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THE AUDITOR-GENERAL

ON

**KONOIN TECHNICAL TRAINING
INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE, 2021**



OFFICE OF THE AUDITOR GENERAL
P.O. BOX 30084 - 00100, NAIROBI
KENYA
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KONON TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2021**

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

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FOR THE YEAR ENDED 30 JUNE 2021

KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The *KONON TTI* was incorporated/ established under the TVET Act on May 2016. The Institute is domiciled in Kenya, Bomet county, Konoin sub-county and has no branches. The Institute is a centre of excellence in Agricultural Value Addition.

(b) Principal Activities

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

Vision:

To be a centre of excellence in offering quality Technical, Vocational Education and Training.

Mission:

To provide Quality and Technical knowledge, skills and competences that promotes innovation and creativity.

Core Objectives:

- i) To extend technological solutions through research in appropriate and emerging technologies.
- ii) To promote technology through linkages with institutions, community and industries.
- iii) To expand and harness use of ICT in service delivery and ICT integration.

The *KONON TTI*'s day-to-day management is under the following key organs:

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

(c) Fiduciary Management

Key Management

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

No.	Designation	Name
1.	Principal(Accounting Officer)	HaronMaosa.
2.	Head of Finance	Janeth Chepkirui
3.	Head of Procurement	Naomy Chepngetich Ronoh
4.	B.O.G Chairperson	Sammy Kiprono Kirui
5.	Finance Committee Chair	Anthony KiplangatBor

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(d) Fiduciary Oversight Arrangements

Name of the Committee	Members
Finance/Technical Committee	1. Anthony Kiplangat Bor. 2. Vivian Osindi. 3. Michael Ongoyi. 4. Janeth Chepkirui. 5. Haron Maosa.
Human Resource /Academic Committee	1. Juliana Yegon. 2. Caroline Chepngetich. 3. Michael Ongoyi. 4. Vivian Osindi. 5. Haron Maosa.
Audit Committee	1. Sambu Zeddy Cheron 2. Benard Wafula Nalyanya 3. Haron Maosa.

(e) Entity Headquarters

Konoin Technical Training Institute
P.O. Box 19-20403, Mogogosiek.
Technical Training Institute Building/House/Plaza
Koiwa Road
Bomet

(f) Contacts

Telephone : (254) 725081344
E-mail: konointechnical@gmail.com
Website: www.konointti.ac.ke

(g) Bankers

Kenya Commercial Bank
Litein branch
P.O. Box 5 -20210,
Litein, Bomet.

(h) Independent Auditor

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(i) Principal Legal Adviser



The Attorney General
State Law Office
Harambee Avenue

KONON TECHNICAL TRAINING INSTITUTE**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**



P.O. Box 40112
City Square 00200



Nairobi, Kenya

THE BOARD OF GOVERNORS

Director's passport-size photo, name, and key profession/academic qualifications	Concise description of Director's date of birth, key qualifications and work experience
 <p>1. Sammy Kiprono Kirui</p> <ul style="list-style-type: none"> • B.A • MBA • DHRM • DPSM • MKIM 	<ul style="list-style-type: none"> • D.O.B:1969 • 2019: Awarded Head of State Commendation (HSC) in Recognition for promoting education and conservation of environment. • Works with James Finlays Kenya as a General Manager. • Rose through the ranks in the private sector to the post of General Manager. • Mentored many young men and women. • Retired chairman, Kericho Golf club. • Executive committee member Kenya Institute of Management, Kericho Branch. • Member, Kenya institute of supplies management. • Steered Finlays Corporate Social Responsibility (CSR) programme to a new level. • Organized tea farmers (Fintea co-op Union) into five co-operatives with over 10,000 members to support small scale tea farmers to improve their livelihoods. • Linked Farmers to international partners. • Works with the national governments in several areas e.g supporting security efforts. • Ensured fair distribution and supervised construction of over 70 projects across Bomet and Kericho Counties in 10 years. These are mainly infrastructural support projects to schools.
 <p>2. Sabulei K. Moses</p> <ul style="list-style-type: none"> • Masters of Education (Curriculum and 	<ul style="list-style-type: none"> • D.O.B: • (January 2022 to date): Chief Principal at Konoin Technical Training Institute. • (2017 to 2021): Chief Principal at Ziwa Technical. • (2015 to 2017): Senior Principal at Baringo Technical • (2009 to 2014): Senior Principal at Kisiwa Technical • (2007 to 2009): Dean of Students at Ol'lessos T.T.I. • (2005 to 2006): Senior Lecturer at Kabete Technical. • (2002 to 2004): Deputy Principal at Langata High School. • (1998-2002): Senior Discipline Officer at TSC Headquarters, Nairobi. • (1993-1997): High School Teacher. • Other experiences: Have attended International Conferences in various countries and presented



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Teaching)	Research Papers.
 <p>3. Anthony Kiplangat Bor</p> <ul style="list-style-type: none"> • PhD in Business Management (Finance Option) ongoing • MBA (Finance Option) • Bachelor of Commerce (Accounting Option) 	<ul style="list-style-type: none"> • D.O.B:1966 • (July 1997to Date): Kenya Tea Development Agency Ltd. • (July 2004 to Date): Senior factory Accountant • (July 1997 to July 2004) : factory Accountant • (September 1989 to July 1997): Kenya farmers association ltd • (July1994 to July 1997): Senior Sales and Administrative Officer • (March 1994 to July 1994): Assistant Manager • (March 1993 to March 1994): Account(Finance /Bookkeeping) • (August 1990 to March 1993): Assistant Accountant • (October 1989 to August 1990): Audit Assistant • (January 1989 to October 1989): Lecturer RVIST • (January 1984 to May 1985): Secondary Teacher, Chesoen High School • August 1999: Senior Census supervisor • August 1979: Census Enumerator
 <p>4. Ongoyi Ajwang Michael</p> <ul style="list-style-type: none"> • Bachelor of Science (Computer Science) 	<ul style="list-style-type: none"> • D.O.B:1973. • 2014-2016: Instrumentation and Control superintendent- Sonysugar • 2007-2014: Senior Instrumentation and Control supervisor-Sonysugarco.ltd • 2004-2007: Junior Instrumentation and control supervisor – Sonysugarco.ltd • 2000-2004: Electronics Technician in charge of PABX

 <p>5. Caroline Chepngetich</p> <ul style="list-style-type: none"> • (2016-2017) Post graduate diploma in law (Expected) • (2010-2014) Bachelor of law 	<ul style="list-style-type: none"> • D.O.B: 1991 • November 2017 to date: M/S Sang & Sang Advocates, LLP, Kericho (Lawyer) • 2017- August 2017: M/S Obondo Koko & Co. Advocates, Kericho. (pupil) • 2016-2017 Kenya school of Law: Post Graduate Diploma in Law (expected) • July 2015- Dec 2015: M/S Obondo Koko & Co. Advocates Kericho. (Intern) • April 2015-June 2015: Adoption Officer (Kenya Children's Homes) • 2014 (May-September) Ministry of Labour, Social Security and Services-Children's Department (Volunteer) • 2013 (June-August) Kenya Tea Development Agency (Intern) • 2012 (May – August): Kericho Law Courts (Intern)
 <p>6. Benard Wafula Nalyanya</p> <ul style="list-style-type: none"> • Bachelor of Technology :Electrical and Communications Engineering 	<ul style="list-style-type: none"> • D.O.B: 1966. • 26 Years' experience in various institutions. • (Dec 1990 – June 1996) Panafrikan Paper Mills. Assistant Electrical Plant Engineer • Central Glass Industries, Electrical and instrumentation Engineer <p>Electrical engineer Kenya Tea Development Agency: Responsible for all works pertaining to electrical works in the 65 factories across the country and several subsidiaries</p> <ul style="list-style-type: none"> • Abymat Services, projects include:- (i) Nairobi Technical Training Institute Electrical works for New workshop and expansion of offices at the Nairobi collage (ii) Masai Technical Training Institute- Electrical works design and supervision for New workshops at the Kajiado collage. (iii) Sotit tea factory- Electrical works design and supervision for New tea factory still under construction costing Ksh 24,000,000.00 (iv) Sisibo tea factory- Electrical works design and supervision for New Tea factory currently under test runs costing ksh 25,000,000.00 (v) Mushubi and gatara tea factory- Electrical works design and drawings for New Tea factory in Rwanda in 2008/ 2009 (vi) Research and Development factory for KALRO -TRI- design and supervise Electrical installation for machinery consultancy services for commercial line and R&D line machinery (vii) Design and design of the modification of the church hall at st. pauls church (viii) Electrical work design for Divine Mercy Catholic

