

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

DATE: 21 FEB 2023

DAY:
TUESDAY

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THE AUDITOR-GENERAL

ON

**MUSAKASA TECHNICAL TRAINING
INSTITUTE**

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



Training to serve

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

30TH JUNE 2021

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

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

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II. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Musakasa Technical Training Institute is located in Bumula Sub-County of Bungoma County, at Musakasa Market along Netima-Napara Road.

The idea to start the institute was born out of informal discussion by the local religious community way back in 2010. This was boosted by the political leadership which availed funds to purchase a 15-acre piece of land. It was registered by the then MOHEST in December 2012. The first block was constructed in 2013, which houses the offices and lecture rooms.

In June 2014, the first batch of 22 students was enrolled in Fashion Design and Garment Making Technology at Artisan level. Currently, the student population is 700 in the following programs; Fashion Design and Garment making technology, Building and Civil Engineering, Electrical and Electronics Engineering, Information Communication Technology and Business Management, Hair Dressing and Beauty Therapy, Catering and Accommodation, Secretarial Studies, Automotive Engineering, Mechanical Engineering, Mechatronic Engineering among others. Currently the Institute has an overall population of 30 1382 students . The Institute has 51 Trainers ; PSC 27 BOG 24 and 36 Non-teaching Staff .

(b) Principal Activities

The principal activity of Musakasa Technical Training Institute is to provide training to artisans, craftswomen and men, technicians, technologists, businesswomen and men at artisan, craft and diploma certificate levels.

The mandate of Musakasa TTI is as under;

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

Vision, Mission and Motto

Vision

To Be a Leading Institution in the Provision of Technical and Vocational Training

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Mission

To Provide Quality Technical and Vocational Training in Collaboration with Stakeholders to Produce Highly Skilled and Innovative Human resource

Motto

Training to Serve.

Core Values

This strategic Plan is built upon a set of interrelated core values that are embedded in beliefs and desired behavior found within Musakasa Technical training institute. The Board of governors, the management and other stake holders embrace the following core values which represent the fundamental beliefs that influence the way the institute relates and deals with its customers and clients:

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

Key Management

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

- The Board of Management
- The Principal
- Top Management
- The Administration

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(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Mr. Charles Marumbu
2.	Deputy Principal (Admin)	Mr. Charles Mureka
3.	Deputy Principal (Academics)	Mrs. Florence Misiko
4.	Registrar	Mr. Evans Maruti
5.	Dean of students	Mr. Protus Seng'enge
6..	Head of Finance	CPA. Christine Wamboka
7.	Head of Procurement	Mr. Moses Makumba
8.	Head of Human Resource	Mr. Joseck Wafula

(e) Fiduciary Oversight Arrangements

i) Audit and Risk and Compliance Committee activities

The Institute Board is in the process of establishing a Committee of the Board which provides oversight on the Institute financial and other management Matters. The Institute is also intending to establish internal Audit department that reports to the Board Committee.

ii) Parliamentary Committee activities

The Principal of Musakasa Technical Training Institute is accountable to the National Assembly for the Institute's financial management. The Constitution of Kenya, 2010 135(3) subject to clause (4), requires that the accounts of all governments and State organs be audited by the Auditor-General. Upon Audit, the Annual reports and financial statements are usually submitted to the National Assembly to ascertain whether the finances of the Institute were prudently managed

iii) Entity Headquarters

Musakasa Technical Training Institute
 Along Netima Napara Road
 Off Kimwanga Mayanja
 Along Kanduyi Malaba Road
 P.O. Box 1249 – 50200,
 BUNGOMA,
 Tel. 0716056878, 0717624837
 Email: enquiries@musakasa.inst@gmail.com

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iv) Entity Contacts

MUSAKASA TECHNICAL TRAINING INSTITUTE CONTACTS

Telephone: 0716056878, 0717624837

E-mail: enquiries@musakasa.inst@gmail.com

Website:

v) Entity Bankers

1. Kenya Commercial Bank
Bungoma Branch
P. O. Box 380, 50200
BUNGOMA
2. Cooperative Bank of Kenya Limited
Bungoma Branch
P. O. 1964 - 50200
BUNGOMA

vi) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

vii) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya

I. THE BOARD OF GOVERNORS



Name: Dr. Brian W Singoro

D.O.B: May 1968

Key Qualifications: PhD (DMHA), MA (Econs), Bed (Arts), KACE

Work Experience: Ass Lecturer of Economics, Kibabii University Senior Trainer and Presiding officer with IEBC Kabuchai Constituency Bungoma County, Senior head of Department Bukembe High School, Senior Lecturer Department of Geography Kibabii Diploma Teachers Training College, Part-time lecturer in physical environment Bachelor of technology in building and construction, Senior HOD Bungoma Baptist Girls , Senior supervisor, 2009 Kenya Population and housing census, Senior HOD Wamalwa Kijana High School, Principal St. Teresa's high school, Presiding officer General Elections , Founder Principal, St. Christopher's Mabanga Girls.

Dr. Brian Singoro is the Chairman Board of Govenors Musakasa TTL.



Name: Samuel Wanyonyi

D.O.B: 1951

Key Qualifications: MSC, GIS, BSC Survey-University of Nairobi

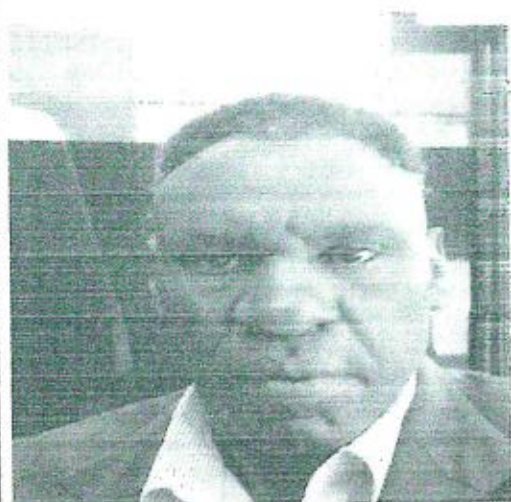
Work Experience:

Ag. Director/ Senior Deputy Director of TVET at Ministry of Education Science and Technology – Kenya

Ag. Principal Programme Coordinator, Technical Education Department at Kenya Institute of Education/Principal Lecturer(Survey & Mapping)

Mr. Wanyonyi is the member (current) and former chairman of the Board of Governors.

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Name: Jonah Misoi

D.O.B: 1965

Key Qualifications: BCOM(Accounting option-University of Nairobi, CPA II

Work experience:

GOK – Office of the President ministry of Environment & Natural resources, and the treasury as an Accountant.

Kenya Tea Packers Limited – Accountant I, Management accountant, Assistant Chief Accountant, Senior Financial Accountant, Ag. Head of Finance.

Mr. Jonah is the Board member.



Name: Mr. Ocharo Kebira

D.O.B: May 1971

Key Qualifications: Certified Professional Mediator, Master of science in Human Resource Management, Diploma in law, Bachelor of Law, KACE Certificate.

Work experience: Managing partner Ocharo Kebira and Company Advocates Bungoma, Associate Advocate Omagwa Angima and Company Advocates, Legal Assistant Omagwa Angima and Company Advocates Bungoma.

Mr. Ocharo is the BOG Member.



Name: Ms Carol A. Owiti




D.O.B: 18/08/1990

Key Qualifications: MSC Computer systems, B.BIT, D. BIT, CCNA1(Cisco Certified Network Associate)

Work Experience: Simplify IT LTD – IT Support Engineer, Huduma Centre Homabay Branch, Mercy corps International Software Development Assistant.




Ms Carol is an independent member of the Board of Governors.

