Institute's main source of income at 53.2% of tuition fee charged, followed by student's tuition fee and other income.

The Institute received from Government recurrent expenditure grants of Ksh.34,972,500 (Capitation grants).

The Institute also generated Ksh.41,359,155 from school fee and other income, which was used to finance operations of the Institute and procurement of capital projects.

The Institution faces financial challenges in view of expansion in student population. The COVID-19 pandemic which has temporarily been managed, made the situation difficult to finance the physical facilities as well as human resource capacity (BOG Staff).

The Institute has continued with its core mandate of disseminating knowledge through training, research and innovation and community outreach. The current student population is 1,100 and is expected to increase to 1468 by the end of financial year 2022/2023. Staff population stood at One Hundred and thirteen (113) at the close of financial year 2021/2022 and is expected to increase with the increase in trainees enrolment in the next financial year.

The Institute has done its best to control expenditure through a number of strategies. As a result the Institute realized savings in expenditure on non-priority activities which resulted to surplus funds where some funds were then reallocated to development of fixed asset (Tuition Block and Partial Fencing). These savings are to be mobilized in the coming year to finance Development projects and other expenditures

Development partner's projects

This financial year, the Institute received a boost when AfDB Phase II Civil Engineering Complex project was completed and commissioned. This eased the never ending student's training space.

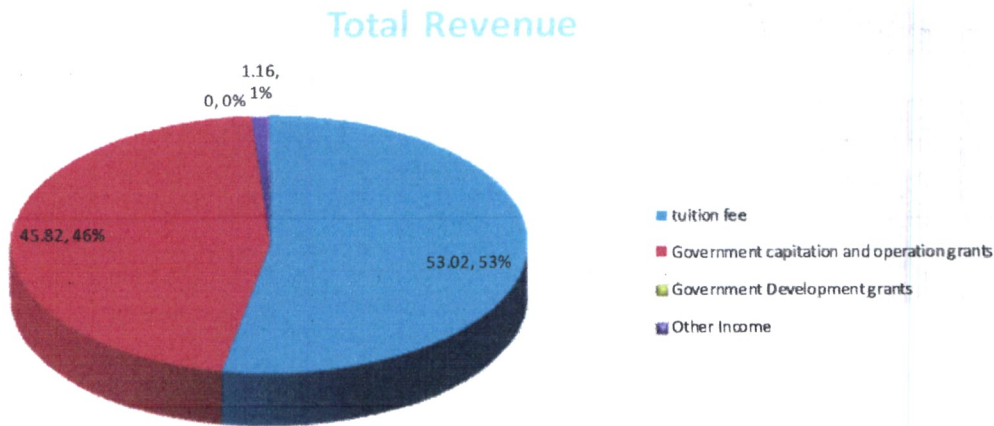
The Dining Hall sponsored by NG-CDF Rongo was officially handed over to the Institute hence improved learning space.



Financial performance summary.

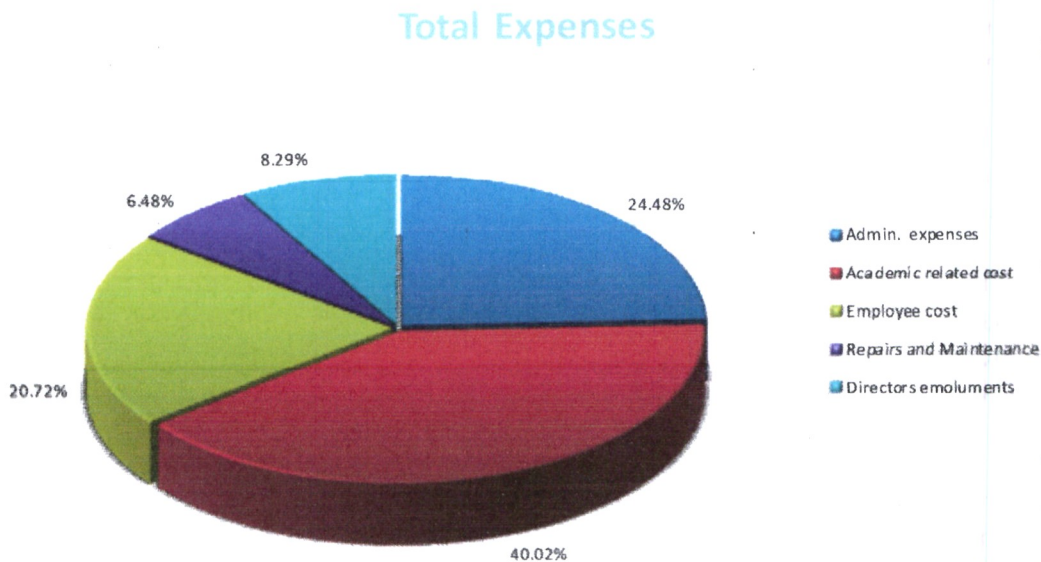
Revenue

During the year 2021/2022, the Institute received a total of Ksh.34,972,500 as Capitation grants, Ksh.40,471,845 as Tuition fee from parents, and Ksh.887,310 as other income.



Expenses

The Institute incurred Ksh.60,142,435. in Recurrent expenditure for the financial year 2021/2022. The biggest expenditure is shared between Academic Expenses and Admin. And General expenses at 40.02% and 24.48% respectively followed by Employee Cost. at 20.72%, Directors Emoluments at 8.29%, Repairs and Maintenance at 6.48%.





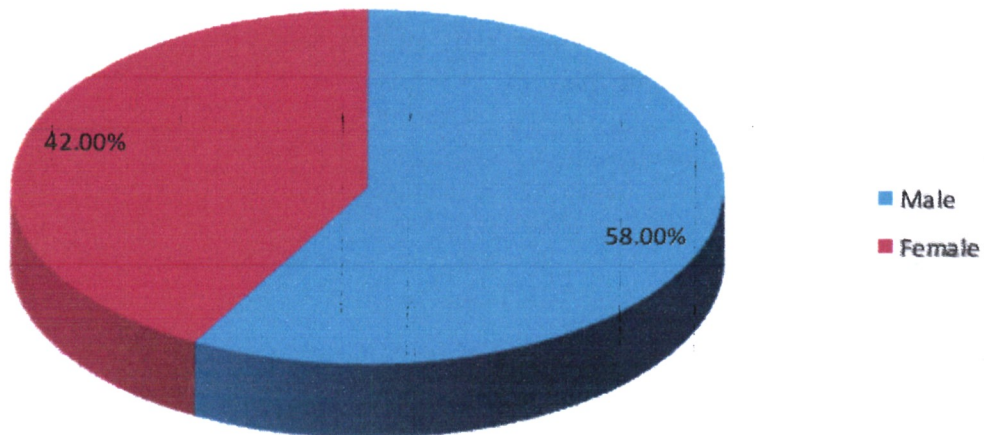
Staff Members

Staff population was One hundred and thirteen (113) at the close of Financial year 2021/2022 and is expected to rise for both Academic and Administrative in the next financial year.

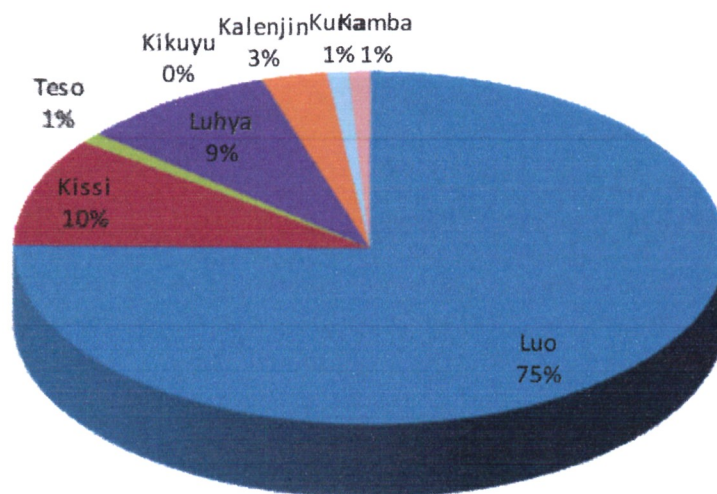
Gender Distribution; Male 66 and Female 47.

Geographical Distribution; Luo 86, Kisii 11, Luhya 10, Kalenjin 3, Kamba 1 and Kuria 1, Teso 1

Staff Gender Distribution



Staff Geographical Distribution





Conclusion

To address the revenue shortfall occasioned by the COVID-19 pandemic and low turnout during student's recruitment, the Institution has put in place measures to improve revenue realization through the development and implementation of fee collection policy. The Institution has also put in place measures to improve resource utilization.

This is by ensuring efficiency and economic probity in order to get value out of resources available.

On behalf of Siala TTI management and staff, I wish to take this opportunity to thank the Government, our Development partners and all Stakeholders for their continued support.

Finally, I would like to express my sincere gratitude to the Institute Board of Governors for providing policy and strategic guidance, the entire Institute staff and trainees who worked tirelessly to ensure smooth and successful operations of the institute.

Thank you.

Ms. Asha Bakari
Principal



I. GOK PERFORMANCE REPORT

I. SIALA TTI'S PERFORMANCE FOR FY 2021/2022

Siala TTI has six (6) strategic pillars and objectives within its Strategic Plan for the FY 2022-2026.

These strategic pillars are as follows:

The Strategic Objectives / Pillars

1. To produce well trained and skilled manpower for industry
2. To provide access and increase in student enrolment
3. To establish networks and strengthen partnerships
4. To improve institutional infrastructure and capacity
5. To diversify sources of income

Performance Contract

Siala TTI had a performance contract agreement with the Government of Kenya as a demonstration of its commitment to;

Ensure that public services were delivered in accordance with the constitution.

Ensure modernization of public service by introduction of modern technologies and innovative service delivery.

Ensuring that public officers demonstrated professionalism, transparency and accountability in performing their duties and that they showed courtesy, integrity and neutrality in provision of services.

Statement of Strategic Intent by the Board of Governors

In carrying out our duties, we intended to put all our efforts towards contributing effectively and efficiently to the achievement of the national development agenda as espoused in the Kenya Vision 2030, keeping in mind the specific priorities of the Siala Technical Training Institute. We will also paid special attention to implementation of Post COVID-19 Recovery Strategies and Plans.

Bearing in mind the imperative of inclusivity, we implemented the following Strategic Intentions during the Financial Year:

- i) Increased enrolment to a capacity of 1,111 trainees by introducing short courses to Jua Kali artisans.
- ii) Enhanced community ability to contain COVID-19 pandemic through capacity building of both trainees and staff.
- iii) Increased sitting capacity by purchasing 150 trainees' chairs
- iv) Collaborated and linked with institutions and industries locally

Reporting Requirements

The Board submitted quarterly reports within 15 days after the end of the quarter, annual performance reports 30 days after the end of financial year.

Also being sent were discussed and approved the reports in the prescribed format to the Ministry of Education and other specialized agencies for the purposes of monitoring progress and performance.