KONON TECHNICAL TRAINING INSTITUTE

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	Church in Kariobangi
 <p>7. Vivian N. Osindi</p> <ul style="list-style-type: none"> • Bachelor of Science(Computer Science and Technology) 	<ul style="list-style-type: none"> • D.O.B:1986 • June 2011 to Date: Direct Sales Representative & Credit -Debit Collector KCB Nairobi. • August to September 2010: Kenya School of Monetary Studies Nairobi (Intern) • May to July 2010: Kenyatta National Hospital Nairobi (Intern)
 <p>8. SambuZeddyCheronoh</p> <ul style="list-style-type: none"> • M.A Development Communication • MBA (Finance Option) • B.A Communication and Media Technology 	<ul style="list-style-type: none"> • D.O.B: 1981 • December 2020 to Date: Management Communications Consultant (Blue Garnett Consultants) • January 2018- Dec 2020: Board of Governors Gitwebe TTI, Associate Editor, Royal Services • May 2017-Dec 2017: Head of Public Affairs, National Oil Corporation of Kenya • October 2014-April 2017: Kenya Electricity Generating Company (KenGen): Chief Officer, External Relations • January 2007-September 2014: Nation Media Group, Business Daily Newspaper (Senior Economic Affairs Analyst) • April 2004-Dec 2006: Nation Media Group, News Correspondent • Dec 2003- April 2004: Kenya Broadcasting Corporation, programmes presenter

KONON TECHNICAL TRAINING INSTITUTE

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MANAGEMENT TEAM

Name	Main area of responsibility
1. Sabulei K. Moses Academic qualification: - Masters of Education (Curriculum and Teaching) - Bachelor of Education. Professional qualification:	Principal (Accounting Officer)
2. Janeth Chepkirui: Academic qualification: Bachelor of Commerce (Finance option) Professional qualification: - CPAK	Head of Finance
3. Naomi Chepngetich Ronoh Academic qualification: - Bachelors Degree in Business Management (Purchasing and Supplies option) Professional Qualification - KISEB Student	Head of Procurement

CHAIRPERSON'S STATEMENT

I am pleased to report that Konon Technical Training Institute (KTTI) has continued to perform well in returning exemplary examination results of the Kenya National Examinations Council (KNEC). I take this opportunity to share with you my views on the key initiatives and achievements we have had over the year on economic performance, Education sector changes, financial performance and operations and risks associated with the Institution, and our future outlook.

Economic Focus

In order to ensure efficient and effective provision of Technical Vocational Training, we have developed necessary policies and institutional framework to direct the running of the Institution in line with vision 2030, the Big 4 Agenda and Sustainable Development Goals. In the past, the institute experienced tremendous growth in student enrolment but in the last two years the enrolment though growing has been unsteady due to the effects of Covid 19. As at the end of year 2020/2021, the Institute had 1308 students.

Review of the Sector and Changes

Though the year was faced with unusual challenge of Covid 19, the government capitation has continued to boost the growth in student enrolment due to reduction in fees payable to ensure affordable technical vocational training to every high school graduate who has not met the required threshold to join university education. This initiative of transition by the government has so far been successful, and the future looks quite bright indeed.

Risk Management

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

Operation and Management

In the spirit to excel, we endeavour to be a centre of Excellence in scientific, technological, training and innovation so as to produce competent graduates who are capable of integrating the acquired skills in nation building in line with Vision 2030 and the Big4 Agenda (i.e. food security, affordable housing, universal health and manufacturing).

Key Challenges

As mentioned above, in the last two years the education calendar has been affected by the outbreak of Covid 19 resulting to low rate of enrolment as well as crashing of programs. Again, complying with Ministry of Health Covid – 19 Protocols continue to limit the Institute realize its full potential in terms of revenue collection and coursing delays or postponement of projects implementation process. The institute had to incur heavily, beyond the budget, to meet the Ministry of Health Covid 19 Protocols.

The Institute also has got no boarding facilities forcing students to seek accommodation outside the school facilities.

During the year, the board of Governors was able to accomplish various projects as listed below:

Project	Completion rate
Construction of Institute gate	100%
Fencing the school	100%
Construction of two offices	100%
Construction of ablution blocks	100%
Construction of workshops	100%

Outlook

I am indeed deeply indebted to the members of the Board of Governors for their unwavering support, commitment and futuristic outlook towards realising the institute's objectives in line with its strategic plan and core mandate of training market-driven technical manpower. Noteworthy is the Board's diverse qualifications and experience. I unreservedly assure all our Stakeholders we at KTTI, shall remain focussed, committed and consistent in the delivery of opportunities and accountably availing of resources to both trainers and trainees within the Government framework of accountability, corporate governance and ethical sustainability. Going forward Konoin TTI is committed to working closely in collaboration with other like-minded entities, institutions, agencies and any other bi-lateral & multi-lateral agencies involved in technical and vocational training to ensure that our trainees continue to receive Competency Based Training.

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



SAMMY KIPRONO KIRUI

CHAIRPERSON OF THE GOVERNING BOARD

KONON TECHNICAL TRAINING INSTITUTE

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REPORT OF THE PRINCIPAL

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

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

Konoin Technical Training Institute currently offers 45 programmes/courses accredited by Technical and Vocational Educational Training Authority. The Institute has been registered by Kenya National Examination Council as an examination Centre for both Business and Technical Examinations. Candidates have sat for examinations in November 2020 and March 2021. There are also many candidates who have registered for November 2021 series.

The Institute has partnered with the County Government of Bomet, NG-CDF Konoin Constituency, KUCCPS, HELB, IMARISHA SACCO SOCIETY LTD and we look forward to more partnerships in future.

The Institute has a potential to admit more students but this will be made possible only if the infrastructure is improved. We are in the process of constructing two Hostels with partnership from Finlays (K) Ltd and NG-CDF Konoin to accommodate about 300 students so as to assist students who are placed by KUCCPS. Konoin Technical Training Institute has a very bright future in the TVET Sub-sector.

- Our serious challenge is lack of adequate government trainers, enough classrooms and workshops.

HIGHLIGHTS OF FY 2020/2021 PERFORMANCE

The Financial Year 2020/2021 started on a high note with the Government keen to ensure TVET Institutions absorb as many Form 4 leavers as possible.

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

During the year under review, the total capitation received from the government amounted to Kshs. 61,065,000. Income from rendering of services was in the tunes of Khs. 16,654,449 compared to Ksh 29,499,709 received during FY 2019/2020. The decline was due to reduced receipts from HELB due to the constraint of their budget.

Students Enrolment;

During the year 2020/2021, the enrolment was not immense as in the previous years due to covid-19 pandemic.

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During the year 2020/2021, the enrolment was not immense as in the previous years due to covid-19 pandemic.

Projects Undertaken

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

- Construction of the institution's gate.
- Completion of fencing.
- Payment of school bus 62-seater KCT 311Y to a tune of Ksh.4,700,000.
- Construction of ablution blocks
- Construction of workshop and 2 offices by Ministry of Lands and Urban Housing.

Our future plans in relation to expansion and well-being of the institutes are as follows;

- Water connectivity to the institute
- Construct of male and female hostels
- Construction of agricultural value addition buildings

I have confidence that the trainees are well equipped with the necessary skills that strategically aligns them with opportunities within the country, regionally and globally at the same time contributing to the realization of the Big 4 Agenda: Health, Manufacturing, Affordable Housing and Food security.