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	<p>Name: Inviolata Siboe D.O.B: 1959 Key Qualifications: MSc Construction Project Management JKUAT , BPHIL, University of Nairobi</p> <p>Work experience: Works officer in UON for over five years and has wide experience in various areas in the Public sector. Lecturer (part time) at Technical University of Kenya – construction department. Design Assistant; at Kenya Railways Corporation.</p> <p>Structural Assistant; at the ministry of works</p>
	<p>Name: Dr Patrick Kuloba D.O.B: 1965 Key Qualifications: Doctor of philosophy in Environmental and Biosystems Engineering Master of Science in Mechanical Engineering Bachelor of Science in Agricultural Engineering. Work experience: Kenya Industrial Research and Development Institute</p> <p>Dr. Patrick Kuloba is the BOG Member</p>
	<p>Name: Martha Wekesa DOB: 1966 Qualification: MSC Food Science & Technology, PGDE, SLDP, MSC Work Experience: 25 years</p> <p>Martha Wekesa is the CDTVET</p>

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III. MANAGEMENT TEAM

	<p>Name: CHARLES MARUMBU VINCENT</p> <p>D.O.B: 1973</p> <p>Key Qualifications: PhD BM(HR)</p> <p>Work Experience: Over 20 years in Educational administration.</p> <p>Mr. Charles Marumbu is the Principal Musakasa Technical Training Institute.</p>
	<p>Name: Charles Mureka</p> <p>D.O.B: 7/07/1962</p> <p>Key Qualifications: Bachelor of Business Management</p> <p>Work Experience: Over 28 years in TVET Training and Administration</p> <p>Mr.Charles Mureka is the Deputy Principal Administration Musakasa TTI</p>
	<p>NAME: Misiko Florence Monicah</p> <p>D.O.B: 7/05/1977</p> <p>Key Qualification: PHD.Food Security and Sustainable Agriculture</p> <p>Work experience: Over 19 years in TVET Training .</p> <p>Florence Monicah is the Deputy Principal Academics Musakasa TTI</p>

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Name: Evans Maruti

D.O.B: 1981

Key Qualifications :

M.ED.(Educational Planning and Management)

Work Experience:

15 years

Mr Evans Maruti is the Registrar Musakasa TTI



Name: Protus Seng'enge

D.O.B: 1976

Key Qualifications:



Bachelor of Technology(Tech. Ed(BCT)

Work Experience:

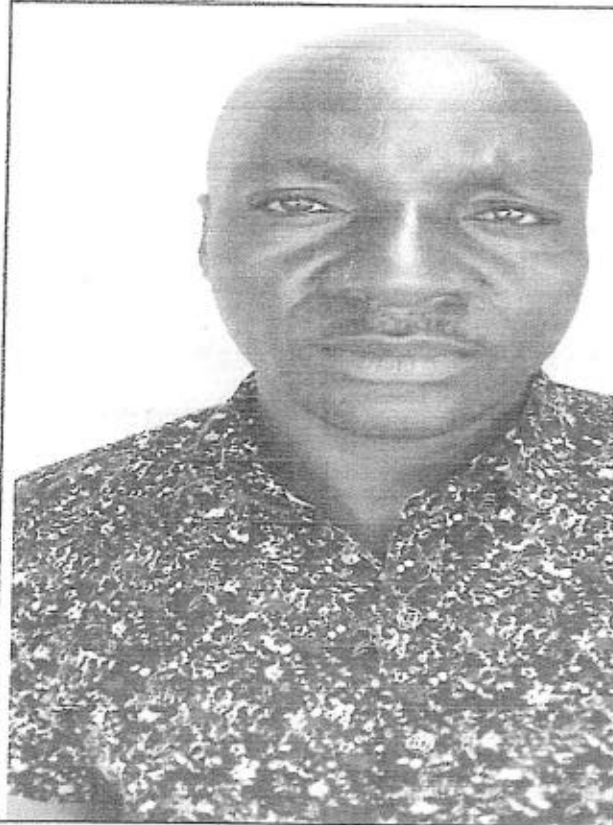
11 years in Education

Mr.Protus Seng'enge is the Dean of Students

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	<p>Name: CPA Christine Wamboka Koyabe</p> <p>DOB : 17/07/1977</p> <p>Key Qualifications: Certified Public Accountant CPAK (ICPAK Member) Bachelor of Commerce Accounting Option in Kibabii University Diploma in Accountancy (KNEC) in Western College of Arts and Applied Sciences (WECO)</p> <p>Work Experience: 18 years in Accounting Profession: 2008 to 2020 - Senior Accountant KNUT Bungoma South Branch and KNUT Bungoma County 2003 to 2008 -Bursar Napara Girls High School (Centre of Excellence Christine Wamboka is currently the Finance Officer- Musakasa Technical Training Institute</p>
	<p>Name: Moses Makumba</p> <p>D.O.B :21/3/1985</p> <p>Key Qualification: Bachelor Degree in BA, option Supplies Chain Managemer (KISM- Member), Diploma Supply chain (KNEC) Diploma Project Management.</p> <p>Work Experience: 5 years.</p> <p>Moses Makumba is the Procurement Officer.</p>

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NAME: Joseck Maombo Wafula

DOB : 21/10/1983

Key Qualification:

CHRP, DIP.TEC.Education,
Diploma in Accountancy
KATC Final.

Work Experience:

Sigalagala National Polytechnic as a trainer DOS
Friends Secondary School Kuywa as a teacher
Kisiwa TTI as Deputy HOD Bussiness Department.

Joseck Wafula is the HR Musakasa TTI

IV. CHAIRMAN'S STATEMENT

On behalf of the Musakasa Technical Training Institute Board, I am pleased to present the Annual Report for the 2020/2021 financial year. It was a productive financial year and I have enjoyed being part of the dynamic team at Musakasa. The education sector is currently facing reforms with the focus area being quality over quantity as the strategic driving force to the Ministry of Education.

Musakasa Technical Training Institute remains committed to all its stakeholders in executing its mandate as outlined in the 2020-2021 strategic Plan whose overall theme is to achieve Global excellence in Technical Training Institute Education. The Technical Training Institute is mandated to execute the various strategic directions as set out in the Plan, marking its third year of execution.

During FY 2020/2021, Musakasa Technical Training Institute received a good number of students reporting to the Institute enhancing its viability and future growth.

New Programs

The following new programs have been marketed and currently we have students enrolment in them. We have made application to TVETA to have them accredited.

1. Diploma Food and Beverage
2. Certificate Food and Beverage
3. Certificate in General Agriculture
4. Diploma in General Agriculture
5. Artisan in Plumbing
6. Artisan in Hair Dressing & Beauty Therapy
7. Artisan in food and beverage
8. Artisan in Store Keeping
9. Certificate Purchasing and Supply Chain
10. Diploma Purchasing and Supply Chain
11. Artisan Welding and Fabrication
12. Certificate Catering and Accommodation
13. Diploma in Catering and Accommodation
14. Diploma in Information studies
15. Certificate in Information studies.

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Financial Performance

In the financial year that ended June 2021 Musakasa Technical Training Institute recorded a better financial performance. This attributed to stringent financial management measures. We recorded a good increase in student enrolment as from 1116 to 1382 as at 30th June 2021.

To improve the Institute's infrastructure and enhance students' experience an ongoing building (Tuition/Administration block phase I) was completed to provide more space to students and staff.

As I conclude, I would like to extend my sincere gratitude to Musakasa Technical Training Institute Board, our Principal and his entire Management Board, our staff members, students, partners and donors, for their commitment and collaboration towards the Technical Training Institute. I am optimistic that the Technical Training Institute is headed to a prosperous future that can only bode well for this great Institution.

Thank you



Dr. Brian Singoro

Chairman Board

V. REPORT OF THE PRINCIPAL

Dear stake holders, firstly I would like to state that 2020/2021 FY has been a year of relative success, challenging but fruitful. We at Musakasa Technical Training Institute have continued creating networks and maintained strategic alliances at the regional and global level. The value of these alliances cannot be overstated and are aimed at ensuring the Technical Training Institute has a competitive advantage. We have invested in opportunities to provide exposure, synergy, knowledge sharing and expertise. All these is aimed at contributing to intellectual and human capital.

Increased infrastructure

In the last FY, the Tuition Block phase I was completed. The project is expected to promote practical learning and research in the Institute. The project will be sustainable since it will be used to promote research, innovation and entrepreneurship. This will contribute to reduction of poverty in the society.

During the Financial Year, the Institute renovated five classrooms to accommodate the new Mechatronics Equipment that were provided by the Ministry of education. Within the FY under review The Institute made a proposal to the government for funding of a tuition block complex phase II. This will address the issue of facilities that has limited enrolment in the Institute due to lack of space

This is a strong indication that we value infrastructure necessary for leading Institution in the Provision of Technical and Vocational Training. It is envisaged that this will enhance student experience and provide excellent facilities for staff and students.

Conferences

Academic workshops and conferences are essential for the growth of Musakasa Technical Training Institute. It provides a basis for benchmarking, networking and research. There were multiple conferences, seminars and workshops organized during the year by Various Institutes These were largely successful and valuable lessons were gathered.