1. Financial Stewardship & Discipline

Absorption of Allocated Funds

In the reporting period, Siala TTI absorbed and utilized Ksh.60,142,435 of its approved budget for both recurrent and development grants for project

Appropriation in Aid (A-in-A)

During the financial year, Siala TTI raised a total of Kshs.41,359,155 against a target of ksh 43,667,618 As fee collection from students and other income despite the COVID-19 pandemic effect.

Pending Bills

Siala TTI had no pending bills as at 30 June 2022.

2. Service Delivery

Implementation of Citizens' Service Delivery Charter

Siala TTI ensured the effective service delivery charter to all stakeholders through;

- i. Displaying the charter in both English and Kiswahili, with clearly visible font size of the contents prominently displayed at the entrance/service delivery points.
- ii. Translating Citizens' Service Delivery Charter to audio in both English and Kiswahili and upload to the Institution's website
- iii. Sensitizing and train 80% of staff on the Citizens' Service Delivery Charter and on essentials of excellent customer service culture biannually and cascade the charter to all departments.
- iv. Ensuring compliance with the commitments and standards in the charter by maintaining records on service delivery.
- v. Uploading an electronic copy of the Citizens' Service Delivery Charter and the service charter monitoring reports on quarterly basis on Huduma service portal for centralized access and wide publication.

Application of Service Delivery Innovations

Siala TTI continued to implement the following service delivery innovations:

- i. Document processes/procedures and relevant workflows for all services in the Citizens' Service Delivery Charter
- ii. Posting online newsletters to students, parents and sponsors by end of every term on the Institute's website.
- iii. Operationalization of online admission and registration of students to maximize on the number of clients reached.

Resolution of Public Complaints

Siala TTI ensured prompt resolution of public complaints referred directly or channeled through the complaint box through;

- i. Capacity building of complaints resolution committee management and access to information infrastructure.
- ii. Proactively disclosing information as per the required format.
- iii. Creating awareness on the complaints handling frame work and the citizens' service delivery charter.
- iv. Resolving all complaints received.



3. Core Mandate

Priority projects/"Big Four" Initiative

Siala TTI undertook four (4) Big Four initiatives Projects, which included increasing tuition space to comply with COVID-19 requirement on social distancing of 1.5 m.

1) Crop Production Enhanced.

In FY 2021/2022, the Board ensured practical training in crop production for general agriculture trainees by undertaking maize and vegetable production.

2) Office of career services established

In the FY 2021/2022, the Board established the office of career services by developing an Office of career services action plan Submitting quarterly performance reports to the State Department for Post Training using the prescribed reporting format.

Examination performance improved

In the FY 2021/2022, the Board commits to undertake the following to improve on examination performance in the institute:

- i. Ensured quality training by recruitment of qualified staff.
- ii. Availled enough training resources.
- iii. Standardized internal examinations
- iv. Ensured at least 90% classes attendance by both trainers and trainees
- v. Enforced preparation of tools of trade.
- vi. Established quality monitoring tools.
- vii. Registered trainees for examination based on the examining body qualification guidelines.
- viii. Reduced module wastage rate by registering trainees to sit for examinations within the stipulated timelines

Strategic Plan reviewed

In the FY 2017/2018, the Board developed a Strategic Plan for the period 2017-2021. In the FY 2021/2022, the Board reviewed the Institute's Strategic Plan for the period 2022-2026.

Collaboration with local Jua Kali workshops

In the FY 2021/2022, the Board established two (2) MoUs with local workshops in the JuaKali sector for industrial attachment of trainees

Outcomes aligned to SDGs and Sector Performance Standards (SPS)

(ii) Increase Enrolment of Females in Science, Engineering and Technology (SET)

During the year, Siala TTI managed to increase enrolment of female in SET courses by 87 students from 121 to 208 female students through advertisements in print media and website.

(iii) Increased Enrolment

Siala TTI managed to raise enrolment of students to 1430 students.



Vision 2030 Flagship Programmes/Projects

Covid-19 mitigation measures undertaken.

In FY 2021/2022, the Board committed to undertake the following COVID-19 mitigation strategies
Production and issuance of 300 facemasks

Fabrication and Installation of Hand Washing Equipment

During the year, Siala TTI fabricated and constructed hand washing stand and equipment at various strategic points in the Institute.

Project Completion Rate

Siala TTI completed the planned projects 100% as per the projects costed work plan indicated in the Projects Implementation Matrix.

4. Access To Government Procurement Opportunities (AGPO)

The total procurement allocation to the target groups was kshs.13,871,484.00 ,this was 30% of Ksh 46,238,280.00 of the total procurement budget.

The following measures were taken to realize the same; .

- a) Pre-qualifying the registered groups as (an affirmative action)
- b) Submitting to PPRA a biannual summary of the procurement opportunities allocated to the target groups in the format provided.
- c) Facilitating quick processing of payments upon receipt of necessary documents from the targeted groups.
- d) Submitting quarterly summary of procurement opportunities allocated PWDs to NCPWD via email: dmd@cdpwd.go.ke.

5. Promotion of Local Content In Procurement

Siala TTI continued to promote the Buy Kenya, Build Kenya Policy.

Forty percent which is (Ksh18,495,312) of the Institute procurement budget was allocated to locally produced goods and services.

6. Cross - Cutting

a) Asset Management:

i. Inventory Management

The Institute maintained a catalogue of the Assets and Properties including their status in terms of the working condition at a total Net Book Value of kshs.100,577,114.

ii. Youth Internships/Industrial attachment/Apprenticeship

The total in-post trainers in Siala Technical Training Institute was Eighty seven (87). The Institute engaged three (3) youths in internship/ Industrial Attachment for skills transfer.

iii. Competence Development

Various activities were implemented for systematic enhancement of skills and proficiencies to address career progression of employees and improve institutional performance which include:



- a. Data and knowledge management to establish trends and patterns to inform decisions in executing the Institute's mandate for continuous improvement.
- b. Undertaking employee performance management based on negotiated and agreed performance targets drawn from the institute's annual work plan.
- c. Setting individual employees annual targets and complete the Staff Performance Appraisal.
- d. Undertaking Staff Performance Appraisal
- e. Compiling the appraisal report for the previous year.

b) Disability Mainstreaming

Siala TTI continued to implement Government policy on affirmative action for persons with Disability (PWD) through;

- a) Appointing a Disability Mainstreaming Champion/Focal Person
- b) Conducting sensitization to the disability mainstreaming committee
- c) Registering with the NCPWDs Career Portal that is dedicated to the employment of persons with disabilities.
- d) Ensuring 5% of the total staff recruited/placed comprise persons with disabilities by encouraging PWDs to make application during vacancy advertisement and Identifying/changing recruitment processes that support unconscious bias
- e) Increasing equal and easy access of products and services to PWDs by changing attitudes within organization and physical structure.

e) Gender Mainstreaming

Siala TTI continued to implement Government policy on affirmative action through;

- I. Mainstreaming Gender in Siala Technical Training Institutes' workplace Policies, Plans and Programs
- II. Reconstituting a functional gender committee and train members on gender equality
- III. Customizing the National Policy on Gender and Development, 2019 to the institute's needs
- IV. Undertaking capacity building on Gender for staff
- V. Submitting quarterly reports using the prescribed format to the state Department for Gender with a copy to the National Gender and Equality Commission

d) Prevention of Alcohol and Drug Abuse

Siala TTI continued to implement government policy on Alcohol and Drug Abuse through;

- I. Training of staff in charge of Student Welfare, student leaders and peer educators on ADA.
- II. Development and implementing ADA workplace prevention policy using the national ADA workplace prevention guidelines.
- III. Conducting baseline survey on alcohol and drug abuse among staff and trainees and disseminate the findings
- IV. Establishment and training of ADA control committee Establishment of support mechanisms for employees with Substance Use Disorders
- V. Implementing the proposed activities and submitting quarterly progress reports and annual reports to NACADA using the prescribed format.
- VI. Sensitizing staff and their family members on ADA
- VII. Undertaking Baseline Survey on Alcohol and Drug Abuse.



e) Prevention of HIV Infections

The Institute implemented HIV and AIDS workplace policy and MAISHA II as specified in the guidelines with a view to fighting the stigma, promoting access to treatment and preventing further infections through;

- i. Allocating resources for HIV and NCDs interventions
- ii. Promoting attainment of UHC at the workplace through offering services for HIV prevention and wellness promotion for NCDs and Mental health for at least 70% of staff and family members.
- iii. Development of annual work plan and allocation resources for HIV programmes to be implemented.
- iv. Establishing and operationalizing HIV and AIDS Control Unit (ACU) based on NACCs recommended threshold.

f) Safety and Security Measures

During the year the Institute adhered to safety and security programs involving personnel, documents, information, equipment and assets. An elaborate safety and disaster preparedness mechanism is being put in place to address emerging safety and security risks.

g) National Cohesion and Values

Siala TTI promotes National Cohesion, Values and Principles to create cohesion and peaceful nation. To achieve this, Siala TTI implemented a number of commitments and submitted an annual progress report on the implementation and way forward as captured in the 2018 Annual Presidential report on national values and Principles of Governance.

h) Corruption Prevention

The Institute is committed to combat and prevent corruption, unethical practices and promote standards and best practice in governance in line with the Ethics and Anticorruption Commission Act No.22 of 2011 and Leadership and Integrity Act of 2012.

To achieve this, Siala TTI undertook the following measures:

- i. Undertook a Corruption Risk Assessment and developed a Corruption Risk Mitigation Plan.
- ii. Implemented measures emanating from the Corruption Risk Mitigation Plan.
- iii. Submitted quarterly performance reports to EACC using the prescribed reporting format.



II. CORPORATE GOVERNANCE STATEMENT

Introduction

Siala Technical Training Institute is governed by the Board of Governors. The TVET Act 2013, gives the Board of Governors all the necessary powers for the proper performance of its functions under the Act and in particular, without prejudice to the generality of the forgoing.

The Board of governors shall have powers to:

- i. Manage, supervise, and administer the assets of the Institute in such a manner as best promotes the purpose for which the Institute is established.
- ii. Receive any grants, donations or endowments on behalf of the Institution and make legitimate disbursements.
- iii. Approve the budgets, make policies and open bank accounts for the funds of the Institute.

Corporate Governance Principles.

It is our view that *governance* is not just a matter for the Board of Governors but rather, a good governance culture must be percolated through the Institute system.

The current socio-economic, business and political environment in which the Institution operates, underscore the need for continued high standards of corporate governance and accountability.

This is the seventh year of the implementation of Mwongozo, the code of governance for state corporations. This code was issued by his Excellency, The President, Hon. Uhuru Kenyatta, CGH, in January 2015.

The Institute has strived to adhere to the corporate governance principles as contained in the Mwongozo Code. The Institute is happy to report that a number of activities have been undertaken geared towards compliance with Mwongozo Code.