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

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

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

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

SABULEI K.M

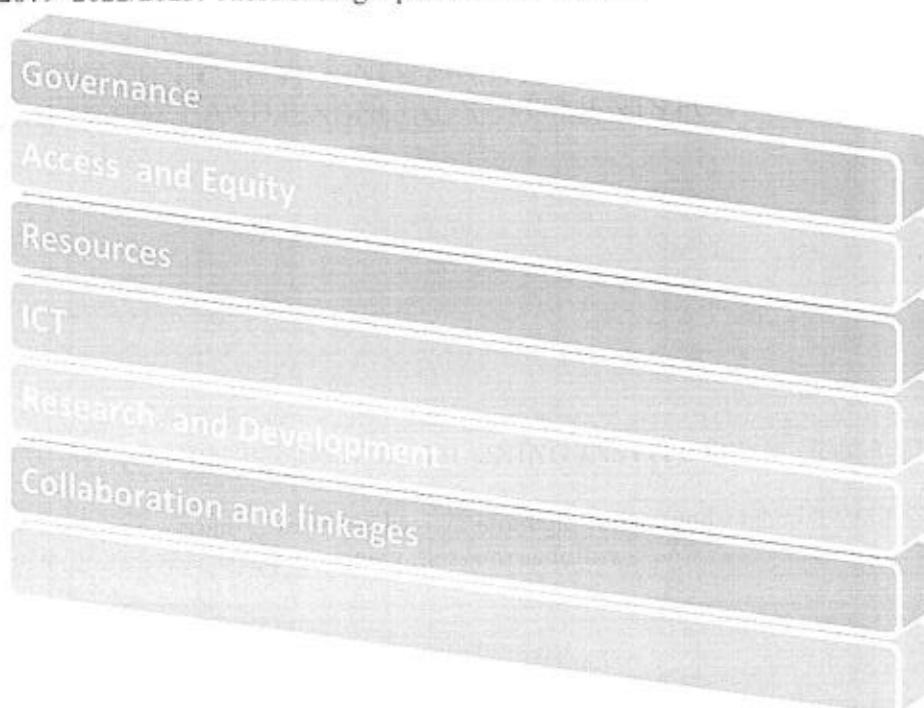
CHIEF PRINCIPAL/SECRETARY TO THE BOARD OF GOVERNORS



KONONIN TECHNICAL TRAINING INSTITUTE
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REVIEW OF KONONIN TECHNICAL TRAINING INSTITUTE'S PERFORMANCE FOR FY 2020/2021

Konoini Technical Training Institute has six strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:



Konoini Technical Training Institute develops its annual work plans based on the above six pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *institute* achieved its performance targets set for the FY 2020/2021 period for its 1 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Access and Equity	Expand the physical infrastructure	Completion agricultural value addition block	Construction agricultural value addition block	To be started
	Enhance security in the Institute	Completion of school fence	Completion of school fencing project	completed
	To improve students' academic performance	Acquire addition 62 seater bus	62 seater bus acquired	Project closed

CORPORATE GOVERNANCE STATEMENT

Technical Training Institute is committed to good corporate governance, which promotes the long-term interests of the Government of Kenya and any other stakeholder, strengthens Board and management accountability and helps build public trust in the Institute.

The Board is appointed by the Government of Kenya through the Cabinet Secretary, Ministry of Education, science and technology to oversee their interest in the long-term health and the overall success of the business and its financial strength in order to discharge its mandate in training. The Board serves as the ultimate decision making body of the Institute, except for those matters reserved to or shared with the Government of Kenya. The Board selects and oversees the members of senior management, who are charged by the Board with conducting the business of the Institute in line with the Technical, Vocational, Education & Training Act of 2013 and the constitution of the Republic of Kenya.

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

The Institute's corporate governance materials, including the Corporate Governance Guidelines, the Institute's legal order, the terms and reference for each Board committee, the Institute's Codes of Business Conduct, information about how to report concerns about the Institute and the Institute's public policy engagement and technological contributions policy.

Attendance of board meetings

During FY 2020/2021, there was 98% eligible attendance at all meetings of the Board and Committees. The following table shows the number of meetings held during 2020/2021, the attendance of each Member;

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	FULL BOG	SPECIAL BOG	SPECIAL BOG	SPECIAL BOG	TOTAL ATTENDANCE		FULL BOG	FULL BOG	HUMAN RESOURC	HUMAN RESOURC E BOG	TOTAL ATTENDANCE
NAME	10/8/2020	25/08/2020	10/9/2021	12/9/2020		NAME	1/2/2021	29/04/2021	16/06/2021	27/06/2021	TOTAL
CAROLINE CHEROTICH-	PRESENT	PRESENT	PRESENT	PRESENT	4	SAMMY KI	PRESENT	PRESENT	ABSENT	ABSENT	2
SALOME KEMUNTO NYAKUNDI-MEMBER	ABSENT	ABSENT	ABSENT	PRESENT	1	CAROLINE	PRESENT	PRESENT	PRESENT	PRESENT	4
HARRY RONO-MEMBER	PRESENT	PRESENT	PRESENT	PRESENTS	4	ANTHONY	PRESENT	PRESENT	ABSENT	ABSENT	2
CAROLINE CHEPNGETICH-MEMBER	ABSENT	PRESENT	PRESENT	PRESENT	3	MICHAEL C	PRESENT	PRESENT	ABSENT	ABSENT	2
MARY MWIKALI-MEMBER	ABSENT	ABSENT	ABSENT	PRESENT	0	SAMBU ZE	PRESENT	PRESENT	ABSENT	ABSENT	2
HARON MAOSA-SECRETARY-SECRETARY	PRESENT	PRESENT	PRESENT	PRESENT	4	BENARD W	PRESENT	PRESENT	ABSENT	ABSENT	2
BENARD WAFULA-MEMBER	ABSENT	ABSENT	ABSENT	ABSENT	0	VIVIAN OS	PRESENT	PRESENT	PRESENT	PRESENT	4
PETER CHERUIYOT-COUNTYDIRECTOR EDUCATION	PRESENT	PRESENT	PRESENT	PRESENT	4	PETER CHE	PRESENT	ABSENT	ABSENT	PRESENT	2
ARCH. RAYMOND NGENO-MEMBER	PRESENT	ABSENT	ABSENT	PRESENT	3	ANNETH C	PRESENT	PRESENT	ABSENT	PRESENT	3
JULIANA YEGON-	ABSENT	ABSENT	ABSENT	ABSENT	0	JULIANA	PRESENT	PRESENT	PRESENT	ABSENT	3
						HARON M	PRESENT	PRESENT	PRESENT	PRESENT	4

Note:

- 1) There were 3 full board meetings, 3 special board meetings and 2 human resource committee meeting held during the year.
- 2) No board charter exists at the moment.
- 3) Succession took place.
- 4) No board remuneration.

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

CORPORATE GOVERNANCE STATEMENT (Continued)

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

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

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

The Role and Functioning of the Board

The Board is comprised of a BOG Chairperson, Principal (Secretary to Board) and five board Members. The Members have a balance and depth of skills and experience, together with knowledge of the Institute's operations, which enables them to discharge their respective duties and responsibilities effectively.

The Board is collectively responsible for the long-term success of the Institute.

There is a formal schedule of matters reserved for consideration by the Board, which include responsibility for the following:

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

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

Board performance

Performance evaluations identify and record achievements, training requirements and areas for improvement in relation to annual objectives and performance of their respective roles, in order to consider effectiveness.

Objectives for the forthcoming year are defined along with identification of how achievements will be met, target dates and details of resource constraints or issues to ensure that actions are planned and taken as a result of the evaluation process.

We strive to provide the highest quality of training to our students by;

- i) Being courteous, fair, ethical and professional.
- ii) Being positive and helpful and provide reasons for any decisions we make.
- iii) Providing assistance when required.
- iv) Answering enquiries or requests accurately and in a timely manner
- v) Treating our staff, Contractors and Suppliers honestly and with respect.

Keeping the Institute clean, tidy and free from any damage.