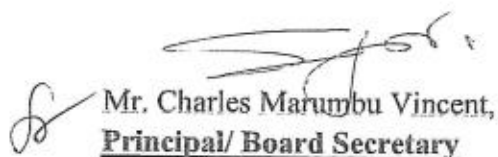
2021 and beyond

While the achievements of the years past have put us in a position of strength, our effort in the coming days will be doubled so that we can meet our long term objective of being Leading Institution in the Provision of Technical and Vocational Training. We will continue to face competition from both the public and private Institutes. We shall have to be innovative to stay

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afloat. To this end, we shall endeavor to become more visible by using generally accepted parameters of measure to place ourselves. For one, ISO certification will help us earn our place as a certified super brand. Our collective effort will make us and our actions will help actualize this dream of a Technical Training Institute serving society and the world. I wish to convey my gratitude to all staff, both academic and administrative and the students who together, are lending to form our collective dream. Together we shall deliver.

Thank you


Mr. Charles Marumbu Vincent,
Principal/ Board Secretary



VI. STATEMENT OF MUSAKASA'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

Musakasa has 5 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2020/2021. These strategic pillars/ themes/ issues are as follows:

1. Training and Development
2. Governance and Human Resource
3. Financial Stewardship and Sustainability
4. ICT Integration
5. Students Welfare

Musakasa develops its annual work plans based on the above 5 pillars/Themes/Issues. 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 5 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objectives	Activities	Achievements	Key Performance Indicators
Training	Reviewing training programmes to align them to Big four agenda and emerging clients' needs and delivery methodologies within the institute academic policy	Conduct SWOT analysis of existing training programmes	Relevance of training programmes	Number of SWOT analysis conducted
		Set up MUSTTI academic review committee to review the institute's academic policy	Quality & relevance of CBET Programmes	Reviewed academic policy
		Carry out labour needs assessment	Relevance of CBET	Number of Labour Needs Assessment
			CBET Training	

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		Fine tune the reviewed curriculum		Number of refined curricula
		Induct trainers on CBET Curriculum	Quality & relevance of training	No of staff trained in CBET Programmes
	Initiate and implement CBET programmes	Increase the number of CBET courses offered by departments from 0 to 10	CBET programmes	Lists of identified programmes in user departments
		Application to TVETA for registration of training programmes and accreditation	Accreditation of CBET programmes by TVETA	Accreditation certificate
		Establish CBET implementation committee	Monitoring, Evaluation & Reporting	CBET Committee in place
		Staff sensitization, creating awareness about CBET programmes	Quality and relevance of training	Number of Sensitization and awareness created
		Implement developed curriculum	Quality of training	Trainer attendance
		Conduct internal exam moderation	Quality of training	Proportion of exam moderated

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		Monitor and evaluate implementation of curriculum	Quality training	M&E Reports
		Conduct course evaluations	Improved performance	Proportion of courses evaluated
		Produce Mechatronics-related items in line with manufacturing (Big 4 Agenda)		
		Organize graduation	Trainee completion	Number of assessments and graduations organized
	Upgrade staff skills	Induct trainers on reviewed curriculum	Quality training	Number of trainers
		Recruit qualified staff	Quality service delivery	% of staff trained
		Skills training for trainers	Quality service delivery	Number of trainers/ trainings conducted
		Attachment of trainers to industry	Quality training	No of staff attached
	Acquiring and equipping the institute with adequate and modern training facilities			
		Acquire more learning books annually	Quality training	Number of books acquired
		Acquire more computers, projectors and smart boards for training in every department	Quality training	Number of computers, projectors & smart boards in use

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	Develop appropriate and competitive rewards scheme	Staff attraction	Rewards scheme in place
	Recognize and award good performance and also promotion on merit	Staff retention	Number of staff awarded/promoted
Regular review of terms and conditions of service as per the institute Human Resource Policy			
	Constitute review committee	Staff welfare	Functional committee in place
	Review terms and conditions of service	Staff welfare	New terms and conditions of service
	Reviewing the institute's organizational structure	performance management	New Institute's structure in place
Continuous investments in staff development	Conduct Training Needs Analysis	Staff development	TNA Reports
	Develop and implement training plan	Staff development	Proportion of staff trained in the plan
	Hold regular meetings between staff and management	Staff development	Number of staff meetings held
	Procure, acquire and install biometric clock in system	performance management	Minutes of tender committee
Enhance staff discipline as per PSC Code of Conduct	Sensitize staff on PSC Code of Conduct	Improved staff discipline	Sensitization meetings
	Improve monitoring of staff discipline	Improved staff discipline	Submission of relevant feedback documents
Enhance effective MUSTTI security services	Develop and implement security policy and manual	Improved security	Security policy and manual developed
	Develop and implement framework for security risk assessment	Security and safety services	Security risk assessment framework
	Establish a surveillance system to safeguard organization's assets	Improved security	Presence of surveillance system in place

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		Support the establishment of fencing of the organization estate	Improved security	Presence of perimeter wall
		Total on Governance and Human Resource		
Financial Stewardship and Sustainability	Increasing and Strengthening Revenue Streams	Develop a strategy paper on revenue diversification	Increased revenue	Developed strategy paper
		Formulate Income Generating policy	IGUs	Number of formulated IGUs Policy
		Carry market survey for business proposal	Revenue streams increased	Number of market survey carried out
		Introduce new short courses such as driving	Resource mobilization	Amount of revenue raised
		Develop and implement a business model and business proposals	IGUs	Number of business proposal
	Enhancing efficiency in mobilization and utilization of resources			
		Develop Cost reduction /saving guidelines	Financial management perspective	Guidelines in place
		Identify and implement cost saving strategies	Cost financing and resource mobilization	Number of strategies identified; amount of revenue saved
	Ensuring and strengthening internal systems for transparency and accountability of financial sustainability by procuring necessary resources and appropriate allocation			
		Strengthen internal control systems	Accountability and transparency	Number of internal control systems in place
		Effective budgeting and budgetary control by implementing the Institute's Standard Chart of Accounts	Accountability and transparency	Institutes Standard chart of accounts implemented
		Analysis of variance against actual	Accountability and transparency	ANOVA Reports
	Source for donor funding			
		Identify call for proposals from potential donors	Revenue generation	Number of proposal calls recorded

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		Expand and Equip workshops with relevant equipment and materials	Quality training	Number of equipment and materials acquired
		Enhance installation of CCTV Cameras for security purposes	Safety and security	More CCTV Cameras installed
		Provide reliable unlimited high speed internet access	Full time internet access	Internet service contract
		Acquire a motorcycle, car and truck for a driving school	Establishment of driving school	Operational driving school
		Establish credible marketing strategies to boost student enrolment	Improved student enrollment	No of marketing strategies used
		Establish students' online reporting portal	Improved customer service	online reporting portal in place
		Improve efficiency in customer service in the institute	Customer satisfaction & marketing	Customer feedback
		Promoting female students in SET Programmes	Improved student enrollment	No of female students in SET Programmes

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Governance and Human Resource	Continuous capacity building of the institute management, BOG and students' council	Induct new board members	Quality service	Number of Board members inducted
		Train new Board members on corporate governance	Good corporate governance	Number of management staff trained
		Train management on strategic leadership	Good corporate governance	Tender documents, signed contracts, minutes of tender committee
		Induct new students' council members	Good leadership	Number of student council inducted
		Train students' council on leadership skills	Charismatic leadership	Number of meetings held with students
		Hold regular meetings between students and management	Good Service	Number of meetings held
		Hold regular staff meetings	Performance management	Number of meetings held
		Conduct regular team building activities	Improve service delivery	Number of team building activities conducted
	Competitive recruitment and promotion of staff on merit, retain and reward high quality workforce and also implement recognition and rewards scheme	Identify and draw up indents for vacancies for filling	Competent human resource	Number of vacancies identified
		Advertise for job vacancies	Competent human resource	Number of job adverts
		Profile job applicants	Competent human resource	Status reports, minutes
		Shortlist and invite candidates for the job interviews	Competent human resource	Number of applicants invited
		Interview and hire qualified candidates for respective job, orient and train them	Competent human resource	Number of candidates hired