Size and composition of the Board of Governors

The Board of Governors consists of Eight (8) board members and the Principal as their Secretary, who poses extensive experience in a variety of disciplines all of which are applied in the overall management of the Institute. The Board of Governors has the right balance of skills and experience appropriate for the requirements of the Institute. All members participate in the decision making and the Board operated effectively during the year and continues to do so. (The board has Four Organs; Education, Training and Research Committee and Finance and Development Committee, Risk and Audit Committee and Full Board.)

Board Remuneration

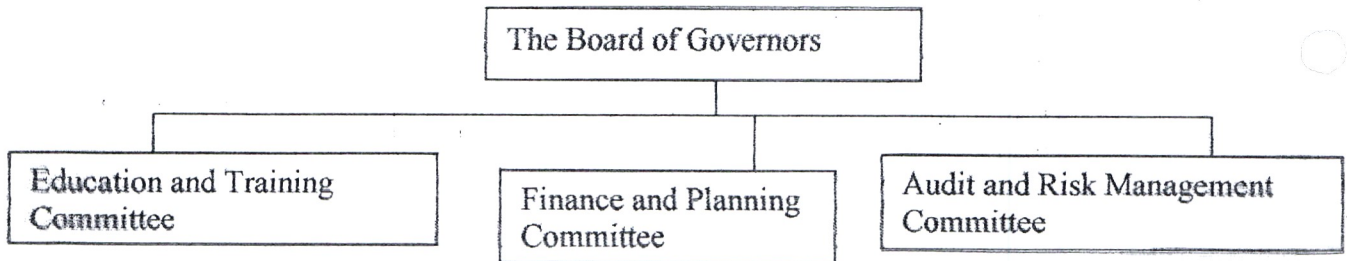
The Board members do not receive a salary. Instead they are paid a taxable sitting allowance whenever they attend meetings of the Board. The Chairman of the board is also paid a monthly honorarium. In the FY2021/2022 the institute spent ksh.4,985,560 on Board members expenses compared to the budget of ksh.5,012,000.

Board committees and Responsibilities

The Board through its committees ensured effective, accurate, timely and transparent disclosure of information regarding Siala TTI operations and performance in line with the Constitution, various Acts, regulations and guidelines.

This is in addition to ensuring that the operations of the institute adhered to within the existing laws and International best practice.

The following are the committees of the Board of Governors.



1. Education and Training Committee

This committee has the following terms of reference:

- Deals with urgent and critical issues on behalf of the board as need arises and submit to the full board for ratification.
- Receive, consider, discuss and recommend for approval regulations governing students and staff conduct and discipline.
- Receive and consider reports from the management and make recommendations to the board on academic matters.
- Transact any other business as directed by the board.

2. Finance, Infrastructure and Resource mobilization Committee

This committee has the following terms of reference:

- Receive, consider and recommend for board approval of annual estimates of revenue and expenditure and overseeing compliance of budgetary allocations as approved within its annual budget.
- Receive and consider proposal on acquisition of fixed asset and recommend to the board for appropriate action.
- Receive, consider and submit for board approval the annual procurement plan of the institute.
- Consider and recommend for approval terms and conditions of service, criteria of recruitment, appointment and promotion of BOG staff.
- Conduct interviews for employment, appointment and promote members of the non-trainers staff.
- Transact any other business as directed by the board.

Audit and Risk Management Committee

This committee has the following terms of reference:

- Receive, review and recommend internal control mechanisms towards improving efficiency, effectiveness, transparency and accountability.
- Receive and discuss internal audit reports and make recommendations to the board.
- Review management procedures and make proposals to the board for mainstreaming of Risk Management, controls and governance.
- Review and submit proposal to the board on improvement of efficiency and effectiveness of management system, including high risk areas such as public finance, human resource, academic programs and general internal controls.
- Review and submit a report to the board on compliance with policies, laws, regulations, procedures, plans and ethics.
- Transact any other business as directed by the board.



Board of Governors meetings.

The Institute Board of Governors meetings were scheduled as follows: (a) Finance Committee met four (4) times (b) Education and Training Committee met four (4) times (c) Audit Committee four (4) times (d) Full Board four (4) times (e) Special Meetings took place six (6) times during the year.

Members receive adequate notice and board papers in advance to enable them review and prepare for the meeting.

The following table shows the number of Board meetings held during the year and the attendance of individual Board members;

Board Members attendance during the financial year 2021/2022

No.	Board Members	Finance Committee Meetings	Education and Training Meetings	Full Board Meeting	Special/Emergency Meetings
1.	Mr. George Ogutu	0	0	5	8
2.	Ms. Jane Ombajo	0	4	5	6
3.	Ms. Vivian Chemiron	5	0	5	10
4.	Mr. John Kisyula	5	0	5	8
5.	Mr. Paul Aol	0	4	5	6
6.	Mr. Simon Lawi	5	0	5	6
7.	Mr. Tom Olang'o	5	4	5	7
8.	Dr. Maurice Odondo	0	4	5	6
9.	Ms. Asha Bakari	5	4	5	10

Internal Controls

The ultimate responsibility of the Institute's risk management rests with the Board of Governors.

The Finance and Infrastructure committee of the Board, reviewed the adequacy of the financial statements and report independently to the Board.

The Board ensures the integrity and reliability of the financial statements and non-financial reporting as well as compliance with laws.

The purpose of internal control and risk management is to provide independent and objective assurance to the board that the governance process and internal control are adequate and effective.

Code of conduct and ethics

Ethical behaviour is derived from the values, beliefs, attitudes and knowledge that guide Board members, management and employees in all circumstances.

Siala TTI core values of professionalism, integrity, teamwork and safety culture are embodied within the ethical standard which are guided by Chapter six of the Constitution, the Leadership and Integrity Act, 2012, Anticorruption and Economic Act 2003 and the Public Officers Ethics Act 2003 among other legislations.

We are therefore mandated to exhibit high standards of Leadership and Integrity envisaged in our Constitution not only for the sake of compliance but also as part of our mandate as responsible citizens.

Going concern

The Institute expects to operate as a going concern into the foreseeable future. This assumption is based on the surplus recorded of **Ksh.12,052,367** in FY 2021/2022 as compared to **Ksh.8,846,051** for the FY2020/2021. The positive current ratio of **15.65** for FY2021/2022 as compared to **12.49** for FY 2020/2021.

The quick ratio was **15.48** for FY2021/2022 against **12.26** for FY2020/2021. The Institute focuses on investing significantly in student population and infrastructure and is not expected to curtail in its operations in the coming year.



II. MANAGEMENT DISCUSSION AND ANALYSIS



A1

The Civil Engineering Complex sponsored by AfDB through the Government of Kenya. (top and bottom Tuition block and workshops) completed and handed over

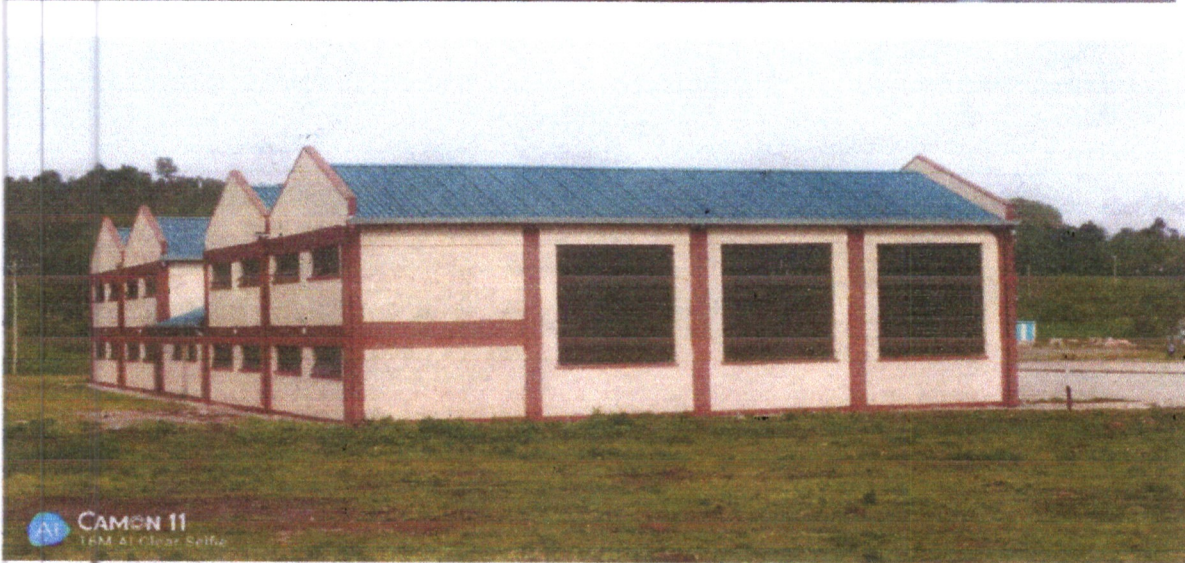


Block A&B



A2

XXV



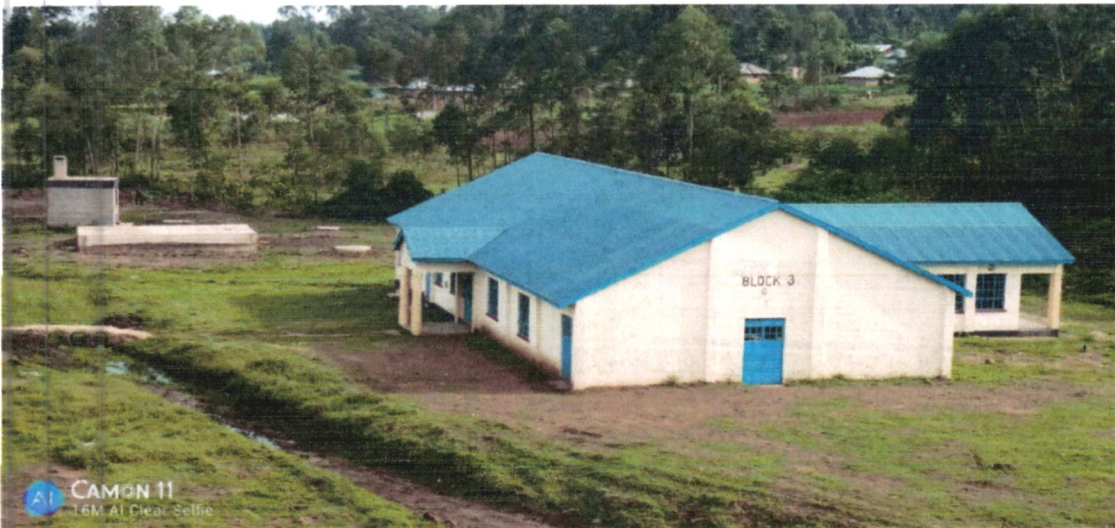
Civil engineering complex above.