MANAGEMENT DISCUSSION AND ANALYSIS

Konoin Technical Training Institute operational and financial performance

During the year ended June 2021, the Institution had 1,308 students. The increased government capitation was due to government 4th Quarter capitation which had not been received in the financial year 2019/2020. Rendering of services from KES 29,499,709 in year 2019/2020 to KES 16,654,499

representing a 43.54% decline. This was due to Covid-19 disruptions and reduced receipts of HELB.

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

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

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

i. Government Funding

With regard to Government funding, the Institution will prepare, present and justify proposals as a basis for resource bidding within the Government's budgetary processes. In this regard, the Institution will coordinate with the MoE to ensure that the respective annual Sector Reports accommodate the needs of this plan.

ii. Constituency Development Fund (CDF)

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

iii. National Science Technology & Innovation Fund

The Institution through the Ministry of Education (MoE) will seek for funding from the Kenya National Science Technology and Innovation Fund on initiatives in the Institution that are ST&I based. This will be in

line with the objective of the foundation which is to secure adequate local and international funding in support of national Science Technology & Innovation competitiveness in Kenya.

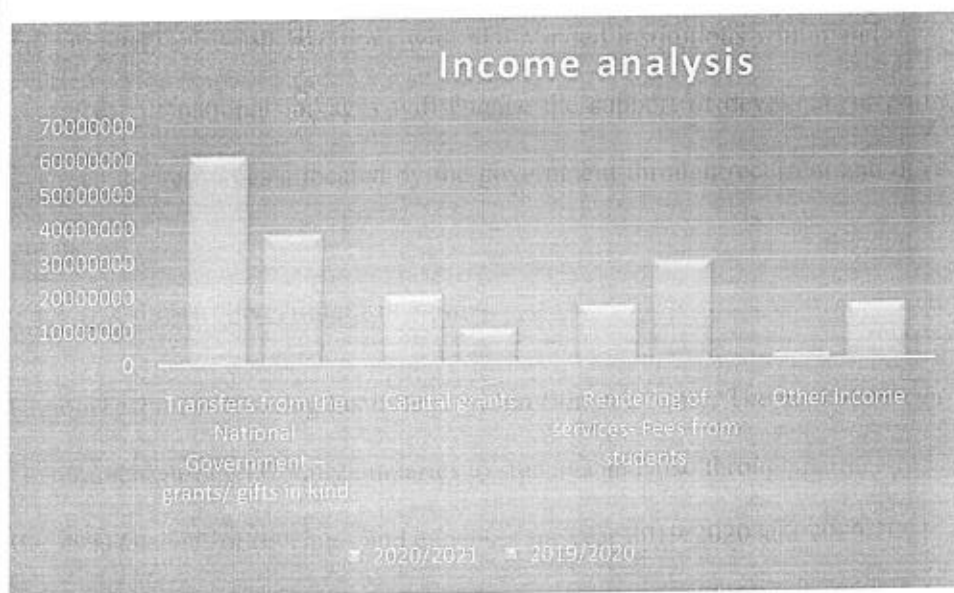
iv. Donors (Development Partners)

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

v. County Government of Bomet

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

Below is analysis of revenues and expenses for year 2019/2020 and 2020/2021.



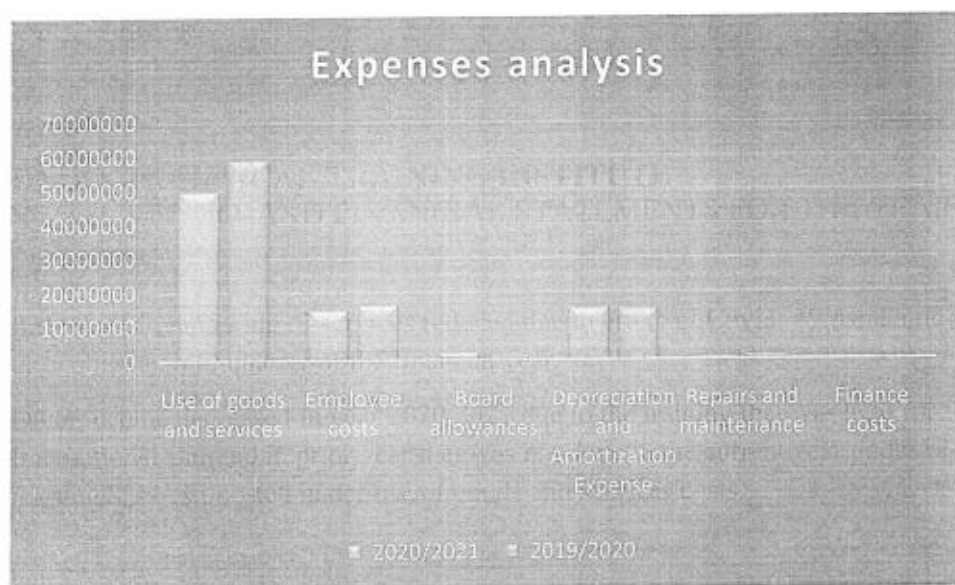
Transfers from the government were higher in 2020/2021 as compared to 2019/2020 due to increased number of students. And also capital grants for the mentee (West Mugirango)

KONOIN TECHNICAL TRAINING INSTITUTE

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Income from rendering of services reduced due to effect of Covid- 19 pandemic that caused schools to be closed in the third quarter of the financial year.

Other income decreased in year 2020/2021 due to the training that was held for five months by Avic International Limited in prior year that was not done in the current year under review. The expense for the training has been posted under use of goods and services costs.



Konoin Technical Training Institute compliance with statutory requirements

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

Key projects and investment decisions

The Institution constructed the institution gate and completed fencing.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

1. Sustainability strategy and profile -

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

Profit:The institute has adopted a transformation strategy aimed at ensuring that she remains financially sound in the face of dwindling funding from the central government. The institutions have expanded it capacity for internally generated income like production of sanitizers and masks.

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

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

2. Employee welfare

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

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

Activity	Description
Better training	optimizing training operations to meet ongoing social and sustainability objectives. providing opportunities for us to grow as Institute by becoming involved in our local community.
Enhanced community	focusing on good urban design and empowered members for healthy, happy and resilient community.
Supported Staff	promoting initiatives that support staff and their families, beyond the provision of employment. promoting initiatives that recognize the contribution of the students to the community.

KONON TECHNICAL TRAINING INSTITUTE

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a) Policies guiding hiring process

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

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

3. Market place practices-

Responsible Supply Chain and Supplier relations

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

All procurement activities have continuously been carried out where Supply Chain ensured that there are sufficient funds to meet the obligations of the resulting contract and are reflected in the approved budget estimates. Knowledge of available funds acts as a guide in knowing what to procure and when to procure.

The organization has maintained and continuously updated list of registered suppliers, contractors and consultants in various specific categories of goods, works or services according to its procurement needs.

Konoin Technical Training Institute has at all-time ensured responsible treatment of the suppliers in various ways as featured below;

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

4. Community Engagements-

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

KONOIN TECHNICAL TRAINING INSTITUTE

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- iv) Supply Chain function has ensured timely submission of the suppliers' invoices to facilitate payment process by the finance department after delivery of goods, services or works is completed. This helps in making sure that the payment process is not delayed. Timely payment of suppliers helps in maintaining a good relationship with the supplier and also avoiding of penalties that may arise from delayed payment.
- v) Supply Chain also makes follow ups of invoices issued to finance for payment process to ensure timely payments of suppliers.

4. Community Engagements-

During the year under review, the institute carried out various CSR activities to impact the society. Such activities include tree planting, cleaning the environment and sponsoring vulnerable students amongst others.

REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the *Konoin TTI* affairs.

Principal activities

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

Results

The results of the entity for the year ended 30 June 2021 are set out on page 1 to 23.

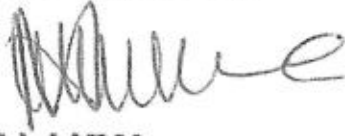
Board of governance

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

Auditors

The Auditor General is responsible for the statutory audit of the *Konoin TTI* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board


Sabulei K.M
Corporate Secretary
Nairobi
Date... 24/08/2022



STATEMENT OF BOARD OF GOVERNORS/ COUNCIL MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and the TVET Act No. 29 of 2013 require the Board of Governors to prepare financial statements which give a true and fair view of the state of affairs of the *Konoin Technical Training Institute* at the end of the financial year 2020/2021 and the operating results of the *Konoin TTI* for FY 2020/2021. The Board of Governors are also required to ensure that the *Konoin TTI* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Konoin TTI*. The Board of Governors are also responsible for safeguarding the assets of the *Konoin TTI*.