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		Constitute a team to write proposals for funding	Revenue generation	Number of winning proposals
		Establish office of the fundraiser	Revenue generation	Functional fundraising office
	To strengthen the procurement and supplies system in Accordance with Public Procurement Law			
		Develop and institutionalize an efficient procurement and supplies system in compliance with the relevant laws and regulations	efficient procurement and supplies system	Presence of e-procurement
		Automate supply chain management operations	efficient procurement	Automate supply chain system in place
ICT Integration		Develop and implement a framework for asset management	Effective asset management	Developed asset management framework
	To upgrade infrastructural facilities so as to correspond to the training standards			
		Acquire and maintain machines	Equipped ICT center	Increase in ICT equipment
		Develop and implement ICT policy and infrastructure	Improved ICT services delivery	Policy developed
	To upgrade the existing infrastructural ICT facilities so as to correspond to the training standards			
		Adopt the use of new technologies in 75% of MUSTTI operations by Capacity building of staff on ICT usage & benchmarking with other institutions	Improvement in use of technology	use of new technologies, # of staff trained in ICT
	To acquire and expand the ICT infrastructural facilities in all areas required	Develop and implement cohesive knowledge, information and communication technologies platform/database	Improvement in use of technology	Knowledge & information technologies platform/database, new ICT equipment
Students welfare	Reduce Drug and Substance abuse by strengthening the capacity of G&C department			
		Invite guest speakers from institutions such as NACADA	Students welfare	Number of talks held
				M&E reports

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	Monitor and evaluate implementation of MoUs		
Promoting Environmental Sustainability	Set up environment conservation strategies	Environment saving	Conservation reports
	Carry out tree planting occasions to cover 2 acres of institute land	Environment saving	Conservation reports
Enhancing and strengthening co-curricular activities			
	Diversify sporting activities in the institute	Students welfare	Number of sporting activities
	Acquire sporting infrastructure and facilities such as fields and uniforms	Students welfare	Number of infrastructure and facilities in place
	Strengthen and capacity build the sports and games section	Students welfare	Number of staff trained in sports and games
	Participate and compete with other institutions at all levels	Students welfare	Number of competition participated
Promoting Universal Health Care and continuous sensitization on non-communicable diseases	Prepare and implement HIV/AIDs annual programmes	Students welfare	Number of annual programmes implemented
	Determine annual malaria prevalence in the institute	Students welfare	% annual prevalence
	Identify strategies of reducing malaria	Students welfare	Action plan
	Implement strategies of reducing malaria	Students welfare	Strategies implemented
	Monitor and evaluate HIV/AIDs and malaria programmes	Students welfare	M&E reports
Supporting and	Conduct capacity building for Students council	Students welfare	Empowered students council

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

	empowering students' governance	Establish allowances policy for Student leaders	Students welfare	Empowered students council
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VII. CORPORATE GOVERNANCE STATEMENT

Musakasa TTI is governed by the Board of Governors. The Board provides strategic direction, exercises control and remains accountable through effective leadership, enterprise, integrity and good judgment. It is diverse in its composition, independent but flexible, pragmatic, objective and focused on balanced and sustainable performance of the Institute.

Appointment of Board Members

- i. Every appointment is by name and by notice in the Kenya Gazette but ceases if the Board member:
 - a) Serves the appointing authority with a written notice of resignation; or
 - b) Is absent, without the permission of the Chairperson, from the three consecutive meetings; or
 - c) Is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding twenty thousand shillings; or
 - d) Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Council; or
 - e) Conducts himself in a manner deemed by the appointing authority to be inconsistent with membership of the Council.
- ii. Any removal of a Board member under (i) above, shall be through formal revocation.

Ethics and Conduct

The Board adheres to the Code of Conduct and Ethics for State Corporations (SCs) which focuses on ethical conduct and integrity at the workplace. It defines the Board's commitment to the highest standards of behaviour so as to contribute to the achievement of the national development goals. The Code sets out expectations for individual behaviour necessary to meet these standards and includes requirements and guidance to help carry out their roles with integrity and in compliance with the law. By exemplifying the ethical behaviours and corporate values described in the Code, the Board is expected to uphold Article 10 of the Constitution of Kenya, 2010 on National Values and Principles of Governance and Chapter 6 on Leadership and Integrity.

Conflict of Interest Policy & Disclosures

A conflict of interest may arise where a Board member or close family member such as a spouse, child, parent or sibling has private interests that could improperly influence the performance of the Board member's official duties and responsibilities. Conflict may also arise where a Board member uses their office for personal gain.

Board members are required to avoid conflict of interest and deal at arm's-length in any matter that relates to the organization. However, a Board member who identifies an area of conflict shall be required to disclose any actual or potential conflict of interest to the Board. In so reporting, the Board member is required to provide all relevant information, including

information which relates to their immediate family members by blood or marriage which is related to the area of conflict. When declared, the Board member shall abstain from decisions where the conflict exists.

The Secretary keeps a record of conflicts of interest declared, for accountability purposes, and as a rule of good practice on appointment and on regular intervals or at any time when circumstances change, all members shall in good faith disclose to the Board for recording, any other business or interest likely to create a potential conflict of interest.

Board Remuneration

Board members are remunerated for their services in accordance with State Corporations Act provisions and/or guidance from the State Corporations Advisory Committee. In line with best practice, the remuneration includes Honoraria for the Chair of Board and allowances for all members on attendance of Board meetings.

Board Induction and Training

When new Board members are appointed, the Institute organizes for induction in order to familiarize themselves with their responsibilities as Members of Board, general principles of corporate governance and Council practices. The induction programme provides the Board members with an orientation of the organization, strategic plans, financial status and policies, risk management, compliance programmes and the Code of Conduct and Ethics. The current Council members were inducted in the year under review.

Board Responsibilities

The Board of Management, during the inauguration on 13th November 2019, was sensitized on their roles and responsibilities according to the TVET Act which were:

- a) Overseeing the conduct of education and training in the Institute in accordance with the Provisions of TVET Act 2013 and any other written law.
- b) Promoting and maintaining standards, quality and relevance in education and training in the

Institute in accordance with the TVET Act 2013 and any other written law.

- c) Administering and managing the property of the Institute
- d) Developing and implementing the Institute's Strategic Plan.
- e) Preparing annual estimates of revenue and expenditure for the Institute and incurring Expenditure on behalf of the Institute
- f) Receiving, on behalf of the Institute, fees, grants, subscriptions, donations, bequests or other

Moneys and to make disbursement to the institution or other bodies or persons.

- g) Determining the fees payable and prescribing conditions under which fees may be remitted

in part or in whole in accordance with the guidelines developed under the provisions of TVET Act 2013

- h) Mobilizing resources for the Institute
- i) Developing and reviewing programmes for training and to make recommendation to TVETA
-Board is in the process of launching CBET Curriculums
- j) Regulating the admission and exclusion of students from the Institute, subject to a qualifications framework and the provisions of TVET Act 2013
- k) Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Ministry.
- l) Recruiting and appointing trainers from among qualified professionals and practicing trades persons in relevant sectors of industry
- m) Determining suitable terms and conditions of service for support staff, trainers and instructors
and remunerating the staff of the Institute in consultation with the Authority
- n) Making regulations governing organization, conduct and discipline of the staff and students
- o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submit the same to the Board.
- p) Providing for the welfare of the students and staff of the Institute
- q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the Institute
- r) Discharging all other functions conferred upon it by TVET Act 2013 or any other written law

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

The Institute operational and Financial Performance.

Generally, the Institute operated at a net surplus of Kshs.4,849,226.00 during the financial year.

This was majorly due to the factors below;

- Reduction on expenditure.
- Increase in students' population.

This is an indication that the Institute is growing well and the going concern is guaranteed.

Compliance with Statutory Requirements

By the end of the year, the Musakasa had paid all its statutory requirements in terms of NSSF, NHIF, PAYE and all withholding taxes from contractors payable to KRA. The Institute has been withholding taxes on all payment made to contractors and remitting them to KRA. The Institute is operating under legal frame works necessary under public sector requirement such as;

- The Constitution of Kenya, 2010
- TVET Act, 2013
- PFM Act, 2012
- Procurement and Assets Disposal act, 2015
- IPSAS standards.
- All other relevant laws in its operation (regular circulars from treasury and ministry of education)

Key Projects the Institute Implemented

The Institute has the following projects:

i) Tuition Block phase II Wing A(WIP)

The project is expected to promote practical learning and research in the Institute. The project will be sustainable since it will be used to promote research, innovation and entrepreneurship. This will contribute to reduction of poverty in the society. This project is financed by Government of Kenya. The contract sum of the project was Ksh.19,918,916.80

ii) Proposed Tuition Block Phase II Wing B

A proposal was made to the government for funding of a Tuition Block Complex phase II. This will address the issue of facilities that has limited enrolment in the Institute for lack of capacity.

This project is anticipated to cost Kshs.60,604,600.00 and is to be financed by Government of Kenya.

Major risks the Institute is facing;

Operational Risks

The Institute faces competition for resources including; students, staff and financial resources.