Institute view from the Gate(top and bottom)



Top and Bottom.NG-CDF Rongo Sponsored Dining Hall
XXVII



TOP.tuition block under construction



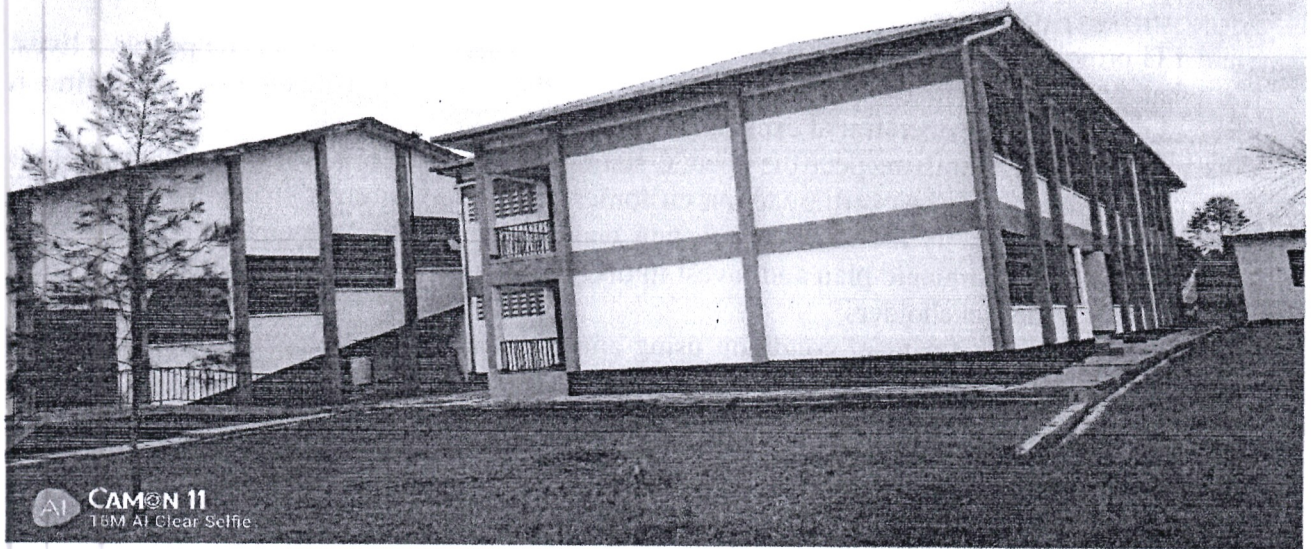
Green House for EPIVOT Project , A partnership between Siala TTI and Meru University.(Above)



Above, The Electrical Workshop above Funded by GOK through the Ministry of Education now completed. And septic tank behind.



Mechanical workshop Complex given a facelift (Above)



Mechanical workshop Complex given a facelift (Above)



SUSTAINABILITY REPORTING

ECONOMIC SUSTAINABILITY

Siala TTI principal activity of skills training is an essential service that impacts on people's lives. It's what guides us to deliver our strategy, putting the customer/ Citizen first, delivering relevant services and improving operational excellence.

This implies that we must respect the special status of our position and be financially sustainable to continue providing services overtime to our customers and the community.

Financial sustainability is the ability to sustain enough cash flows to maintain our core operational capacity, implement strategic plan and invest in diversifying our operations as we continue to train and create value for the stakeholders.

Siala TTI presents its financial condition using among other financial measures, financial ratios and operating cash flow.

Siala TTI relies on the society to allow it operate successfully. During the year under review Siala TTI continued to make significant contributions to the society by carrying out its operations responsibly and implementing corporate social programs.

The ongoing process of digital transformation (ERP Installation) to the Institution shall involve integration of digital technology into all areas of our operations.

This shall lead to fundamental changes on how Siala TTI operates and how ICT delivers value to all stake holders.

The stake holders have also benefited as our ICT lab which has been used to train computer packages for free to school leavers from local community around the Institute.

Environmental issues

Social Sustainability

Corporate Social Responsibility Statement

Siala TTI is a responsible partner and continues to upscale its social programs and mainly focusing on the local community from around the Institute.

The programs focused majorly on Training, Environment and Water & Sanitation which complement the Sustainable Development Goals.(SDGs)

Education/Training

The core objective of Siala TTI training program is to enable trainees realize their dream and life goals. This is achieved through training, while at the same time enabling them to become major contributors to the realization of the country's social and economic goals.

Water and Sanitation

Siala TTI managed to address water and sanitation challenges faced by the local community around the institute. This was achieved through provision of clean accessible rain water as a major Corporate Social Responsibility activity.

Unsafe drinking water causes water borne diseases and other health related problems besides affecting the socio-economic well-being of the local community.

To alleviate water related problems, the Institute installed a water collection point to the locals around to make clean water accessible.

This was achieved by connecting water pipe from the Institute water storage tank to water fetching point situated near the Institute Green house.



Health Care

Health care has remained a crucial part of the country and community, more so with the rise of COVID-19 pandemic. The Institute had to take appropriate measures to prevent the spread of this disease by following Ministry of Health guidelines and protocols.

This was achieved by setting up COVID-19 checkpoint at the Institute gate, constructing hand washing points and installing automatic sanitizer dispensers.

Some of our fabricated hand washing equipment were donated to nearby primary school as part of corporate social responsibility.

Environmental conservation and awareness

The Institute recognizes the need to enhance and protect the environment.

Siala TTI recognizes the fact that environmental degradation is a leading threat to sustainable development and is therefore committed to the protection, improvement and restoration of the environment through the promotion of sustainable use of natural resources.

To enhance sustainability of the ecosystem, Siala TTI in collaboration with Provincial Administration-Rongo Sub County, Kenya Forest Service and the surrounding community teamed up and participated in tree planting.

As result, over 1,200 trees both indigenous and commercial have been planted.

As part of ecosystem restoration, more than 100 indigenous trees were planted along river Misadhi to help in improving the vegetation cover.

Energy efficiency refers to using less energy to provide the same level of service.

To achieve this, Siala TTI has put in place measures which comprises energy saving devices, rational saving methods including switching off devices when not in use, changing the lighting system to LED lighting tubes and using alternative sources like solar. In an effort to manage energy consumption, Siala TTI has installed solar panels which are now used to power the security lights of the institute.

This is expected to significantly reduce electricity related expenses hence result in saving for the Institution.

Waste Management

Siala TTI has an Incinerator/ Burning chamber which has helped in waste management (disposal of garbage). The incinerator has helped to solve garbage problem which had existed for some time.

Employee welfare

Human resource is the most critical assets of an organization .

Siala TTI is an equal opportunity employer and is committed to attracting, recruiting and retaining skilled employees to fulfil the Institute goal and objectives.

Siala TTI continues to ensure that all employees continue to operate in a conducive work environment for maximum service delivery.

The Institute developed and approved human resource policy , this will promote equal opportunity in employment at all levels.

Casual workers as a matter of policy, are sourced from the local community around the Institution.

Within the financial year several employees attended capacity building trainings both internal and external which not only helped to improve their skills but also made them more productive and also have an impact on their personal lives.

The return on this investment has been seen in both staff performance and motivation.



For the financial year ended 30th June 2022, staff statistics was 113. This number has helped the Institute to sustain current operations. The staff turnover was at 2% due to the various retention strategies that the Institute has put in place.

The aggregated staff statistics reflect the number of male employees at 66(58%) and female employees at 47 which is 42% of total employees. A total of 2 (2%) out of 113 employees are persons living with disability.

The Institute is compliance to the constitutional requirement of minority gender employees being atleast 30% of the staff establishment.

The Institute comprises a great diversity of ethnicity and religious orientation.

During the year under review, Siala TTI engaged three (3) youths for internship program.

Developing our skills enhances productivity and is a motivational aspect in terms of career growth. Skills development programs are aimed at target groups as well as individual employees.

These are based on needs assessment and gap analysis as skills development has a direct correlation to performance.

Occupational safety and health

Siala TTI is committed to the culture and safety of protecting the staff and the society. We have embarked on an integrated program which places primary responsibility of safety on the individual. Our approach is to strengthen our internal controls and mitigate hazards that cause harm.

To enhance safe working environment, Siala TTI has put in place a robust organizational structure at all work places which promote general safety culture.

The Institution has safety committee which ensures that, safety culture is enhanced and comply with legal and regulatory requirements.

The safety team is competent in matters of occupational safety by OSHA 2007 and the committee rules. The committee is mandated to coordinate, implement, monitor and evaluate the occupational health safety and welfare of employees.

Siala TTI implemented a robust fire safety program with a fire risk assessment (fire drill) conducted during the year and the implementation of the recommendations is ongoing.

Siala TTI has performance management appraisal guidelines that guides the performance of its employees, their productivity and output.

The process entails annual performance assessment which creates and communicates clear direction of the Institute to employees by defining the performance requirements, standards and expectations that are aligned to the Institute strategic goals.

This appraisal promotes continuous improvement and learning through the process of self-assessment and reflection. To demonstrate the Institute's appreciation of employees or committees with exceptional contribution/ work to aid operations, the management always reward by giving honoraria which are fair, equitable and performance driven.

Staff relation at Siala TTI is found on the principles of freedom of association, workplace democracy and collective bargaining.

The Institute is committed to upholding these fundamental principles and rights at work including, but not limited to, freedom of association the rights to organize and collectively bargain for terms and conditions of service.



As a result of this KUDHEIHA workers union has registered non-teaching staff and nominated the focal persons amongst them.

The Institute has structures for succession planning in place. This is aimed at increasing employee motivation for equal opportunity whenever vacancies arise. The succession planning strategy and programs has also saved costs associated with recruiting and hiring from outside e.g Electrical Technician. As a result the learning curve necessary to get new employees up-to-speed on Institute procedures is shorter, resulting in quick transition.

The Institute acknowledges that it cannot only focus on job related skills but also has to look at the employee as a whole person. When an employee is functioning optimally, the Institute can expect them to achieve full productivity.

Therefore various support programs covering personal health are being developed.

Market place practises (Supply value chain)

The main objective for the supply function is to improve process, increase wealth creation and delivery of value to stakeholders for sustained economic development. Supply chain plays a pivotal role in timely procurement of quality goods, works and services.

The procurement process is guided by the Public Procurement and Asset Disposal Act 2015, relevant regulations, Institutional procedures and best industry practises.

Procurement for goods, works and services for the Institute is anchored on the legal framework and best practice. The Institute's procurement needs are compliant to all regulatory requirements necessary for sustainable growth.

Siala TTI recognizes procurement opportunities emerging from its operating activities as great economic empowerment avenue for suppliers and contractors.

Siala TTI ensures local content (locally obtained products and services) requirements are embedded in the contracts. We continue to create an enabling environment for local enterprises to play an active role in the Institute's supply chain to strengthen the local supply base.

Youths, women and persons living with disability are accorded a special portion of the procurement budget.

These vulnerable groups, as defined by the constitution of Kenya and covered in the procurement law, are entitled to procurement related business opportunities.

The operations realize the cogs of the economy and are kept in motion by the participation of every citizen.

Efforts are made to minimize the chances of giving many orders/contracts to one service provider at the same time.

This will ensure that more companies remain active and jobs are created and saved. The special groups were awarded ksh.13,871,487 worth of business in the period under review.