The Board of Governors are responsible for the preparation and presentation of the *Konoin TTI*'s financial statements, which give a true and fair view of the state of affairs of the *Konoin TTI* for the financial year ended June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of *Konoin TTI*; (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 *Konoin TTI*; (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 *Konoin TTI*'s financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act No. 29 of 2013. The Board of Governors are of the opinion that the *Konoin TTI*'s financial statements give a true and fair view of the state of *Konoin TTI*'s transactions during the financial year ended June 30, 2021, and of the *Konoin TTI*'s financial position as at that date. The Board of Governors further confirm the completeness of the accounting records maintained for the *Konoin Technical Training Institute*, which have been relied upon in the preparation of the *Konoin TTI*'s financial statements as well as the adequacy of the systems of internal financial control.

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

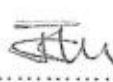
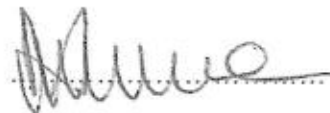
Approval of the financial statements

The *Konoin TTI*'s financial statements were approved by the Board on date: 24th of August, 2022 and signed on its behalf by:

Sammy Kiprono Kirui

Janeth Chepkirui

Sabulei K.M

Chairperson of the Board

ICPAK NO:28183

Finance Officer

Chief Principal

Date: 24/8/22

Date: 24/08/2022

Date: 24/08/2022



REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KONOIN TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2021

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 Konoin Technical Training Institute set out on pages 1 to 25, which comprise the statement of financial position as at 30 June, 2021, and the statement financial performance, statement of cash flows,

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Konoin Technical Training Institute as at 30 June, 2021 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1. Inaccuracies in Employee Costs

The statement of financial performance and as disclosed in Note 10 the financial statements reflects employee costs totalling Kshs.14,560,996 which includes salaries and wages amounts of Kshs.11,596,365. However this amount differs with the corresponding payroll amount of Kshs.10,436,120 resulting to an unexplained variance of Kshs.1,160,245.

In the circumstances, the accuracy and completeness of the salaries and wages balance of Kshs.11,596,365 could not be confirmed.

2. Inaccuracies in Cash and Cash Equivalents

The statement of financial position and as disclosed in Note 15 to the financial statements reflects cash and cash equivalents balance of Kshs.15,803,314 which includes Kshs.11,869,647 in respect of tuition fees bank accounts. However this amount differed with the cash book balance of Kshs.11,227,682, resulting to an unexplained variance of Kshs.641,965.

Further, the Institute did not maintain cash books for six (6) of its bank accounts, it only maintained for one (1) bank account in a Microsoft excel spreadsheet which is prone to manipulation without proper trail.

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.15,804,314 could not be confirmed.

3. Unsupported Property, Plant and Equipment

The statement of financial position and as disclosed in Note 18 to the financial statements reflects property, plant and equipment balance of Kshs.171,114,013 which includes an amount of Kshs.7,000,000 as value of land. However, the land valuation report was not provided for audit.

Further the property, plant and equipment balance includes work in progress balance of Kshs.26,220,525 that was not supported by schedules, certificates of completion and invoices.

In the circumstances, the accuracy, completeness and valuation of property, plant and equipment balance of Kshs.171,114,013 could not be confirmed.

4. Prior Year Adjustments

Note 22 to the financial statements reflects prior year adjustments balance of Kshs.1,766,700 representing cost of computers and equipment that had been erroneously expensed instead of being capitalized. However, journal vouchers and supporting documentation were not provided for audit.

In the circumstances, the accuracy and completeness of the prior year adjustments balance of Kshs.1,766,700 could not be confirmed.

5. Inaccuracies in the Statement of Comparison of the Budget and Actual Amounts

The statement of comparison of the budget and actual amounts reflects total expenditure final budget of Kshs.183,177,000 which differs with the recalculated amount of Kshs.189,289,500 resulting to an unexplained variance of Kshs.6,112,500. In addition, the statement reflects total performance difference of Kshs.116,089,514 which differs with the recalculated amount of Kshs.109,180,829 resulting to an unexplained variance of Kshs.6,908,685.

In the circumstances, the accuracy and completeness of the above amounts could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.183,177,000 and Kshs.99,549,664, respectively resulting to an under-funding of Kshs.83,627,336 or 46% of the budget. Similarly, the Institute expended Kshs.73,996,171 against an approved budget of

Kshs.183,177,000 resulting to an under-expenditure of Kshs.109,180,829 or 60% of the budget. The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

2. Unresolved Prior Year Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Repayment of Loan

Documents reviewed revealed that the Institute and a Savings and Cooperative Society signed a memorandum of understanding on 28 May, 2019 for a loan of Kshs.13,000,000 from the society repayable within 60 months at an interest rate of 14% per annum on a reducing balance. However, the loan statement of account provided for audit indicated that the loan interest is being charged at a constant amount of Kshs.94,900 in triannual installments contrary to the memorandum of agreement.

Further, the Institute was required to deposit 30% of the total loan amount which is equivalent to Kshs.3,900,000. However, an amount of Kshs.4,016,000 was deposited resulting to an unexplained over commitment of Kshs.116,000.

In the circumstances, the Management was in breach of the memorandum of agreement and the value for money from the borrowings could not be confirmed.

2. Delay in Completion of the Project

Review of contracts documents revealed that the management awarded a contract for construction of twin workshop, classroom and office block (2-Storey) at West Mugirango Technical and Vocational College at a contract sum of Kshs.58,500,000 for contract period of 52 weeks commencing on 1 April, 2019. The Principal Secretary for State Department for Vocational and Technical Training in a letter Ref: MST/DTE/7/1/ (9) dated 12 March, 2019 appointed the Institute as a mentoring institution for West Mugirango Technical Training Institute. The Board of Management was appointed to oversee the

project through identification of suitable site, obtain title deeds for site, generate master plan, designs, bidding documents and procure contracts; and open and operate a special account for the project and to take responsibility for its implementation from tendering, construction and finally handing over the completed construction to the Ministry. However, physical verification of the project revealed that one hundred and fifty six (156) weeks after the commencement of the project the project was incomplete. Although the contractor had sought extension of the contract period twice, evidence of approval of the extension by the tender evaluation committee and the Principal of the mentoring Institute were not presented for audit review. Further, the inspection of the works revealed uneven flooring and walling and there were cracks on the floor. Further, Certificates of work done and completed were not supported by detailed measurement of works making it difficult to ascertain the actual value of the works done.

In the circumstances, the value for money invested in the project could not be confirmed.

3. Irregular Recruitment of Employees

A review of human resource records revealed that twelve (12) employees were recruited and employed on contract basis during the year under review. However, their recruitment was not supported by job advertisement, long list of applicants, shortlist of the applicants and relevant approval from the Board to hire new staff. This is contrary to Section B.4 (1) of Human Resource Policies and Procedures Manual for the Public Service, 2016 that requires a public entity to advertise all vacant posts in a manner that reaches the widest pool of potential applicants and allow for at least twenty-one (21) days before closing the advert.

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

4. Non-Compliance with Law on Ethnic Composition

During the year under review, the total number of employees of the Institute was fifty-five (55) out of which forty-six (46) or 84 % of the total number were members of the dominant ethnic community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment 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

During the year under audit Management did not have a risk management policy, strategies, and risk register to mitigate against risk. This is in contravention of Section 165 of the Public Finance Management (National Government) Regulations 2015 which states that the Accounting Officer shall ensure that the National Government entity develops risk management strategies, which include fraud prevention mechanism and system of risk management and internal control that builds robust business operations.

In the circumstances, existence of an effective risk management measures could not be confirmed.