The Institute's financial assets are trade receivables as well as cash and short term deposits which arise directly from its operations. The Institute has financial liabilities comprising trade and other payables which are all current. The management has ensured timely payment to suppliers, contractors and other service providers, hence no historic debt.

The Institute has exposure to the following risks:

- i) Liquidity risks
- ii) Credit risks

The Council has overall responsibility for the establishment and oversight of the Institute's risk management framework.

Liquidity Risk

Liquidity risk is the risk that the Institute will not be able to meet its financial obligations as they fall due. The Institute's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Institute's reputation.

Credit Risk

Credit risk is the risk of financial loss to the Polytechnic if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the organization's receivables from customers. The Institute receives fees from students as well as capitation from the Government which minimizes the credit risk exposure.

Material Arrears and Financial Obligations

The Institute had substantial fees arrears totalling to Ksh.35,494,588.00 which had not been received by the year end.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Musakasa Training Institute exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on our five strategic directions. In our operations we recognize the need of putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements:

i) Sustainability strategy and profile

From the year 2013, the Institute received their first batch of students. To ensure sustainability, The institute has continued to review existing programmes and develop new market driven programmes that will be attractive to students. The Institute has also invested in its human resource to ensure improved quality of services offered to students and other stakeholders.

ii) Environmental performance

The Institute continues to play a significant role in environmental conservation and sustainability. During the year in review, the Institute participated in the 2020 National Tree Planting Campaign themed "*Panda miti, boresha maisha*". In Conjunction to this the Institute received seedlings from Kaberua Forest Station, in Mount Elgon Bungoma County.

The Institute continues to sustain its greening initiatives by maintaining over 70% green cover by planting and maintenance of flora in all strategic locations in the Institute.

iii) Employee welfare

Musakasa Technical Training Institute acknowledges the importance of its human resource in achieving its strategic objectives and ensures that their welfare is prioritized through capacity building, provision of a good working environment and offering competitive remuneration.

iv) Staff Training

The Institute uses staff appraisals to identify gaps in capacity and recommend training in order to build the capacity of staff. During the year in review, 5 staff were supported to attend training locally.

v) Market place practices-

Musakasa Training Institute endeavours to maintain the highest standards of ethics and instils a culture of integrity among the members of staff.

X. REPORT OF THE BOARD OF GOVERNORS

The Board submit their report together with the audited financial statements for the year ended June 30, 2021, which shows the state of Musakasa Technical Training Institute's affairs.

i) Principal activities

The principal activities of the Musakasa TTI continues to be provision of training of artisans, craftswomen and men, technicians, technologists, businesswomen and men at artisan, craft and diploma certificate levels.

ii) Results

The results of the entity for the year ended June 30 are set out from page 1

iii) Board of Governors

The members of the Board of Directors who served during the year are shown on page iv. During the year none of the governors retired/ resigned and non was appointed.

iv) Auditors

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

By Order of the Board

Name.....

Signature.....

Date.....

Principal /Secretary to the Board

XI. STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES

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

The Board Members are responsible for the preparation and presentation of the *Musakasa Technical Training Institute's* financial statements, which give a true and fair view of the state of affairs of the *Institute* for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the *Musakasa Technical Training Institute*; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Board Members accept responsibility for Musakasa 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. The Board Members are of the opinion that *Musakasa Technical Training Institute's* financial statements give a true and fair view of the state of the *Institute's* transactions during the financial year ended June 30, 2021, and of the *Musakasa Technical Training Institute's* financial position as at that date.

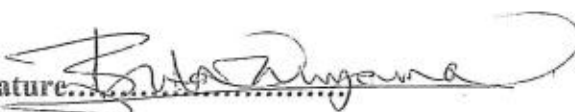
The Board Members further confirms the completeness of the accounting records maintained for the *Institute*, which have been relied upon in the preparation of *Musakasa Technical Training Institute's* financial statements as well as the adequacy of the systems of internal financial control.

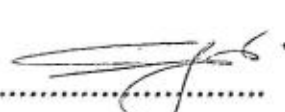
MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

Nothing has come to the attention of the Board members to indicate that *Musakasa 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 *Musakasa Technical Training Institute's* financial statements were approved by the Board on _____ 2021 and signed on its behalf by:

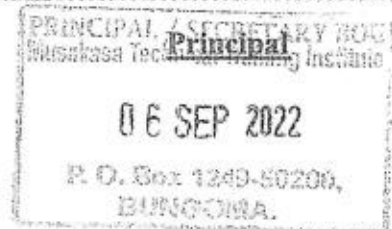
Signature.....

Signature.....

Name.....

Chairperson of the Board

Name.....



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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MUSAKASA 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 Musakasa Technical Training Institute set out on pages 1 to 45, which comprise of the statement of financial position

as at 30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Musakasa 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 the International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

Inaccuracies in the Financial Statements

The statement of cash flows reflects cash and cash equivalents balance of Kshs.5,622,956 at the end of the year. However, when the statement is recomputed it gives a balance of Kshs.(67,000) resulting in unexplained variance of Kshs.5,689,956. Further, the balance did not agree with cash and cash equivalents balance of Kshs.5,622,956 in the statement of financial position. The variances were not reconciled.

In the circumstances, the accuracy and completeness of the financial statements could not be ascertained.

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

Unresolved Prior Year Matters

In the audit report of the previous year, a number of paragraphs were raised under the Report on Financial Statements. However, Management has not resolved all the prior

year matters as provided by the Public Sector Accounting Standards Board templates. Management did not give 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, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

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

Responsibilities of Management and the Board of Governors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the going concern 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 or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Institute to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 August, 2022

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

XIII. 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(a)	20,872,500	27,045,000
Public contributions and donations	7	180,000	-
Total Revenue from non-exchange transactions		21,052,500	27,045,000
Revenue from exchange transactions			
Rendering of services- Fees from students	8	23,000,856	25,516,470
Sale of goods	9	368,185	-
Rental revenue from facilities and equipment	10	105,000	-
Other income	11	80,100	-
Revenue from exchange transactions		23,554,141	25,516,470
Total revenue		44,606,641	52,561,470
Expenses			
Use of goods and services	12	14,614,236	5,127,126
Employee costs	13	8,008,269	5,929,536
Remuneration of directors	14	1,395,700	1,271,040
Depreciation and amortization expense	15	13,438,805	12,861,452
Repairs and maintenance	16	2,300,405	3,004,970
General Expenses		-	7,065,348
Total expenses		39,757,415	35,259,472
Other gains/(losses)			
Total other gains/(losses)		-	-
Net Surplus for the year		4,849,226	17,301,998
Attributable to:			
Surplus/(deficit) attributable to minority interest			
Surplus attributable to owners of the controlling entity			

The notes set out on pages 6 to 39 form an integral part of the Annual Financial Statements.

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

XIV. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2020/2021	2019/2020
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	18	5,622,956	13,596,198
Receivables from exchange transactions	19	35,494,588	20,458,651
Receivables from non-exchange transactions	20	31,029,270	18,705,000
Inventories	21	279,780	148,480
Total Current Assets		72,426,594	52,908,329
Non-current assets			
Property, plant and equipment	27	129,390,678	126,910,639
Intangible assets	22	457,656	-
Long term receivables from exchange transactions		-	-
Total Non-current Assets		129,848,334	126,910,639
Total assets		202,274,928	179,818,968
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	23	4,163,708	772,160
Current Provisions		-	-
Payments received in advance	24	1,119,120	798,140
Total Current Liabilities		5,282,828	1,570,300
Non-current liabilities			
Borrowings	25	6,251,770	-
Total Non-current liabilities		6,251,770	-
Total liabilities		11,534,598	1,570,300
Net assets		190,740,330	178,248,668
Capital and Reserves			
Reserves		168,355,124	152,550,694
Accumulated surplus		22,151,224	17,301,998
Capital Fund		235,184	8,395,976
Total Capital and Reserves		190,741,532	178,248,668
Total net assets and liabilities		202,274,929	179,818,968

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Board of Governors by:

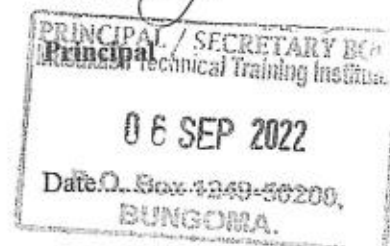

Chairman Board of Governors


Finance Officer

Date: 6/9/2022

ICPAK No: 25961

Date: 6/9/2022



MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

XV. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
Balance b/f as at July 1, 2019	152,550,694	-	-	-	152,550,694
Revaluation gain	-				-
Fair value adjustment on quoted investments					-
Total comprehensive income			17,301,998		17,301,998
Capital/Development grants received during the year				8,395,976	8,395,976
Transfer of depreciation/amortization from capital fund to retained earnings					-
Balance c/d as at June 30, 2020	152,550,694	-	17,301,998	8,395,976	178,248,668
Balance b/f at July 1, 2021	152,550,694	-	17,301,998	8,395,976	178,248,668
Revaluation gain	-				-
Fair value adjustment on quoted investments				- 8,160,792	(8,160,792)
Total comprehensive income			4,849,226		4,849,226
Capital/Development grants received during the year	15,804,430				15,804,430
Transfer of depreciation/amortization from capital fund to retained earnings					-
Balance c/d as at June 30, 2021	168,355,124	-	22,151,224	235,184	190,741,532

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

XVI. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2020/2021 Kshs	2019/2020 kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	6	20,872,500	18,713,663
Public contributions and donations	7	180,000	-
Rendering of services- Fees from students	8	23,000,856	12,821,471
Sale of goods	9	368,185	-
Rental revenue from facilities and equipment	10	105,000	-
Other incomes	11	80,100	-
Other income, rentals and agency fees			
Total Receipts		44,606,641	31,535,134
Payments			
Compensation of employees	13	6,197,089	5,929,536
Use of goods and services	12	14,614,236	5,127,126
General Expenses		0	7,065,348
Directors Remuneration	14	1,395,700	1,271,040
Repair & Maintenance	16	2,300,405	3,004,970
Grants and subsidies paid			-
Total Payments		24,507,430	22,398,020
Net cash flows from operating activities		20,099,211	9,137,114
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	27	-16,376,500	- 6,196,639
Proceeds from sale of property, plant and Equipment			
Decrease in current receivables			
Increase /Decrease in current receivables		-27,360,207	-
Increase /Decrease in current Payables		3,712,528	
Increase in investments			
Net cash flows used in investing activities		-40,024,179	- 6,196,639
Cash flows from financing activities			
Proceeds from borrowings	25	6,776,870	
Repayment of borrowings	25	-525,100	
Increase in deposits			
Net cash flows used in financing activities		6,261,770	-
Net increase/(decrease) in cash and cash equivalents		-13,663,198	2,940,475
Cash and cash equivalents at 1 July		13,596,198	10,655,723
Cash and cash equivalents at 30 June	18(a)	5,622,956	13,596,198

XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget Kshs	Adjustments Kshs	Final budget Kshs	Actual Kshs	Performance difference Kshs	% of utilisation
Revenue	A	b	C=(a+b)	d	e=(c-d)	F=d/c
Revenue from Non Exchange transactions	24,000,000	(7,297,500)	16,702,500	20,872,500	(4,170,000)	125%
Public Contributions and donations	0	0	0	180,000	(180,000)	180%
Rendering of Services	59,130,000	(33,750,000)	25,380,000	23,000,856	2,379,144	91%
Other incomes	50,000	250,000	300,000	80,100	219,900	27%
Rental Revenue	720,000	(600,000)	120,000	105,000	15,000	88%
Sale of Goods	300,000	50,000	350,000	368,185	(18,185)	-105%
Total Income	84,200,000	(41,347,500)	42,852,500	44,606,641	(1,754,141)	104%
Expenses						
Employee Cost	15,750,000	(7,459,010)	8,290,990	8,008,269	282,721	97%
Remuneration of Board of Governors	1,500,000	-	1,500,000	1,395,700	104,300	93%
Repairs and maintenance	7,500,000	(4,960,000)	2,540,000	2,300,405	239,595	91%
Use of Goods & services	59,450,000	(28,928,490)	30,521,510	14,614,236	15,907,274	48%
Depreciation and Amortization Expense	0	0	0	13,438,805	13,438,805	134%
Total Expenditure	84,200,000	(41,347,500)	42,852,500	39,757,415	3,095,085	93%

Budget notes

1. The variance in Sale of Goods vote head shows that there was over collection in kitchen department due improvement in internal controls.
2. The variances in Employee Costs shows that there was under expenditure because there was strict minimization in casual labourers.
3. The variance in Remuneration of Board of Governors shows that there was under expenditure as there were less Board meetings during the covid-19.
4. The variances in Use of Goods and Services shows that there was under expenditure because students were not fully in session due to Covid-19.

XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Musakasa TTI is established by and derives its authority and accountability from xxx Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Institute's principal activity is to provide quality technical and vocational training in collaboration with stake holders to produce highly skilled and innovative human resource.

2. Statement of Compliance and Basis of Preparation

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

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

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

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2021.*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Standard	Impact
Other	Applicable: 1st January 2021:
Improvements to IPSAS	<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>

- ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.*

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Standard	Effective date and impact:
IPSAS 41:	Applicable: 1st January 2023:
Financial Instruments	<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.
IPSAS 42:	Applicable: 1st January 2023
Social Benefits	<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> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

Standard	Effective date and impact:
----------	----------------------------

(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.

Amendments Applicable: 1st January 2023:

- | | |
|--|--|
| to Other
IPSAS
resulting
from IPSAS
41, Financial
Instruments | <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> |
|--|--|

Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

iii. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020/2021.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies(Continued)

Transfers from other government entities

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

Rendering of services

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

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

Sale of goods

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

Interest income

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

ii) Revenue from exchange transactions

Summary of Significant Accounting Policies (Continued)

Dividends

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Rental income

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

b) Budget information

The original budget for FY 2020-2021 was approved by the National Assembly on xxxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of xxxv on the 2020-2021 budget following the governing body's approval.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

c) Taxes

Current income tax

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

Deferred tax

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

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

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

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

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the placement cost of components of an existing investment property at

the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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

e) Property, plant and equipment

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

g) Leases

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

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

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

The useful life of the intangible assets is assessed as either finite or indefinite.

h) Research and development costs

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

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

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

i) Financial instruments

a) Financial assets

Initial recognition and measurement

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Loans and receivables

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

Held-to-maturity.

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

Impairment of financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

b) Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

j) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

k) Provisions

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

Where the Institute expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

l) Contingent liabilities

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

m) Contingent assets

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

n) Nature and purpose of reserves

The Institute creates and maintains reserves in terms of specific requirements.

o) Changes in accounting policies and estimates

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

p) Employee benefits

Retirement benefit plans

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

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

q) Foreign currency transactions

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

r) Borrowing costs

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

s) Related parties

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

f) Service concession arrangements

The Institute analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Institute recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price.

In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Institute also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u) Cash and cash equivalents

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

v) Comparative figures

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

w) 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, 2021.

5. Significant Judgments and Sources of Estimation Uncertainty

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. Transfers from Other Government Entities

Description	2020-2021	2019-2020
	kshs	kshs
Unconditional grants		
Operational grant	0	0
Other grants	0	0
	0	0
	0	0
Conditional grants		
Capitation grant	16,702,500	27,045,000
Capitation grants and subsidies Received	4,170,000	0
Administration block grant	-	-
Laboratory grant	0	0
Learning facilities grant	0	0
Other organizational grants	0	0
Total Government grants and subsidies	20,872,500	27,045,000

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. Public Contributions and Donations

Description	2020-2021	2019-2020
	kshs	kshs
Public donations		
Donations from local leadership	-	-
Donations from religious institutions	-	-
Donations from alumni	-	-
Other donations(Covid 19)	180,000	-
Total Public Contributions and Donations	180,000	

8. Rendering of Services

Description	2020-2021	2019-2020
	kshs	kshs
Tuition fees	8,572,126	9,083,100
Activity fees	735,960	2,048,520
Examination fees	183,480	
Personal Emoluments	4,422,650	4,485,750
Electricity, Water & Conservancy	1,242,010	2,249,400
LT& T	4,605,270	2,927,700
RMI	2,353,310	2,017,500
Registration fees	9,000	
Attachment fees	877,050	2,704,500
Total Rendering of Services	<u>23,000,856</u>	<u>25,516,470</u>

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Sale of goods

Description	2020-2021	2019-2020
	kshs	kshs
Sale of Books	-	-
Catering & Other Production Units	368,185	-
Sale of farm produce	-	-
Total Sale of goods	<u>368,185</u>	

10. Rental Revenue from Facilities and Equipment

Description	2020-2021	2019-2020
	kshs	kshs
Straight-lined operating lease receipts		
Boarding Fees	105,000	-
Total rentals	105,000	-