Compliance

The supply chain function is guided by the Public Procurement and Asset Disposal Act 2015 and relevant regulations as established. Siala TTI continue to process all procurement in compliance to all these statutory requirements.

During the year, SialaTTI submitted all statutory reports as required and this demonstrates commitment to compliance requirements that enhances transparency, fairness and value for money for sustainable growth.

Procurement is anchored on the legal framework and best practises where the acquisition of goods, works and services embraces Total Cost of Ownership (TCO) approach. Assets and other procurements are compliant to safety, health and environmental requirements for sustainable growth.

These initiatives build a sustainable supply chain function for the future.

Value for money

The Institution maximizes return on money spent through the procurement of goods, works and services throughout the entire chain.

Procurement planning

The Institute prepares its procurement plan on annual basis, which guide all procurements as per the approved budgets. The procurement plan is approved by the Board of Governors and executed by the management to support the Institution’s strategic objectives.

The plans are implemented in accordance with the Public Procurement and Asset Disposal Act 2015, by ensuring that all requirements (e.g. reservation for special groups to access public procurement opportunities) are met.

Access to Government Procurement Opportunities (AGPO)

CATEGORY	AWARDS	AWARDS
	FY 2021/2022	FY 2021-2022
	%	KShs
Women	60%	8,322,890.40
Youth	38%	5,271,163.92
PWD	2%	277,429.68
Total	100%	13,871,484

To achieve this, the following initiatives were taken;

- i. Sensitizing the public on procurement opportunities available to the youth and PWDs.
- ii. Prequalifying youth, women and persons with disability.
- iii. Effective planning and monitoring of the implementing teams.

Empowering local Firms

The 40% local content requirement in the international tendering process has enabled local Firms to benefit apportion of money spent on procurement.

Promotion of local content in procurement (Buy Kenya, Build Kenya) initiative continues to be supported where by 40% of the Institution’s non specialized budget, is spent on local products and services supplied by citizens.

During the year, procurement of locally manufactured goods and services (local content) allocation was Ksh. 18,495,312.

This was to support the growth of local industry for sustainable development.



Corporate social responsibility.



Institute handwashing sites(top and below)



Institute incinerator above



BOG Chairman planting tree during tree planting daya bove



Other staff planting trees above

Preparation of the drainage system and rehabilitation of water ways below.



AI CAMON 11
16M AI Clear Selfie



Drainage system preparation above.



Institute scouts team marching during 1st graduation ceremony below



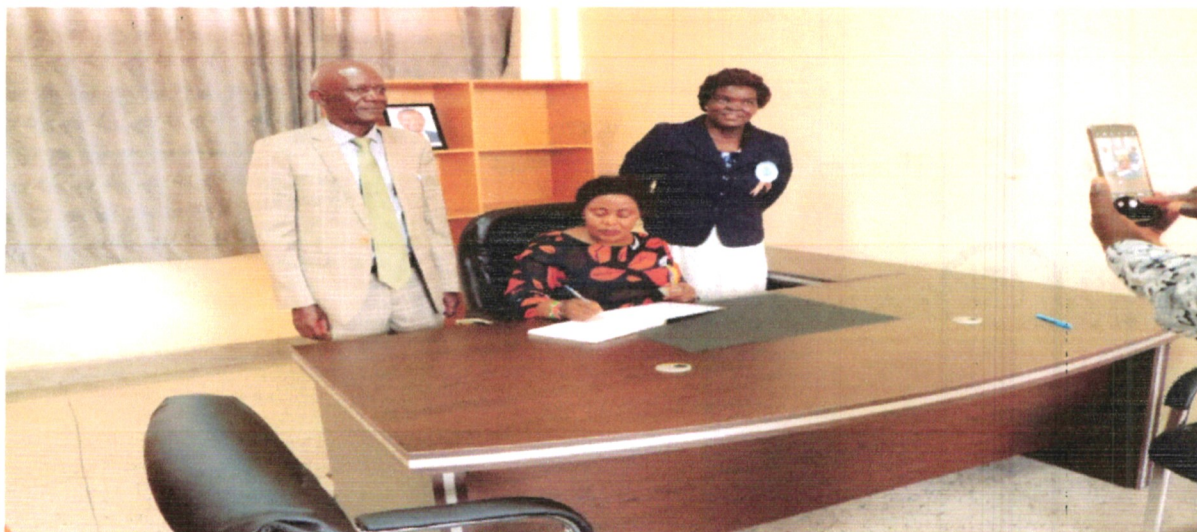
Institute Van Braded with Graduation materials above



The visitors having their breakfast at the Food and Beverage Department



Graduands sitted before the start of graduation ceremony



The PS signing the visitors book on arrival as witnessed by BOG Chairman and Madam Principal



PS DR. Margaret Mwakima being escorted to the Dias



Siala TTI trainees entertaining the Guests



The principal welcoming chief Guest to give her speeche



The BOG chairman introducing BOG Members



The BOG Members standing



The TVET Director is giving his speech before inviting the Chief Guest PS DR. Margaret mwakima.



The Chief Guest PS. DR.Margaret Mwakima giving her Speech



The Chief Guest the PS. DR.Margaret Mwakima giving awards to Graduands.



III. REPORT OF THE COUNCIL/BOARD OF GOVERNORS

The Institutes Board of Governors hereby submits its Financial Year 2021/2022 report together with the audited financial statements for the year ended June 30, 2021 which shows the state of affairs of Siala Technical Training Institute.

Principal activities

The Core business of the Institute as provided for in the TVET Act 2013 section 26 (1) (a) and (d) includes;

- i. Promotion of Skills Training in (TVET) through, Research, Science, Technology and Innovation in commensurate with Industry and community demands.
- ii. Promotion of gender balance and equality of opportunity among students and employees.
- iii. Promotion of equalization for persons with disability, minorities and other marginalized groups.

Results

The results of Siala TTI for the year ended June 30, 2022 are set out on page 1 to 43.

COUNCIL/BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page XV.

Auditors

The Auditor General is responsible for the statutory audit of Siala TTI financial statements FY2021/2022 in accordance with Article 229 of the Constitution of Kenya and in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Asha Bakari
BOG Secretary
Date:23/9/2022



I. STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013, requires the Board to prepare financial statements which give a true and fair view of the state of affairs of the Institution at the end of the financial year/period and the operating results of the Institution for that year/period. The Board are also required to ensure that the Institution keeps proper accounting records which disclose with reasonable accuracy the financial position of the Instituting. The Board is also responsible for safeguarding the assets of the Institution.

The Board is responsible for the preparation and presentation of the Institution financial statements, which give a true and fair view of the state of affairs of the Institution at the end of the financial year on 30 June, 2022. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continues to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which discloses with reasonable accuracy at any time the financial position of the entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Institution; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Board of Governors accept responsibility for the Institution financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act, 2013. The Board of Governors are of the opinion that the Institution's financial statements give a true and fair view of the state of Institution's transactions during the financial year ended June 30, 2022, and of the Institution financial position as at that date. The Board further confirm the completeness of the accounting records maintained by the Institution which have been relied upon in the preparation of the Institution's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Institution's financial statements were approved by the Board on 23/9/2022 and signed on its behalf by:

Mr. George P. Ogutu

Chairperson of the Board

Ms. Asha Bakari

Accounting Office

REPUBLIC OF KENYA

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



Enhancing Accountability

HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

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

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for 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 Siala Technical Training Institute set out on pages 1 to 44, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net

assets, statement of cash flows and statement comparison of budget 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 the Siala Technical Training Institute as at 30 June, 2022 and of its financial performance and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Incomplete Property, Plant and Equipment

The statement of financial position reflects a balance of Kshs.100,334,806 in respect to property, plant and equipment as disclosed in Note 18 to the financial statements. However, as previously reported, the value of buildings and equipment totalling to Kshs.219,207,985 (Phase 1 GOK/AfDB Mechanical Engineering Workshop Block, Kshs.97,494,489 and Supply, Delivery, Installation, Commissioning and Training on the use and maintenance of Mechanical Engineering Training Equipment Kshs.121,713,496), land of unknown value and capital work in progress were not incorporated in the balance for property, plant and equipment. These values had not been confirmed by Ministry of Education, State Department of Vocational and Technical.

In addition, Management had not complied with the requirement of IPSAS 33 in the documentation for all types of assets held by the entity despite exceeding three years since adoption of IPSAS accrual.

In the circumstances, the accuracy, completeness and fair presentation of the property, plant and equipment balance of Kshs.100,334,806 as at 30 June, 2022 could not be confirmed.

2. Doubtful Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.12,950,500 which, as disclosed in Note 15 to the financial statements, relates wholly to student debtors. However, as previously reported, the Management did not provide the aging analysis. In addition, Management did not provide evidence of efforts made to significantly collect the debts.

In the circumstances, the recoverability of the balance of Kshs.12,950,500 from exchange transactions as at 30 June, 2022 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Siala Technical Training Institute

Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts shows total budgeted and actual revenue of Kshs.91,497,618 and Kshs.76,331,655 respectively, resulting to a Kshs.15,165,963 shortfall which is equivalent to 17% of the approved budget. Similarly, the Institute spent Kshs.57,602,863 (or approximately 66%) of the budgeted expenditure of Kshs.91,497,618, resulting to under-expenditure of Kshs.33,894,755 (or 37%) of the budget).

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

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.

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

Lack of Ethnic Diversity in Staff Composition

As previously reported, examination of human resource records revealed that, out of 113 employees, 84, translating to 74% were from one dominant community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008, which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and no public establishment shall have more than one third of its staff from the same ethnic community.

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

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance

about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Lack of Risk Management Policy and Framework

As previously reported, review of the Institute's risk management framework revealed that the Institute lacked a Risk Management Policy Framework to guide in identification, assessment, prevention and mitigation of risks to ensure that its operations were not interrupted in case of unforeseen events. This is a contravention of the provisions of Regulation 165(1) of the Public Finance Management (National Governments) Regulations, 2015, which outlines the role and responsibilities of Accounting Officers in respect to risk management.

In the circumstances, the effectiveness of the Institutes risk management could not be confirmed.

2. Lack of a Fixed Asset Register

Audit review revealed that Management did not maintain a fixed asset register in the prescribed format contrary to Regulation 143(1) of the Public Finance Management (National Government) Regulations, 2015, which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws. Therefore, the Institute had no mechanism of eliminating security threats on, and theft, losses, wastage and misuse of fixed assets.

In the circumstances, the effectiveness of internal controls over fixed assets could not be confirmed.

3. Failure to Automate Operations

Audit review revealed that the Institute operations were manual and Management had not deployed an enterprise resource planning (ERP) system to manage business activities. Thus, in case of a disaster, significant delays or disruptions of business activities may occur. In addition, the Management may not recover or restore critical infrastructure services and systems affecting all operations that rely on the manual systems.

In the circumstances, the integrity, security and reliability of the Institute's business data could not be ascertained.