2. Lack of Internal Audit Function and an Effective Audit Committee

During the year under audit the Institute did not have an internal audit function and an Audit Committee. This is contrary to Section 155 of the Public Finance Management Act, 2012 which provides for the establishment of the internal audit function and an Audit Committee of the Board. As such the Institute did not benefit from the assurance and advisory services from the internal audit function as well as oversight from the Audit Committee.

In the circumstances, the effectiveness of internal controls and governance could not be confirmed.

3. Lack of Human Resource Plans and Staff Establishment

Review of human resources records revealed that the Institute has not developed human resource plans that could be used in the recruitment, selection, appointment and deployment process. Further, it has not developed and implemented staff establishment. This is Contrary to Section B.2(1) of Human Resource Policies and Procedures Manual for the Public Service, 2016 that requires a public entity to prepare Human Resource Plans to support achievement of goals and objectives in their Strategic plan.

In the circumstances, the effectiveness of internal controls and governance could not be confirmed.

4. Lack of Appointment Letters and Annual Work Plans for the Board

The Institute did not provide a gazette notice and appointment letters for Board Members. Further, there was no work plan for the Board. This is contrary to Governance Parameter 1.1 (11) and 1.9(1) of Mwongozo Code of Governance which requires each Board Member to be formally appointed to the Board through a Gazette notice and thereafter an appointment letter and to have a Board work plan.

In the circumstances, the effectiveness of the Institute's governance could not be confirmed.

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 controls, 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 International financial reporting standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

The 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 the entity monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of 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 Institute's policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to 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 controls that are identified during the audit.

I also provide the 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

23 September, 2022

KONON TECHNICAL TRAINING INSTITUTE
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IV. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020/2021	2019/2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government—grants/ gifts in kind	6	61,065,000	38,055,000
Capital grants			10,000,000
Total Revenue from non-exchange transactions		61,065,000	48,055,000
Revenue from exchange transactions			
Rendering of services- Fees from students	7	16,654,449	29,499,709
Other income	8	1,830,215	16,499,113
Revenue from exchange transactions		18,484,664	45,998,822
Total revenue		79,549,664	94,053,822
Expenses			
Use of goods and services	9	40,314,206	58,868,582
Employee costs	10	14,560,996	16,100,878
Board allowances	11	2,141,478	1,181,100
Depreciation and Amortization Expense	12	15,184,104	14,904,840
Repairs and maintenance	13	656,587	1,131,962
Finance costs	14	1,138,800	224,963
Total expenses		73,996,171	92,412,325
Net Surplus for the year		5,553,493	1,641,497

The notes set out on pages 6 to 23 form an integral part of the Annual Financial Statements.

**KONOIN TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

V. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2020/2021	2019/2020
			Ksh
Assets			
Current assets			
Cash and cash equivalents	15	15,803,314	6,064,667
Receivables from exchange transactions	16	16,095,365	16,102,661
Investments	17	4,000,000	4,000,000
Work-In-Progress			10,000,000
Total Current Assets		35,898,679	36,167,328
Non-current assets			
Property, plant and equipment	18	171,114,013	150,757,741
Intangible assets	19	242,048	363,072
Total Non-current Assets		171,356,061	151,120,813
Total assets		207,254,740	187,288,141
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	20	9,222,478	11,383,679
Current portion of borrowings	21	2,600,000	1,516,000
Total Current Liabilities		11,822,478	12,899,679
Non-current liabilities			
Borrowings	21	6,564,340	9,840,733
Total Non-current liabilities		6,564,340	9,840,733
Total liabilities		18,386,818	22,740,412
Capital and Reserves			
Revaluation reserve		7,000,000	-
Accumulated surplus		28,570,034	31,249,841
Capital Reserves (Konoin)		123,297,888	123,297,888
Capital Reserves (West Mugirango)		30,000,000	10,000,000
Total Reserves		188,867,922	164,547,729
Total Liabilities and Reserves		207,254,740	187,288,141

The Financial Statements set out on pages 1 to 23 were signed on behalf of the Institute Board of Governors by:

Sammy Kiprono Kirui
Chairperson of Board of Governors

Janeth Chepkirui
Finance Officer

Sabulei K.M
Chief Principal

Date:

25/8/22

Date:

24/08/2022

Date:

24/08/2022

CHIEF PRINCIPAL
KONOIN TECHNICAL TRAINING INSTITUTE
24 AUG 2022
P.O BOX 19-20403, MOGOGOSIEK
SIGN:.....

KUNJIN TECHNICAL TRAINING INSTITUTE
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VI STATEMENT OF CHANGES IN NET ASSETS FOR THE FINANCIAL YEAR ENDING 2021

	Revaluation reserve	Retained earnings	Capital grants	Capital reserves (West Mugirango)	Total
Balance b/f at July 1, 2017		-	-		-
Total comprehensive income		46,888,845	-		46,888,845
Transfer of deferred government grants		(46,562,052)			-
Transfer of depreciation from retained earnings to deferred government grants		931,241	(931,241)		
Balance c/d as at June 30, 2018		1,258,034	45,630,811		46,888,845
Balance b/f as at July 1, 2018		1,258,034	45,630,811		46,888,845
Surplus for the year		102,174,437			102,174,437
Transfer of deferred government grants		(103,802,850)	103,802,850		-
Transfer of depreciation from retained earnings to deferred government grants		13,887,972	(13,887,972)		-
Balance c/d as at June 30, 2019		13,517,593	135,545,689		149,063,282
Balance b/f at July 1, 2019		13,517,593	135,545,689		149,063,282
Prior year adjustments:					
Shares purchased at Imarisha Sacco		3,000,000	-		3,000,000
Correction of prior year semi-permanent building dep		842,950			842,950
As at 1 July 2019 as restated		17,360,543	135,545,689		152,063,282
Transfer of depreciation from retained earnings to deferred government grants		12,247,801	(12,247,801)		-
Capital reserves (Work-In-Progress)				10,000,000	10,000,000
Surplus for the year		1,641,497			1,641,497
Balance c/d as at June 30, 2020		31,249,841	123,297,888	10,000,000	164,547,729
Prior year adjustments:					
Fixed assets expensed as tuition expense		1766700	0		1,766,700
capita grants previously recognised as revenue		-10000000			

KUNJOIN TECHNICAL TRAINING INSTITUTE

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Balance c/d as at June 30, 2020 as restated		23,016,541	123,297,888	10,000,000	156,314,429
As at 1 July 2020					
Capital reserves (Work-In-Progress)		23,016,541	123,297,888	10,000,000	156,314,429
				20,000,000	20,000,000
Valuation of land	7,000,000				-
Surplus for the year		5,553,493			7,000,000
Balance c/d as at June 30, 2021	7,000,000	28,570,034	123,297,888	30,000,000	188,867,922

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VI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020/2021 Kshs	2019/2020 Kshs
Cash flows from operating activities			
Net cash flows from operating activities		18,583,692	21,393,523
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	18	-26,652,652	(16,056,968)
Increase in investments			(1,000,000)
Net cash flows used in investing activities		-26,652,652	(17,056,968)
Cash flows from financing activities			
Proceeds from borrowings - bus loan			12,610,000
Repayment of borrowings		-2,192,393	(1,253,267)
Capital reserves in construction of West-Mugirango		20,000,000	(10,000,000)
Net cash flows used in financing activities		17,807,607	1,356,733
Net increase/(decrease) in cash and cash equivalents		9,738,647	5,693,288
Cash and cash equivalents at start of year		6,064,667	371,379
Cash and cash equivalents at end of year	15	15,803,314	6,064,667

VIII. STATEMENT OF BUDGET VS ACTUAL FOR THE YEAR
ENDED 30 JUNE 2021

	Original budget 2020/2021 Kshs	Adjustments 2020/2021 Kshs	Final budget 2020/2021 Kshs	Action on comparable basis 2020/2021 Kshs	Performance difference 2020/2021 Kshs	Percentage
Revenue						
Transfers from other Govt entities Govt grants	75,000,000		75,000,000	81,065,000	-	-8%
Rendering of services- Fees from students	93,033,000		93,033,000	16,654,449	76,378,551	82%
Other income	15,144,000		15,144,000	1,830,215	13,313,785	-100%
Total income	183,177,000	-	183,177,000	99,549,664	83,627,336	46%
Expenses						
Compensation of employees	28,800,000		28,800,000	14,560,996	14,239,004	49%
Use of Goods and services	154,377,000		154,377,000	40,314,206	101,850,510	66%
Board Allowances	2,000,000		2,000,000	2,141,478	-141,478	-7.07%
Repairs Maintenance and Improvement	4,112,500		4,112,500	656,587	3,455,913	-84%
Finance costs				1,138,800	-1,138,800	-100%
Depreciation				15,184,104	(15,184,104)	
Total expenditure	183,177,000	-	183,177,000	73,996,171	116,089,514	
Surplus for the period	-	-	-	25,553,493	(32,462,178)	

Budget notes

College planned activities were disrupted by the outbreak of covid 19 and as a result, we did not obtain the planned income hence, limiting activities that were budgeted for.