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11. Other Income

Description	2020-2021	2019-2020
	kshs	kshs
Interest Income	5,100	
Income from sale of tender	75,000	
Services concession income		
Skills development levy		
Differed Income(Depreciation on Buildings)	-	-
Total other income	80,100	-

12. Use of Goods and Services

Description	2020-2021	2019-2020
	kshs	kshs
EWC	945,770	232,103
Tuition	3,668,251	4,045,494
Security	-	
Activity	50,000	849,529
Subscriptions		
Advertising	-	-
Bank Charges	18,961	-
Covid 19 Expenses	49,100	-
LTT	3,882,465	3,408,171
ATTACHMENT	482,549	239,963
CATERING	-	163,680
PU	525,028	395,420
HELB REFUND	-	106,170
ADM COST	3,748,392	943,944
Examination	1,209,690	1,808,000
TENDER	34,030	-
Total good and services	14,614,236	12,192,474

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. Employee Costs

Description	2020-2021	2019-2020
	kshs	kshs
Salaries and wages	8,008,269	5,929,536
Total Employee costs	8,008,269	5,929,536

14. Remuneration of Directors

Description	2020-2021	2019-2020
	kshs	kshs
Chairman's Honoraria	-	356,000
Directors emoluments	1,395,700	915,040
Other allowances		
Total director emoluments	1,395,700	1,271,040

15. Depreciation and Amortization Expense

Description	2020-2021	2019-2020
	kshs	kshs
Property, plant and equipment	13,324,391	12,861,452
Intangible assets	114,414	-
Investment property carried at cost		
Total depreciation and amortization	13,438,805	12,861,452

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. Repairs and Maintenance

Description	2020-2021	2019-2020
	kshs	kshs
RMI	2,300,405	3,004,970
Investment property – earning rentals	0	0
Equipment and machinery	0	0
Vehicles	0	0
Furniture and fittings	0	0
Computers and accessories	0	0
Other	0	0
Total Repairs and Maintenance	2,300,405	3,004,970

17. General Expenses

Description	2020-2021	2019-2020
	kshs	kshs
Actuarial valuations	-	-
Investment valuations	-	-
Property valuations	-	-
Retention	-	-
Other contracted services	-	-
Total Contracted Services	-	7,065,348

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18a. Cash and Cash Equivalents

Description	2020-2021	2019-2020
	kshs	kshs
Current account	5,619,339	13,596,198
Cash in hand	3,617	-
Mpesa	-	-
Fixed deposits account		
Staff car loan/ mortgage		
Others(specify)		
Total cash and cash equivalents	5,622,956	13,596,198

b) Detailed Analysis of the Cash and Cash Equivalents

Financial institution	Account number	2020-2021	2019-2020
		KShs	KShs
a) Current account			
Kenya Commercial Bank Bungoma	1166608387	62,638.30	3,045,663.00
Kenya Commercial Bank Bungoma	1166608247	28,344.25	2,153,081.00
Kenya Commercial Bank Bungoma	1166608077	0	8,395,976.00
Cooperative Bank Bungoma	01134291182100	5,528,356.70	1,478.00
Sub- total		5,619,339.25	13,596,198
b) Others(specify)		0	
Cash in transit		0	0
cash in hand		3,617.00	0
Mobile money accounts		0	0
Sub- total		3,617.00	0
Grand total		5,622,956.25	13,596,198

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. Receivables from Exchange Transactions

Description	2020-2021	2019-2020
	kshs	kshs
Current receivables		
Student debtors	35,494,588	20,458,651
Rent debtors		
Consultancy debtors		
Other exchange debtors		
Less: impairment allowance		
Total current receivables	35,494,588	20,458,651
Non-current receivables		
Refundable deposits		
Advances to staff	-	-
Public organizations	-	-
Less: impairment allowance	-	-
Total non-current receivables	-	-
Total receivables	35,494,588	20,458,651

20. Receivables from Non-exchange transactions

Description	2020-2021	2019-2020
	kshs	kshs
Current receivables		
Transfers from other govt. entities	31,029,270	18,705,000
Undisbursed donor funds		
Other debtors (non-exchange transactions)		
Less: impairment allowance		
Total current receivables	31,029,270	18,705,000

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. Inventories

Description	2020-2021	2019-2020
	kshs	kshs
Consumable stores	-	-
Central stores	181,335	
Health Unit stores	57,755	
Electrical stores	-	148,480
Cleaning materials stores	22,400	
Catering & Farm stores	18,290	-
Total Inventories	279,780	148,480

22. Intangible Assets Software

Description	2020-2021	2019-2020
	kshs	kshs
Cost		
At beginning of the year	-	
Additions	572,070	
Cost end of the year	572,070	-
Amortization and impairment		
At beginning of the year	-	
Amortization	114,414	
Amortization at end of the year	114,414	-
Less :Impairment loss		
At end of the year	-	-
NBV	457,656	-

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. Trade and other Payables from Exchange Transactions

Description	2020-2021	2019-2020
	kshs	kshs
Trade payables	959,088	772,160
Fees paid in advance		
Third party payments(Contractors Retention)	1,393,440	-
Other payables-Employees costs	1,811,180	
Total trade and other payables	4,163,708	772,160

24. Payments Received in Advance

Description	2020-2021	2019-2020
	kshs	kshs
Student Fees	1,119,120	798,140
Others		
Total	1,119,120	798,140

25. Borrowings

External Borrowings		
Balance at the Beginning of the Year	0	
External Borrowings During the Year	0	
Repayment During the Year	0	
Total Balance at the End of the year	0	-
Domestic Borrowings		
Balance at the beginning of the Year	0.00	
Domestic Borrowings During the Year	6,776,870.00	
Repayment During the Year	-525,100.00	
Total Domestic borrowing	6,251,770.00	-

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. Financial Risk Management

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
As at 30 June 2020				
Receivables from exchange transactions	20,458,651	20,458,651	-	-
Receivables from non exchange transactions	18,705,000	18,705,000	-	-
Bank balances	13,596,198	13,596,198	-	-
Total	52,759,849	52,759,849	-	-
As at 30 June 2021				
Receivables from exchange transactions	35,494,588	35,494,588	-	-
Receivables from non exchange transactions	31,029,270	31,029,270	-	-
Bank balances	5,622,956	5,622,956	-	-
Total	72,146,814	72,146,814	-	-

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Library books	Plant and equipment	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At July 2019	8,700,000	43,460,000	130,000	4,815,000	1,550,000	530,420	85,218,635	1,950,000	146,354,055
Additions	0	1,667,994	0	0	148,480	0	0	4,380,165	6,196,639
Disposals	0	0	0	0	0	0	0	0	0
Transfers/adjustments	0	0	0	0	0	0	0	0	0
At 30 th June 2020	8,700,000	45,127,994	130,000	4,815,000	1,698,480	530,420	85,218,635	6,330,165	152,550,694
Additions	0	0	6,776,870	707,268	159,500	0	0	8,160,792	15,804,430
Disposals	0	0	0	0	0	0	0	0	0
Transfers/adjustments	0	1,950,000	0	0	0	0	0	-1,950,000	0
At 30 th June 2021	8,700,000	47,077,994	6,906,870	5,522,268	1,857,980	530,420	85,218,635	12,540,957	168,355,124
Depreciation and impairment									0
At July 2019	0	869,200	32,500	601,875	516,615	106,084	10,652,329	0	12,778,603
Depreciation	0	902,560	32,500	601,875	566,103	106,084	10,652,329	0	12,861,451
Disposals	0	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0	0
Transfer/adjustment	0	0	0	0	0	0	0	0	0
At 30 th June 2020	0	1,771,760	65,000	1,203,750	1,082,718	212,168	21,304,658	0	25,640,054
Depreciation	0	941,560	314,870	690,284	619,265	106,084	10,652,329	0	13,324,392
Disposals	0	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0	0
Transfer/adjustment	0	0	0	0	0	0	0	0	0
At 30 th June 2021	0	2,713,320	379,870	1,894,034	1,701,983	318,252	31,956,987	0	38,964,446
Net book values									0
At 30 th June 2020	8,700,000	43,356,234	65,000	3,611,250	615,762	318,252	63,913,977	6,330,165	126,910,640
At 30 th June 2021	8,700,000	44,364,674	6,527,000	3,628,234	155,997	212,168	53,261,648	12,540,957	129,390,678

NOTES TO THE FINANCIAL STATEMENTS (Continued)