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 processes and systems of internal control, risk management and 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 those Charged with Governance

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

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

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

Auditor-General's Responsibilities for the Audit

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

or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the

financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 May, 2023





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

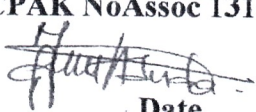
	Notes	FY 2021/2022 Kshs.	FY 2020/2021 Kshs.
Revenue from non-exchange transactions			
Transfers from the National Government—grants/ Capitation	1	34,972,500	35,482,500
Grants from donors and development partners		0	0
Transfers from Other Institutions	2	0	0
		34,972,500	35,482,500
Revenue from exchange transactions			
Rendering of services- Fees from students	3	40,471,845	11,196,710
Finance income-external investments	4	0	0
Other income	5	887,310	501,400
Total Revenue from exchange Transaction		41,359,155	11,698,110
Total Revenue		76,331,655	47,180,610
Expenses			
Academic and Related Expenses	6	24,073,251	9,655,983
Employee costs	7	12,463,873	10,032,852
Remuneration of directors	8	4,985,560	3,380,375
Depreciation and amortization expense	9	4,136,853	3,054,206
Repairs and maintenance	10	1,358,496	3,245,622
Contracted services	11	0	0
Admin. Cost and General expenses	12	14,721,683	8,965,521
Total expenses		61,739,716	38,334,559
Other gains/(losses)			
Gain on sale of assets		0	0
Impairment loss		0	0
Total other gains/(losses)		0	0
Net Surplus for the year		14,591,939	8,846,051
Surplus/Deficit B/forward		24,709,407	15,863,356
Accumulated Surplus C/forward		39,301,346	24,709,407

The notes set out on page 5 to 43 form an integral part of the Financial Statements.

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Chairman of Council/Board **Finance Officer** **Principal**

 **ICPAK NoAssoc 1316** 

Date 23/9/2022  **Date** 23/9/2022 **Date** 23/9/2022

1



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

	Notes	FY 2021-2022 Kshs	FY2020-2021 Kshs
Assets			
Current assets			
Cash and cash equivalents	13	45,098,613	28,909,393
Receivables from exchange transactions	15	12,950,500	13,582,299
Receivables from non-exchange transactions	16	0	0
Inventories	17	657,604	790,688
		58,706,717	43,282,380
Non-current assets			
Property, plant and equipment	18	100,334,806	97,372,690
Investments		0	0
Intangible assets	19	242,308	346,155
		100,577,114	97,718,845
Total assets		159,283,831	141,001,225
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	20	0	0
Refundable deposits from customers	21	276,500	276,500
Deferred income	22	0	0
Payments received in advance	23	3,474,300	3,187,779
		3,750,800	3,464,279
Non-current liabilities			
Borrowings		0	0
		0	0
Total liabilities		3,750,800	3,464,279
Net assets		155,533,031	137,536,946
Reserves			
Accumulated surplus		39,301,346	24,709,407
Capital Fund		103,886,539	103,886,539
Total Capital and Reserve		143,187,885	128,595,946
Total net assets and liabilities		159,283,831	141,001,225

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

Chairman of Council/Board

Date 23/9/2022

**Finance Officer
ICPAK No**

Date 23/9/2022

Principal

Date 23/9/2022

SIALA TECHNICAL TRAINING INSTITUTE
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 2022



V. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2022

	Retained earnings	Capital/ Development Grants/Fund	Total
	Ksh.	Ksh.	Ksh.
At July 1, 2018	15,134,452	1,500,000	16,634,452
Revaluation gain	0	0	0
Fair value adjustment on quoted investments	0	0	0
Total comprehensive income	(5,829,439)	0	(5,829,439)
Capital/Development grants received during the year	0	100,858,189	100,858,189
Transfer of depreciation/amortisation from capital fund to retained earnings	0	0	0
At June 30, 2019	9,305,013	102,358,189	111,663,202
At July 1, 2019	9,305,013	102,358,189	111,663,202
Revaluation gain	0	0	0
Fair value adjustment on quoted investments	0	0	0
Total comprehensive income	6,558,343	0	6,558,343
Capital/Development grants received during the year	0	1,528,350	1,528,350
Transfer of depreciation/amortisation from capital fund to retained earnings	0	0	0
At June 30, 2020	15,863,356	103,886,539	119,749,895
Revaluation gain	0	0	0
Fair value adjustment on quoted investments	0	0	0
Total comprehensive income	8,846,051	0	8,846,051
Capital/Development grants received during the year	0	0	0
Transfer of depreciation/amortisation from capital fund to retained earnings	0	(0)	0
At June 30, 2021	24,709,407	103,886,539	128,595,946
Revaluation gain	0	0	0
Fair value adjustment on quoted investments	0	0	0
Total comprehensive income	14,591,939	0	14,591,939
Capital/Development grants received during the year	0	0	0
Transfer of depreciation/amortisation from capital fund to retained earnings	0	(0)	0
At June 30, 2022	39,301,346	103,886,539	143,187,885

23/9/2022

23/9/2022



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

	Note	FY 2021/2022 Kshs.	FY 2020/2021 Kshs.
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	1	34,972,500	35,482,500
Transfer From Other Institutions	2	0	0
Rendering of services- Fees from students	3	40,471,845	11,196,710
Finance income (Fixed deposit)	4	0	0
Other income	5	887,310	501,400
Total Receipts		76,331,655	47,180,610
Payments			
Academic Expenses	6	24,073,251	9,655,983
Compensation of Employees	7	12,463,873	10,032,852
Remuneration of directors	8	4,985,560	3,380,375
Repairs and Maintenance	10	1,358,496	3,245,622
Admin. cost and General expenses	12	14,721,683	8,965,521
Total Payments		57,602,863	35,280,353
Net cash flows from operating activities		18,728,792	11,900,257
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(2,539,572)	(751,505)
Proceeds from sale of property, plant and Equipment		0	0
Decrease in non-current receivables		0	0
Increase in investments		(0)	(0)
Net cash flows used in investing activities		(2,539,572)	(751,505)
Cash flows from financing activities			
Proceeds from borrowings	0	0.00	0
Increase in deposits(Development Grants)		0.00	0
Net cash flows used in financing activities		0.0	0.0
Net increase/(decrease)in cash and cash equivalents		16,189,220	11,148,752
Cash and cash equivalents at Start		28,909,393	17,760,641
Cash and cash equivalents at End	13	45,098,613	28,909,393

Chairman of Council/Board

23/9/2022

Finance Officer

23/9/2022

Principal

23/9/2022



VII. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

	Original budget		Actual on comparable basis		Performance difference	
	2021-2022	Kshs	2021/2022	Kshs.	2021-2022	Kshs
Revenue						
Transfers from other Gov't. entities and Gov't grants	47,830,000		34,972,500		(12,857,500)	
Rendering of services- Fees from students	43,487,118		40,471,845		(3,015,273)	
Finance Income	0		0		0	
Other income	180,500		887,310		706,810	
Total income	91,497,618		76,331,655		(15,165,963)	
Expenses						
Compensation of employees	14,007,914		12,463,873		1,544,041	
Academic cost	33,395,004		24,073,251		9,321,753	
Repairs and maintenance Expenses	10,600,000		1,358,496		9,241,504	
Remuneration of Directors	5,012,000		4,985,560		26,440	
Administration and General expenses	28,482,700		14,721,683		13,761,017	
Total expenditure	91,497,618		57,602,863		33,894,755	
Surplus/Deficit for the period			18,728,792		18,728,792	

Explanation on variances

- GOK capitation grants for the fourth quarter was never received by the Institute by 30th June 2022 .
- A number of students did not clear their fee as they were waiting for HELB Loan disbursement as at 30th June 2022.

AS = JS
23/9/2022

AS
23/9/2022



VI. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Siala TTI was established by and derives its authority and accountability from TVET Act, 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is outlined on page 3.

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 judgment in the process of applying the Institute's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in Note 18

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

The financial statements have been prepared in accordance with the PFM Act, 2012, the State Corporations Act, the TVET Act, 2013 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 2022.

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> •Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; •Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and •Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2022.



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

6. Revenue recognition

i) Revenue from non-exchange transactions IPSAS 23

Transfers from other government entities

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

ii) Revenue from exchange transactions IPSAS 9

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

7. Budget information

a) Budget information IPSAS 24

The original budget for FY 2021/2022 was approved by the Board on 9th April 2021. Subsequent revisions or additional appropriations were not made to the approved budget.

The Institution's budget is prepared using cash basis. IPSAS 24 requires disclosure of budget information through the Statement of Comparison of Budget.

The Institute Budget is prepared before the beginning of every financial year and is approved by the Board of Governors any variations to this Approved Budget are taken to the Institute Board of Governors for ratification.

The actual income and expenditure are disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis.

The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget.

A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actual as per the statement of financial performance has been presented under page 5 of these financial statements.

b) Taxes

Current income tax

The Institute is exempt from paying taxes as per the Income Tax Act 2014



c) Taxes (continued)

Sales tax/ Value Added Tax

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

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

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

d) Investment property IPSAS 16

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

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

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

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

e) Property, plant and equipment IPSAS 17

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 Institution recognizes such parts as individual assets with specific useful lives and depreciates them accordingly (Reducing balance method). 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.



4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Property, plant and equipment IPSAS 17 (continued)

The annual rates used are:-

Building	2.5%
Machinery and Equipment	12.5%
Furniture and Fittings	12.5%
Motor Vehicle	25%
Library Books	30%
Computers and Appliances	30%
Software	30%
Work in Progress	0%

Land not depreciated as it is deemed to have an indefinite life.

g) Leases IPSAS 13

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

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

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

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Intangible assets IPSAS 31

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

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

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments IPSAS 29

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

The Entity assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or 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:



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. The Entity determines the classification of its financial liabilities at initial recognition.

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

Loans and borrowing

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

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

j) Inventories IPSAS 12

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

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

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Inventories (Continued)

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

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

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

k) Provisions IPSAS 19

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

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

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

Contingent liabilities

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

Contingent assets

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



NOTE TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Nature and purpose of reserves

The Institution has a capital reserve which represents the government interest in net asset /equity of the Institute and is a combination of contributed capital (Asset)by the Government and the aggregate of the Institute accumulated Surpluses or deficits.

m) Changes in accounting policies and estimates IPSAS 3

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

n) Employee benefits IPSAS 25

Retirement benefit plans

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

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

o) Foreign currency transactions IPSAS 4

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

p) Borrowing costs IPSAS 5

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)

q) Related parties IPSAS 20

The Institute 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 Institute, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

r) Service concession arrangements

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

s) Cash and cash equivalents

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

t) Comparative figures

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

u) Subsequent events IPSAS 14

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



5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

Provisions 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.