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IX. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Konoin Technical Training Institute is established by and derives its authority and accountability from PFM Act, the State Corporations Act and the TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The institute is established under Technical and vocational education and training authority via certificate number **TVETA/PUBLIC/RC/0020/2016**.

The entity's principal activity is to provide quality training in technical, industrial, vocational and entrepreneurship. It is guided through its operations by other Acts of Parliament like KNEC Act, TVET Act, KIE Act KASNEB Act and others.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *Konoin TTI* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3 (applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. There is no impact of the IPSAS 40 to the institute

KONON TECHNICAL TRAINING INSTITUTE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2022:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>(There is no impact of the standard to Konoin Technical Training Institute)</i></p>
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2022</p> <p>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> <p>(a) The nature of such social benefits provided by the entity;</p> <p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</p> <p><i>(There is no impact of the standard to Konoin Technical Training Institute)</i></p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial	<p>Applicable: 1st January 2022:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on</p>

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Standard	Effective date and impact:
Instruments	<p>hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

iii. Early adoption of standards

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

KONOIN TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees

Konoin TTI recognizes capitation from government when the transfer of funds is done.

Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably.

Recurrent grants are recognized in the statement of comprehensive income.

Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

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

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

b) Budget information

The original budget for FY 2020-2021 was approved by the Board of Governors on 15th June 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by Konoin TTI upon receiving the respective approvals in order to conclude the final budget

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Budget information (continued)

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.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 13 of Financial Provisions of TVET ACT No. 29 OF 2013 of these financial statements.

c) Property, plant and equipment

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

Depreciation on all other assets is calculated on the reducing balance basis method to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

	<u>Rate %</u>
Buildings	2
Plant and machinery	12.5%
Motor vehicles	25
Furniture and fittings	12.5
Computer equipment	30

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are taken into account in determining operating profit/loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings in the statement of changes in equity.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on

a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Computer software

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are estimated to be 5 years.

e) Nature and purpose of reserves

a. Accumulated surpluses

This relates to surpluses brought forward and the one for the current year.

b. Capital reserves

This relates to fixed assets granted by the government or any other donor.

f) Changes in accounting policies and estimates

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

The changes in accounting policy that took place during the year is adoption of accrual basis of accounting from the cash basis. This policy will help the institution to report its financial performance and position more accurate and fairly state the position and performance than the cash basis.

g) Employee benefits

Retirement benefit plans

The institution and its employees contribute to the National Social Security Fund (NSSF), a statutory defined contribution scheme registered under the NSSF Act. The institution's contributions to the defined contribution scheme are charged to profit or loss in the year to which they relate.

h) Related parties

Konoin TTI 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 Institution, or vice versa. Members of key management are regarded as related parties and comprise the Board of Governors, the Principal, Head of Finance and Head of Procurement. The government of Kenya through the ministry of education is also related party to the Konoin TTI.

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
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4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

j) Comparative figures

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

k) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2020.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Konoin TTI'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.**

The board of Governance made only one significant judgement in preparing these financial statements.

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional grants		
Capitation	61,065,000	38,055,000
Conditional grants		
Capital grants (For West Mugirango)	20,000,000	10,000,000
Total Government grants and subsidies	81,065,000	48,055,000

6b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2018-2019
			KShs	KShs	KShs
Ministry of Education State Department of Vocational and Technical Training	61,065,000			61,065,000	38,055,000
West Mugirango CDF Constructio	20,000,000			20,000,000	10,000,000
Total	81,065,000			81,065,000	48,055,000

7 RENDERING OF SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Tuition fees	12,138,829	25,255,179
Activity fees	1,104,885	451,700
Attachment	593,420	633,710
Insurance	107,220	107,215
Registration fees	378,500	352,000
Examination	2,322,095	2,687,405
Computer Packages	9,500	12,500
	16,654,449	29,499,709

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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8 OTHER INCOME

Other income	2020/2021	2019/2020
	Kshs	Kshs
Training (Aic International)		14,170,307
Master card Income	36,000	-
Student Identity Card	263,770	47,990
Boarding	791,770	1,710,430
Food and Catering		-
Tender fee	60,000	-
Bus hire	242,000	60,400
Hand washing machine	300	20,000
Masks	115,590	278,870
Sanitizer Income	288,841	
Interest	31,944	211,116
Total	1,830,215	16,499,113

9 USE OF GOODS AND SERVICES

Description	2020/2021	2019/2020
	KSH	KSH
Tuition expenses	27,579,552	31,999,559
Boarding expenses	3,190,190	5,311,165
Activities	171,740	1,780,885
Electricity and water	1,329,809	498,630
Insurance	149,212	106,400
Attachment	194,862	511,156
Registration	180,000	235,450
Training expenses (Avic International)	48,800	14,194,773
Smart card expenses		198,600
Master card card expenses	40,625	
Computer Packages	-	23,000
Student Identity Card	298,150	203,600
Examination	3,711,854	2,463,880
Tender fee	24,000	36,420
Bank	12,631	
Miscellaneous expenses	938,461	303,376
Hand wash expense	2,000	44,480
Masks	41,800	805,515
Sanitizer production	2,396,520	151,693
Bus hire	4,000	
Total good and services	40,314,206	58,868,582

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 EMPLOYEE COSTS

Description	2020/2021	2019/2020
	KShs	KShs
Salaries and wages	11,596,365	13,297,718
Travel, motorcar, accommodation, subsistence and other allowances	2,964,631	2,803,160
Total Employee costs	14,560,996	16,100,878

11 BOARD ALLOWANCE

Description	2020/2021	2019/2020
	KShs	KShs
Other allowances		100,000
Total director emoluments	2,141,478	1,081,100
Total	2,141,478	1,181,100

12 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2020/2021	2019/2020
	KShs	KShs
Property, plant and equipment	15,063,080	14,783,816
Intangible assets	121,024	121,024
Total depreciation and amortization	15,184,104	14,904,840

13 REPAIRS AND MAINTENANCE

Description	2020-2021	2019-2020
	KShs	KShs
Other	656,587	1,131,962
Total Repairs and Maintenance	656,587	1,131,962

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 FINANCE COSTS

Description	2020-2021	2019-2020
	KShs	KShs
Exchange differences		13,847
Interest on loans from commercial banks	1,138,800	211,116
Total finance costs	1,138,800	224,963

15 CASH AND CASH EQUIVALENTS

16 Description	2020-2021	2019-2020
	KShs	KShs
Bank balance	15,701,804	5,627,964
Others(Cash)	101,510	436,703
Total cash and cash equivalents	15,803,314	6,064,667

The institution's cash and bank balances are held with a major Kenyan financial institution and, insofar as the directors are able to measure any credit risk to these assets, it is deemed to be

15 (a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents	2020/2021	2019/2020
	Kshs	Kshs
Kenya Commercial Bank - Tuition account	11,869,647	5,099,168
Kenya Commercial Bank - Operation	16,318	17,635
Kenya Commercial Bank - Development	1,172	4,055
Imarisha Sacco savings	500	500
Imarisha Sacco salary account	34,692	95,623
Kenya Commercial Bank - West Migirango account	3,779,475	402,775
Kenya Commercial Bank - USD account	-	8,208
Cash on hand	101,510	436,703
Total cash and cash equivalents	15,803,314	6,064,667