28. Financial Risk Management

The Institute's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Institute'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 Institute 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 Institute's financial risk management objectives and policies are detailed below:

i) Credit risk

The Institute's has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
As at 30 June 2021				
Receivables from exchange transactions	35,494,588	35,494,588	0	0
Receivables from non exchange transactions	31,029,270	31,029,270	0	0
Bank balances	5,562,939	5,562,939	0	0
Total	72,086,797	72,086,797	0	0
As at 30 June 2020				
Receivables from exchange transactions	20,458,651	20,458,651	0	0
Receivables from non exchange transactions	18,705,000	18,705,000	0	0
Bank balances	13,596,198	13,596,198	0	0
Total	52,759,849	52,759,849	0	0

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 Institute has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The Institute has significant concentration of credit risk on amounts due from trading

The Board Members sets the Institute's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management

ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
As at 30 June 2021				
Trade payables	959,088	959,088	0	959,088
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	959,088	959,088	0	959,088
As at 30 June 2020				
Trade payables	772,160	772,160	0	772,160
Current portion of borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
Total	772,160	772,160	0	772,160

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Financial Risk Management

iii) Market risk

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

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

The Institute's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the Institute's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The Institute has no transactional currency exposures.

iv) Capital Risk Management

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

	2020-2021	2019-2020
	Kshs	Kshs
Revaluation reserve	152,550,694	152,550,694
Retained earnings	17,707,494	17,301,998
Capital reserve	9,262,744	8,395,976
Total funds	179,520,932	178,248,668
Total borrowings	0	0
Less: cash and bank balances	-5,566,556	-13,596,198
Net debt/(excess cash and cash equivalents)	32	13
Gearing	32%	13%

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the Musakasa Technical Training Institute, holding 100% of the *Institute'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 Parent Ministry;
- ii) County Governments
- iii) National Treasury
- iv) Key management;
- v) Board Members;

	2020-2021 Kshs	2019-2020 Kshs
Transactions with related parties		
a) Grants /Transfers from the Government		
Grants from National Government	20,872,500.00	27,045,000.00
Grants from County Government	0	
Donations	180,000	0
Total	21,052,500.00	27,045,000.00
b) Key management compensation		
B.O.G Members' Emoluments	1,395,700.00	1,271,040.00
Compensation to key management	0	0
Total	1,395,700.00	1,271,040.00

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30. Capital Commitments

Capital commitments	2020-2021	2019-2020
	Kshs	Kshs
Authorised for	60,604,600	60,604,600
Authorised and contracted for	19,918,917	19,918,917
Total	80,523,517	80,523,517

31. Events after the Reporting Period

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

32. Ultimate And Holding Entity

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

33. Currency

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

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
1.	<p>Basis for Qualified Opinion</p> <p>Capital Fund and Reserves</p> <p>The statement of financial position reflects a balance of Kshs.152,550,694 and Kshs.8,395,976 in respect Reserves and Capital Fund respectively. The balances have not been supported by way of notes to the financial statements as required by International Public Sector Accounting Standards (IPSAS) 1 which provides that all the components in the financial statements should be supported by way of notes.</p> <p>Consequently, the financial statements are not presented in accordance with International Public Sector Accounting Standards' reporting framework.</p>	The financial statements were revised and all components in the financial statement were supported by way of notes	Resolved	15/06/2021
2.	<p>Property, Plant and Equipment - Additions in Assets</p> <p>The statement of financial position reflects property, plant and equipment balance of Kshs.126,910,639 which as disclosed in Note 21 to the financial statements includes an amount of Kshs.6,196,639 being additions during the year. However, the amount has not been supported with purchase documents such as local purchase orders, invoices and cash sales.</p> <p>Further, the certificate of work reflects an amount of Kshs.4,866,849 for work in progress while Note 21 to the financial statements reflects an amount of Kshs.4,380,165, resulting to an unreconciled difference of Kshs.486,684.</p>	The certificate of certified work was provided and correction effected in the financial statements. The unreconciled difference of Kshs 486,684 was 10% contractor's	Resolved	15/06/2021

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
	<p>Management has not disclosed in the financial statements the depreciation policy used by the Institute.</p> <p>In addition, the assets register maintained by the Institute does not contain the required details such as suppliers or contractors, date of acquisition, estimated useful life, physical location, condition of the asset and serial numbers of the respective assets.</p> <p>Consequently, the accuracy and completeness of the property, plant and equipment balance of Kshs.126,910,639 reflected in the statement of financial position as at 30 June, 2020 could not be confirmed.</p>	<p>s retention amount of Ksh 4,866,849.60.</p>		
3.	<p>Unsupported Trade and Other Payables</p> <p>The statement of financial position reflects a balance of Kshs.772,160 in respect of trade and other payables from exchange transactions. The balance has not been supported with a creditors' ledger showing details of invoices from the suppliers, demand notes, and description of services rendered or work done. The creditors aging analysis was also not maintained hence it was not possible to determine how long the creditors have been outstanding.</p> <p>In the circumstances, the accuracy and completeness of the trade and other payables balance of Kshs.772,160 could not be confirmed.</p>	<p>The adjustment was effected in the revised financial statements and schedules to support these were provided.</p>	Resolved	15/06/2021
4.	<p>Lack of Trial Balance</p> <p>Management did not provide for audit review the trial balance as at 30 June, 2020 to support the figures and balances reflected in the financial statements in line with Regulation 57(2 and 3) of the Public Finance Management (National Government) Regulations, 2015.</p>	<p>The adjusted trial balance was provided</p>	Resolved	15/06/2021

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
	Consequently, the accuracy and completeness of the financial statements could not be confirmed			
	<p>Other Matter</p> <p>Budgetary Control and Performance</p> <p>The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.36,078,800 and Kshs.25,299,017 respectively resulting to an under-funding of Kshs.10,779,784 or 30% of the budget. Similarly, the Institute expended Kshs.22,321,272 against an approved budget of Kshs.22,321,272 resulting to an under-expenditure of Kshs.13,756,828 or 38% of the budget.</p> <p>The underfunding and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.</p>	Disclosure was made under the budget notes on variance explanation in the revised financial statements	Not Resolved	15/06/2023
1.	<p>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</p> <p>Late Submission of Financial Statements</p> <p>The financial statements of the Institute for the year under review were submitted for audit on 18 November, 2020, and not within the statutory deadline of 30 September, 2020, as required by Section 47(1) of the Public Audit Act, 2015 and the Public Finance Management Act, 2012, which provide that financial statements should be submitted for audit within three months after the end of the financial year to which the accounts relate.</p> <p>In the circumstances, Management in breach of the law.</p>	The institute had challenges in preparing financial statements since we were first time adopters of IPSAS Accrual Reporting. The challenge going forward was addressed.	Resolved	15/06/2021
2.1.	Irregular Payment of Sitting Allowance	The issue was	Resolved	15/06/2021

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

The Accounting Officer

Name:

Principal/Secretary B.O.G

Signature:

Date:



MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1. TUITION BLOCK PHASE II		GOK		60,604,600	NO	NO

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	TUITION BLOCK PHASE II (WING-A)	19,918,916.80	12,540,957	63%	60,604,600	12,540,957	GOK

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

APPENDIX III: INTER-ENTITY TRANSFERS

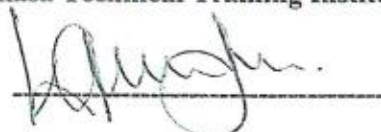
ENTITY NAME:		MUSAKASA TECHNICAL TRAINING INSTITUTE		
Break down of Transfers from the State Department of Ministry Of Education FY 2020/2021				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Capitation	03/07/2020	4,170,000.00	F/Y 2019/2020
	Capitation	06/11/2020	7,320,000.00	F/Y 2020/2021
	Capitation	22/02/2021	3,615,000.00	F/Y 2020/2021
	Capitation	19/03/2021	247,000.00	F/Y 2020/2021
	Capitation	30/06/2021	5,520,000.00	F/Y 2020/2021
	Total		20,872,500.00	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Total			
c.	Donor Receipts			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Total			

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

Finance Officer

Musakasa Technical Training Institute

Sign



Head of Accounting Unit

Ministry of Education

Sign_____

MUSAKASA TECHNICAL TRAINING INSTITUTE ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2021.

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received		Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized				Total Transfers during the Year
	as per bank statement				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	
Ministry of Education	16,702,500		Recurrent	16,702,500	16,702,500	0	0	0	16,702,500
Total	16,702,500			16,702,500	16,702,500	0	0	0	16,702,500