Notes to the Financial Statements (Continued)

1. Transfers from other National Government entities

1. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	FY2021-2022	FY2020-2021
	Ksh.	Kshs
Unconditional grants		
Operational grant	0	0
Other grants (Capitation)	34,972,500	35,482,500
Conditional grants		
Administration block grant	0	0.00
Laboratory grant	0	0.00
Learning facilities grant	0	0.00
Total government grants and subsidies	34,972,500	35,482,500

2. Transfers from other Government entities

Description	FY2021-2022	FY2020-2021
	KSH.	Ksh.
Transfer from County Government	0.00	0.00
Transfer from other institution	0.00	0.00
Total Transfers	0.00	0.00

3 Rendering of Services

Description	FY2021-2022	FY2020-2021
	Ksh.	Ksh.
Tuition fees	26,962,744	32,123,942
Activity fees	1,614,533	2,010,066
Examination fees	10,682,740	2,385,250
Library fees	0.00	0.00
Facilities and materials	823,228	1,036,549
Registration fees	388,600	213,403
Total revenue from the rendering of services	40,471,845	37,769,210
Absorbed transfers from Gok	0.00	26,572,500
Total Net Revenue from fee	40,471,845	11,196,710



Notes to the Financial Statements (Continued)

4 Finance Income

Description	FY 2021-2022	FY 2020-2021
	Ksh.	Kshs.
Cash investments and fixed deposits	0.00	0.00
Interest from outstanding debtors	0.00	0.00
Total finance income	0.00	0.00

5 Other Income

Description	FY 2021-2022	FY 2020-2021
	Ksh.	Ksh.
Income from sale of tender	0.00	0.00
Centre fee	3,000	13,500
P/U and Rent	1,500	41,000
Project fund/EPIVOT	13,410	206,500
Application fee	187,700	94,000
Contingency /Admin cost	681,700	146,400
Total other income	887,310	501,400

6. ACADEMIC RELATED EXPENSES

Description	FY 2021-2022	FY 2020-2021
	Ksh.	Kshs.
Tuition	12,524,705	4,326,955
Library and attachment	1,025,229	636,396
Examinations	6,305,240	3,902,510
Activity and Research	3,443,305	104,992
Medical, S/Council	774,772	685,130
Total good and services	24,073,251	9,655,983

7. Employee Costs

	FY 2021-2022	2020-2021
	Ksh.	Kshs.
Salaries and wages (Non-Teaching)	5,519,212	4,942,668
Salaries and Wages Teaching Staff	6,944,661	5,090,184
Social contributions	0.00	0.00
Employee costs	12,463,873	10,032,852



Notes to the Financial Statements (Continued)

8. Board/Council Expenses

Description	FY 2021-2022	FY2020-2021
	Ksh.	Ksh.
Chairman's Honoraria	120,000	0.00
Directors emoluments	4,865,560	3,380,375
Other allowances	0.00	0.00
Total director emoluments	4,985,560	3,380,375

9. Depreciation and Amortization expense

Description	FY2021-2022	FY 2020-2021
	Ksh.	Ksh.
Property, plant and equipment	4,033,006.00	2,905,854.00
Intangible assets	103,847.00	148,352.00
Investment property carried at cost	0.00	0.00
Total depreciation and amortization	4,136,853	3,054,206

10. Repairs and Maintenance

Description	FY 2021-2022	FY 2020-2021
	Ksh.	Kshs.
Property	0	0.00
Furniture and fittings	0	64,000
Computers and accessories	0	0.00
Other	1,358,496.00	3,181,622
Total repairs and maintenance	1,358,496	3,245,622

11. Contracted Services

Description	FY 2021-2022	FY 2020-2021
	Ksh.	Ksh.
Investment valuations	0.00	0.00
Property valuations	0.00	0.00
Total contracted services	0.00	0.00



Notes to the Financial Statements (Continued)

12. ADMINISTRATION COST AND GENERAL EXPENSES

Description	FY 2021-2022	FY 2020-2021
	Ksh.	Ksh.
Admin. Expenses	8,556,439	5,240,235
Local Travels	3,726,320	2,567,300
Electricity	1,614,514	666,786
Performance Contract and ISO	784,410	292,000
Tender expenses	0.00	0.00
Production unit	20,000	0.00
Other	20,000	199,200
Total Admin and general expenses	14,721,683	8,965,521



Notes to the Financial Statements (Continued)

13. CASH AND CASH EQUIVALENTS

Description	FY 2021-2022	FY 2020-2021
	Ksh.	Ksh.
Current account	44,940,519	28,329,650
On - call deposits	0.00	0.00
Fixed deposits account	0.00	0.00
Development A/C	411	22,673
Others (Cash and M-pesa)	157,683	557,070
Total cash and cash equivalents	45,098,613	28,909,393

14. DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2021-2022	FY 2020-2021
		KShs	KShs
a) Current account			
Kenya Commercial bank	A/C 1198612371	44,701,553	28,088,176
Kenya Commercial bank	A/C 1224498747	238,966	241,474
Kenya Commercial bank	A/C 1224498879	411	22,673
Sub- total		44,940,930	28,352,323
b) On - call deposits			
Kenya Commercial bank		0.00	0.00
Sub- total		0.00	0.00
c) Fixed deposits account			
Kenya Commercial bank	A/C 1198612371	0.00	0.00
Sub- total		0.00	0.00
d) Others(specify)			
Imprest		122,000.00	147,000.00
Cash in hand		14,594.00	20,510.00
M pesa		21,089	389,560
Sub- total		157,683	557,070
Grand total		45,098,613	28,892,918



Notes To The Financial Statements (Continued)

15. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	FY 2021-2022	FY2020-2021
	Kshs.	Kshs.
Current receivables		
Student debtors	12,950,500	13,582,299
Total current receivables		13,582,299
Non-current receivables		
Refundable deposits	0.00	0.00
Less: impairment allowance	0.00	0.00
Total	0.00	0.00
Current portion transferred to current receivables	0.00	0.00
Total non-current receivables	0.00	0.00
Total receivables	12,950,500	13,582,299

16. RECEIVABLE FROM NON EXCHANGE TRANSACTIONS

Description	2021-2022	2020-2021
	Kshs.	Ksh.
Current receivable		
Transfers from other govt. entities	0.00	0.00
Less impairment allowance	(0.00)	(0.00)
Total current receivables	0.00	0.00

17. Inventories

Description	FY 2021-2022	FY 2020-2021
	Kshs.	Kshs.
Consumable stores and Exams	269,981	354,608.00
Maintenance stores	124,499	101,130.00
Health Unit stores	52,064	54,950.00
Electrical stores	211,060	280,000.00
Total inventories at the lower of cost and net realizable value	657,604	790,688

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Notes to the Financial Statements (Continued)

18. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets (Specify)	Plant and equipment	Capital Work in progress	Total
		Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 30th June 2018	0	307,000	0	1,269,212	117,950	193,037	0	0	1,887,199
Additions	0	99,107,507	0	605,100	91,750	310,178	0	0	100,114,535
Disposals	0	0	0	0	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0	0	0
At 30th June 2019	0	99,414,507	0	1,874,312	209,700	503,215	0	0	102,001,734
Additions	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0	0	0
At 30th June 2020	0	99,414,507	0	1,874,312	209,700	503,215	0	0	102,001,734
Additions	0	3,040,151	0	94,800	230,382	437,141	0	0	3,802,474
Disposals	0	0	0	0	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0	0	0
At 30th June 2021	0	102,454,658	0	1,969,112	440,082	940,356	0	0	105,804,208
Additions	0	395,362	4,559,999	880,000	370,000	222,129	0	1,067,443	7,494,933
Disposals	0	0	0	0	0	0	0	0	0
Transfer/adjustments	0	0	0	0	0	0	0	0	0
At 30th June 2022	0	102,850,020	4,559,999	2,849,112	810,082	1,162,485	0	1,067,443	113,299,141
Impairment	0	0	0	0	0	0	0	0	0
Transfer/adjustment	0	0	0	0	0	0	0	0	0
Accumulated Depreciation as At 30 th June 2019	0	2,492,845.8	0	373,109	87,679	191,502	0	0	3,145,135.8
Net book values at 30th June 2018	0	299,325	0	1,110,561	82,565	135,126	0	0	1,627,577

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Accumulated Depreciation as At 30th June 2019	0	2,492,845.8	0	373,109	87,679	191,502	0	0	3,145,135.8
Depreciation		2,423,042	0	187,650	36,606	93,514	0	0	2,740,812
Disposals		0	0	0	0	0	0	0	0
Impairment		0	0	0	0	0	0	0	0
Transfer/adjustment		0	0	0	0	0	0	0	0
Accumulated Depreciation as At 30th June 2020	0	4,915,888	0	560,759	124,285	285,016	0	0	5,885,948
Depreciation		2,438,469	0	176,044	94,739	196,602	0	0	2,905,854
Disposals		0	0	0	0	0	0	0	0
Impairment		0	0	0	0	0	0	0	0
Transfer/adjustment		0	0	0	0	0	0	0	0
Accumulated Depreciation as At 30th June 2021	0	7,354,357	0	736,803	219,024	481,618	0	0	8,791,802
Depreciation		2,387,391	1,139,999	264,038	177,317	204,260	0	0	4,033,006
Disposals		0	0	0	0	0	0	0	0
Impairment		0	0	0	0	0	0	0	0
Transfer/adjustment		0	0	0	0	0	0	0	0
Accumulated Depreciation as At 30th June 2022	0	9,741,748	1,139,999	1,000,841	396,341	685,878	0	0	12,964,807
Net book values		93,108,748	3,419,999	1,848,270	413,740	476,606	0	1,067,443	100,334,806
At 30th June 2022		93,108,748	3,419,999	1,848,270	413,740	476,606	0	1,067,443	100,334,806
At 30 th June 2021		95,100,301	0	1,232,309	221,058	458,738	0	0	97,012,406
At 30th June 2020	0	94,498,619	0	1,313,553	85,415	218,199	0	2,181,762	98,297,548



Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and yet to be valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). These amounts shall be adopted in the financial statements when completed.