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
Currentreceivables		
Student debtors	16,095,365	16,102,661
Totalcurrentreceivables	16,095,365	16,102,661

17 INVESTMENTS

Description	2020-2021	2019-2020
	KShs	KShs
Investments		
At start of year	4,000,000	3,000,000
Additions during the year		1,000,000
At end of year	4,000,000	4,000,000

Investments relates to shares purchased at Imarisha Sacco.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18 PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Semi-permanent	Motor vehicles	Furniture and fittings and	Computers	Plant and equipment	Tents	Generator	Work in progress	Total
		2% Shs	2% Shs	25% Shs	12.50% Shs	30% Shs	12.50% Shs	25% Shs	30% Shs		Shs
Cost											
At 1 July 2017		46,562,052	-			-	-				46,562,052
Additions											
Disposals											
At 30 th June 2018		46,562,052	-	-	-	-	-	-	-		46,562,052
Additions		-	3,665,000			496,000	103,802,850	-	-		107,963,850
At 30 th June 2019		46,562,052	3,665,000	-	-	496,000	103,802,850	-	-		154,525,902
Additions				12,000,000	3,468,968	588,000		-	-	10,000,000	26,056,968
At 30 th June 2020		46,562,052	3,665,000	12,000,000	3,468,968	1,084,000	103,802,850	-	-	10,000,000	180,582,870
Adjustment		-	-	-	-	158,200	1,608,500	-	-		1,766,700
Adjusted cost as at 30 th June 2020		46,562,052	3,665,000	12,000,000	3,468,968	1,242,200	105,411,350	-	-	10,000,000	182,349,570
Additions		7,618,492	-	-	270,000	1,333,100	830,535	175,000	205,000	16,220,525	26,652,652
Valuation	7,000,000	-	-	-	-	-	-	-	-	-	7,000,000
At 30 th June 2021	7,000,000	54,180,544	3,665,000	12,000,000	3,738,968	2,575,300	106,241,885	175,000	205,000	26,220,525	216,002,222
Valuation	7,000,000	-	-	-	-	-	-	-	-	-	7,000,000
Cost	-	54,180,544	3,665,000	12,000,000	3,738,968	2,575,300	106,241,885	175,000	205,000	26,220,525	209,002,222
Total	7,000,000	54,180,544	3,665,000	12,000,000	3,738,968	2,575,300	106,241,885	175,000	205,000	26,220,525	216,002,222
Depreciation and impairment											
At 1 July 2017		-									-
Depreciation		931,241	-								931,241
At 30 June 2018		931,241	-	-	-	-	-				931,241
Depreciation		912,616	73,300	-	-	148,800	12,975,356	-	-		14,110,072
At 30 th June 2019		1,843,857	73,300	-	-	148,800	12,975,356	-	-		15,041,313
Depreciation		894,364	71,834	1,750,000	433,621	280,560	11,353,437	-	-		14,783,816
At 30 th June 2020		2,738,221	145,134	1,750,000	433,621	429,360	24,328,793	-	-		29,825,125
Depreciation		1,028,846	70,397	2,562,500	413,168	643,782	10,239,137	43,750	61,500	-	15,063,080
At 30 th June 2021		3,767,067	215,531	4,312,500	846,789	1,073,142	34,567,930	43,750	61,500	-	44,888,209
Net book values											-
At 30 th June 2021	7,000,000	50,413,477	3,449,469	7,687,500	2,892,179	1,502,158	71,673,955	131,250	143,500	26,220,525	171,114,012
At 30 th June 2020		43,823,831	3,519,866	10,250,000	3,035,347	654,640	79,474,057	-	-	10,000,000	150,757,74
At 30 th June 2019		44,718,195	3,591,700	-	-	347,200	90,827,494	-	-	-	139,484,589

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 INTANGIBLE ASSETS-SOFTWARE

Description	2020-2021	2019-2020
	KShs	KShs
Cost		
At beginning of the year	605,120	605,120
Additions	-	-
Cost end of the year	605,120	605,120
Amortization and impairment		
At beginning of the year	242,048	121,024
Amortization	121,024	121,024
Amortization at end of the year	363,072	242,048
NBV	242,048	363,072

20 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Trade and other Payables from Exchange Transactions		
Trade payables	8,308,130	8,898,902
Third-party payments - Payable to West Migirango	-	402,775
Student fees prepayments	914,348	2,082,002
Total tradeandotherpayables	9,222,478	11,383,679

21 BORROWINGS

Description	2020-2021	2019-2020
	KShs	KShs
Borrowings - Current portion		
Commercial bank Loans	2,600,000	1,516,000
Totalcurrentportion	2,600,000	1,516,000
Borrowings – Non-current portion		
Commercial bank Loans	6,564,340	9,840,733
Total Non-currentportion	9,164,340	11,356,733

22 PRIOR YEAR ADJUSTMENTS

Description	2020-2021	2019-2020
	KShs	KShs
Accumulated surpluses at start of year	-	13,517,593
Prior year adjustment on investment recognised as tuition expense	-	3,000,000
Cost of computers expensed in 2019/2020	158,200	-
Cost equipment expensed in 2019/2020	1,608,500	-
	1,766,700	16,517,593

Prior year adjustments relate to fixed assets purchased in year 2019/2020 and were expensed under tuition expense vote head.

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 by recognising investment in Sacco shares and dividends received have been recognised under other income.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23 CASHFLOW FROM OPERATING ACTIVITIES

	2020-2021	2019-2020
	KShs	KShs
(Deficit)/surplus for the year	25,553,493	1,641,497
Adjusted for:		
Add: prior year investment recorded as tuition expense		
Depreciation	15,184,104	14,904,840
Non-cash grants received		-
Working Capital adjustments		
Decrease in receivables	7,296	(1,642,008)
Decrease in payables	- 2,161,201	6,489,194
Net cash flow from operating activities	38,583,692	21,393,523

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 institution'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	Fully
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	Kshs	performing Kshs
At 30 June 2021		
Cashandcashequivalents	15,803,314	15,161,666
Receivablesfromexchangetransactions	16,095,365	16,095,365
Investments	4,000,000	4,000,000
Total	35,898,679	26,167,328
At 30 June 2020		
Cashandcashequivalents	6,064,667	6,064,667
Receivablesfromexchangetransactions	16,102,661	16,102,661
Investments	4,000,000	4,000,000
Total	26,167,328	26,167,328

(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 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.

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 Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Total Kshs
At 30 June 2021				
Trade and other payables from exchange transactions		9,222,478	-	9,222,478
Current portion of borrowings		6564340		6564340
Total		15,786,818		15,786,818

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

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;

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

	2020-2021	2019-2020
	Kshs	Kshs
Transactions with related parties		
a) Grants /Transfers from the Government		
Grants from National Government	81,065,000	48,055,000
Total	81,065,000	48,055,000

26 EVENTS AFTER THE REPORTING PERIOD

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

KONON TECHNICAL TRAINING INSTITUTE

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27 ULTIMATE AND HOLDING ENTITY

The Konon TTI a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

28 CURRENCY

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

KONOIN TECHNICAL TRAINING INSTITUTE
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APPENDIX I: INTER-ENTITY TRANSFERS

ENTITY NAME:		KONOIN TECHNICAL TRAINING INSTITUTE	
Breakdown of Transfers from the State Department for Vocational and Technical Education			
FY 2020/2021			
a.	Recurrent Grants		
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>
			<u>Indicate the FY to which the amounts relate</u>
	Capitation	3rd July 2020	11,887,500
	Capitation	6th Nov 2020	14,400,000
	Capitation	30th March 2021	10,852,500
	Capitation	4th June 2021	11,400,000
	Capitation		12,525,000
	Capitation	30th June 2021	2020/2021
	Development grants (West Mugirango TVC Construction)		2020/2021
b.		16th September 2020	20,000,000
		Total	81,065,000

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

Finance Manager
Konoini TTI

Sign



Head of Accounting Unit
Ministry of Education State
Department of Vocational and
Technical Training

Sign