31 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated	
	Kshs	Depreciation	NBV
	Kshs	Kshs	Kshs
Land	0.00	0.00	0.00
Buildings	102,850,020	9,741,748	93,108,748
Plant And Machinery	0	0	0
Motor Vehicles including Motorcycles	4,559,999	1,139,999	3,419,999
Computers and Related Equipment	810,082	396,341	413,740
Office Equipment, Furniture, And Fittings	2,849,112	1,000,841	1,848,270
Other Assets	1,162,485	685,878	476,606
Total	112,231,698	12,964,807	99,267,363



19. Intangible Assets

12. Description	FY 2021-2022	2020-2021
	Kshs.	Kshs.
Cost		
At beginning of the year 1st July 2017	0.00	0.00
Additions	1,009,200.00	1,009,200.00
At end of the year 30th June 2018	1,009,200.00	1,009,200.00
Additions—internal development	0,00	0,00
At end of the year 30th June 2019	1,009,200.00	1,009,200.00
Amortization and impairment	0.00	0.00
At beginning of the year 1st July 2018	1,009,200.00	1,009,200.00
Amortization	302,760.00	302,760.00
At end of the year 30th June 2019	706,440.00	706,440.00
Impairment loss	0.00	0.00
At end of the June 30th 2019	706,440.00	706,440.00
NBV	706,440.00	706,440.00
At 30 June 2018	1009,200.00	1009,200.00
At the beginning of the July 1st 2019	706,440.00	706,440.00
Additions—internal development	0,00	0,00
At 30th June 2020	706,440.00	706,440.00
Amortization	211,932	211,932
At 30th June 2020	494,508	494,508
NBV	494,508	494,508
At 30th June 2019	706,440.00	706,440.00
At 30th June 2020	494,508	494,508
Amortization	148,352	211,932
NBV	346,155	494,508
At 30th June 2021	346,155	706,440.00
Additions—internal development	0,00	0,00
At 30th June 2022	346,155	706,440.00
Amortization	103,847	211,932
At 30th June 2022	242,308	706,440.00
NBV	242,308	706,440.00
At 30th June 2021	346,155	706,440.00



Notes to the Financial Statements (Continued)

20. Trade and Other Payables from Exchange transactions

21. Refundable Deposits from Customers/Students

Description	FY 2021-2022	FY 2020-2021
	Kshs.	Kshs.
Consumer deposits	0.00	0.00
Caution moneyB/f	276,500.00	276,500.00
Other refundsb/f	0.00	0.00
Total deposits	276,500	276,500

22. The deferred income

Description	FY 2021-2022	FY 2020-2021
	Kshs.	Kshs.
National Government	0.00	0.00
Public Contributions and Donations	0.00	0.00
Total deposits	0.00	0.00

The deferred income movement is as follows: The deferred income movement is as follows:

	National government	International funders/donors	Total
Balance brought forward	0.00	0.00	0.00
Additions during the year	0.00	0.00	0.00
Transfers to Capital fund	(0.00)	(0.00)	(0.00)
Transfers to income statement	(0.00)	(0.00)	(0.00)
Other transfers (W I P)	(0.00)	(0.00)	(0.00)
Balance carried forward	0.00	0.00	0.00

23. Payment receive in advance

Description	FY 2021-2022	FY 2020-2021
	Kshs.	Kshs.
Trade payables	0.00	0.00
Fees paid in advance	3,474,300	3,187,779
Other payables	0.00	0.00
Total payables	3,474,300	3,187,779



Notes to the Financial Statements (Continued)

24. Financial Risk Management

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

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

(i) Credit risk

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

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

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



	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2019				
Receivables from exchange transactions	5,708,988.00	5,708,988.00	0.00	0.00
Receivables from non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
Total	5,708,988.00	5,708,988.00	0.00	0.00
At 30 June 2020				
Receivables from exchange transactions	11,802,503.00	11,802,503.00	0.00	0.00
Receivables from non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
Total	11,802,503.00	11,802,503.00	0.00	0.00
At 30 June 2021				
Receivables from exchange transactions	13,582,299.00	13,582,299.00	0.00	0.00
Receivables from non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
Total	13,582,299	13,582,299	0.00	0.00
At 30 June 2022				
Receivables from exchange transactions	12,950,500.00	12,950,500.00	0.00	0.00
Receivables from non-exchange transactions	0.00	0.00	0.00	0.00
Bank balances	0.00	0.00	0.00	0.00
Total	12,950,500	12,950,500	0.00	0.00

Financial Risk Management (Continued)

(i) Credit risk (continued)

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

The entity has significant concentration of credit risk on amounts due from 2020.

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

(ii) Liquidity risk management

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



Notes to the Financial Statements (Continued)

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2019				
Trade payables	0.00	500,000.00	2,330,626.00	2,830,626.00
Deferred income	0.00	0.00	1,528,350.00	1,528,350.00
Refundable Deposits	0.00	85,000.00	207,279.00	292,279.00
Total	0.00	585,000.00	4,066,255.00	4,651,255.00
At 30 June 2020				
Trade payables	0.00	4,840,014.00	0.00	4,840,014.00
Deferred income b/f	874,938.00	0.00	0.00	874,938.00
Refundable Deposits	0.00	0.00	292,279.00	292,279.00
Total	874,938.00	4,840,014.00	292,279.00	6,007,231.00
At 30 th June 2021				
Trade payables	0.00	3,187,779.00	0.00	3,187,779.00
Deferred income b/f	0.00	0.00	0.00	0.00
Refundable Deposits	0.00	0.00	276,500.00	276,500
Total	0.00	3,187,779	276,500	3,464,279
At 30 th June 2022				
Trade payables	0.00	3,474,300.00	0.00	3,474,300
Deferred income b/f	0.00	0.00	0.00	0.00
Refundable Deposits	0.00	0.00	276,500.00	276,500
Total	0.00	3,474,300	276,500	3,750,800

Financial Risk Management (Continued)

(iii) Market risk

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

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

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

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



Notes to the Financial Statements (Continued)

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial Assets (Investments, Cash, Debtors)	0	0	0
Liabilities			
Trade and Other Payables	0	0	0
Borrowings	0	0	0
Net Foreign Currency Asset/(Liability)	0	0	0

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

Financial Risk Management (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30th June 2022			
Financial Assets (Investments, Cash, Debtors)	0	0	0
Liabilities			
Trade and Other Payables	0	0	0
Borrowings	0	0	0
Net Foreign Currency Asset/(Liability)	0	0	0

a) Foreign currency sensitivity analysis

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



Notes to the Financial Statements (Continued)

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2021			
Euro	10%	0	0
Usd	10%	0	0
2022			
Euro	10%	0	0
Usd	10%	0	0

b) Interest rate risk

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

Management of interest rate risk

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

Financial Risk Management (Continued)

(iii) **Market risk (Continued)**

b) Interest rate risk(continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (2022: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (2022 – Kshs xxx)



Notes To The Financial Statements (Continued)

iv) Capital Risk Management

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Revaluation Reserve	0	0
Retained Earnings	0	0
Capital Reserve	0	0
Total Funds	0	0
Total Borrowings	0	0
Less: Cash and Bank Balances	(0)	(0)
Net Debt/(Excess Cash and Cash Equivalents)	0	0
Gearing	0%	0%

25. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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



Notes to the Financial Statements (Continued)

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

26. Segment Information

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

27. Capital Commitments

Capital Commitments	2021-2022	2020-2021
	Kshs	Kshs
Authorised for	0	0
Authorised and Contracted for	0	0
Total	0	0

28. Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

Description	2021-2022	2020-2021
	Kshs	Kshs
Accelerated Capital Allowances	0	0
Unrealised Exchange Gains/(Losses)	0	0
Revaluation Surplus	0	0
Tax Losses carried forward	(0)	(0)
Provisions for Liabilities and Charges	(0)	(0)
Net Deferred Tax Liability/(Asset)	0	0
The movement on the deferred tax account is as follows:		
Balance at beginning of the year	0	0
Credit to revaluation reserve	(0)	(0)
Under provision in prior year	0	0
Income statement charge/(credit)	0	0
Balance at end of the year	0	0



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

29. Events After The Reporting Period

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

30. Ultimate And Holding Entity

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

31. Currency

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



I. Appendices Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
SNY/SIALA TTI/2020/2021/(12)	Property, Plant and Equipment. Values of Equipment mechanical engineering supplied by the Ministry of Education amounting to Ksh.121,713,496. Are missing in the financial statement and PPE schedule.	The management had written to the Ministry of Education seeking clarification on the individual values of equipment supplied but response was yet to be received.	Not resolved.	FY2022/2023.
SNY/SIALA TTI/2020/2021/(12)	Budgetary Control and Performance Statement of comparison of budget and actual amounts reflects budgeted receipts of Ksh. 84,897,167. And actual receipts of Ksh.47,180,610 resulting to under receipts.	The shortfall in revenue realized was as a result of COVID-19 pandemic which made it difficult for students intake to be realized 100% hence shortfall	Resolved	N/A
SNY/SIALA TTI/2020/2021/(12)	Receivable from Exchange transaction. a)The financial statements reflects Kshs.13,582,299 in respect to student debtors. However, the Institution does not have an effective fee collection policy in place to ensure outstanding fees are remitted by students in a timely manner.	The management has completed the process of developing fee collection policy which is just awaiting approval of the board for adoption and implementation.	Not yet resolved	FY 2022/2023
SNY/SIALA TTI/2020/2021/(12)	Staff Composition. Examination of employee records revealed that out of 113 employees, 84, translating to 74% were from one dominant community, contrary to the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff have not more than one third of its staff from same ethnic community.	The Management undertakes to Comply with the recommendation and make the necessary changes immediately	Not Resolved	2022 2023

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe:
SNY/SIALA TTI/2020/2021/(12)	<p>Lack of Risk Management Policy and Framework.</p> <p>The Institute does not have an approved risk management policy and framework or a risk register contrary to Regulation 165 of Public Finance Management (National Government) Regulations, 2015 which requires an accounting officer to ensure that a national government entity develops risk management strategies, which includes: fraud prevention mechanism and a system of risk management and internal control that builds robust business operations.</p>	<p>The Management undertakes to Comply with the recommendations.</p>	Not Resolved	2022 2023

Accounting Officer

Asha Bakari
 Principal Siala TTI

Signature
 Date: 23/9/2022



APPENDIX I: 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. Phase 1 GOK/AFDB Mechanical Engineering Workshop Block	1	GOK/AF DB	2014-2016	Fully Committed	Yes	Partly.
2. Civil Engineering Complex	1	GOK/AF DB	2018-2019	Fully Committed	Yes	No.
3. Electrical Engineering Workshop	1	GOK/MO E	2020	Fully Committed	No	Yes
4. Burning Chamber (Incinerator)	1	SIALA TTI	2021	Fully Committed	No	Yes
5. Tuition Rooms	1	SIALA TTI	2022	Fully Committed	No	No.

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Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Mechanical workshop.	219,207,984.67	-	90%	219,207,984.67	-	GOK/AFDB
2	Civil Engineering Workshop.	254,641,621.00	-	85%	254,641,621.00	-	GOK/AFDB
3	Electrical Engineering Workshop	3,040,151.00	3,056,700	100%	3,056,700	3,040,151	MOE
4	Burning Chamber (incinerator)	423,865.00	423,865	100%	500,000.00	423,865	SialaTTI Internal Funding
5	Tuition Rooms	1,650,000.00	1,067,443	65%	1,650,000.00	1,650,000	SialaTTI Internal Funding

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APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount – KES	Where Recorded/reco gnized	Capital Fund	Deferred Income	Receivabl es	Others - Capitaton	Total Transfers during Quarter 2
Ministry of Education	30 November 2021	Recurrent	10,620,000	10,620,000.00	0.00	0.00	0.00	10,620,000.00	10,620,000
Ministry of Education	02 March 2022	Recurrent	10,620,000	10,620,000.00	0.00	0.00	0.00	10,620,000.00	10,620,000
Ministry of Education	03 June 2022	Recurrent	13,732,500	13,732,500.00	0.00	0.00	0.00	13,732,500.00	13,732,500
Ministry of Education	30 June 2022	Development	0.00	0.00	0.00	0.00	0.00	0.00	0.00
USAID	30 June 2022	Donor Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ministry of Education	30 June 2022	Direct payment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total			34,972,500	34,972,500	0.00	0.00	0.00	34,972,500	34,972,500

