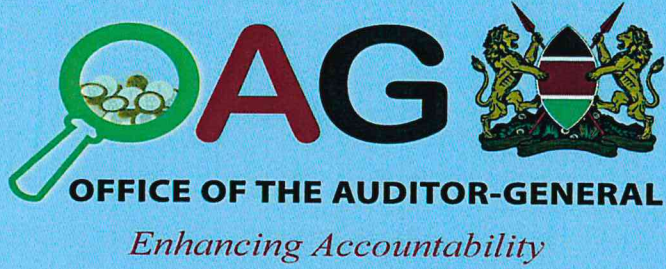


REPUBLIC OF KENYA



THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT DATE: 06 APR 2022

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MAJORITY
WHIP

OF

CLERK-AT
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S KADAMA

THE AUDITOR-GENERAL

ON

**MAWEGO TECHNICAL
TRAINING INSTITUTE**

**FOR THE YEAR ENDED
30 JUNE, 2020**



MAWEGO TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2020**

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

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Mawego T.T.I was established in 1952 as a trade school by the Utretch Brothers from Netherlands. Located in Rachuonyo North Sub-county of Homa-Bay County, the Institute is accessible through Oyugis Town which is 12 km away. It is also accessible through Kendu-Bay town which is about 17 km away. Mawego TTI operates under the TVET Act on 2013

It became a Technical Secondary School in 1967 under the Ministry of Education. In 1986, it was converted into a Technical Training Institute, a status it retains to date.

Having been founded by the Catholic Church, the institute continues to enjoy the sponsorship of the church to date and falls under Diocese of Homa-Bay.

We pride ourselves in placing more than ordinary interest and effort in creating a positive difference in the whole of the individual trainee.

(b) Principal Activities

The principal activity/mission/ mandate of Mawego TTI is to offer Technical and Business Training.

Vision: An Internationally competitive Technical and Business Training Institute.

Mission: To provide training, research and outreach programs that impart skills and utilize applied knowledge to spur economic growth and respond to the changing needs of industry and society.

Core Values

Integrity
Professionalism
Patriotism
Teamwork and excellence
Non-discrimination
Efficiency
Courtesy
Continual improvement
Innovation and creativity

For smooth running of the institution, eight academic departments were established. These include;

1. Electrical and electronics
2. Mechanical engineering
3. Building and civil engineering
4. Institutional management
5. Information, communication technology
6. Agriculture
7. Business studies
8. Applied Science

(c) Key Management

Mawego TTI day-to-day management is under the following key organs:

- Board of Management
- Principal
- Deputy principal - Administration
- Deputy principal – Academics
- Registrar
- Dean of Students

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	John Akola
2.	Deputy Principal - Administration	Jared Ogot
3.	Deputy Principal - Academics	Asha Kibwana
4.	Registrar	James Otieno
5.	Dean of Students	Leah Ajwang
6.	Procurement Officer	Loice Obengo
7.	Finance Officer	CPA Felix Odera

(e) Fiduciary Oversight Arrangements

The institute board has various sub-committees, which provided oversight; such as:

i) Finance, Infrastructure and Risk Management Committee

The committee assists the Board in fulfilling its governance responsibilities by way of ensuring internal controls systems are reliable; provision of general oversight in risk and compliance matters and ensuring integrity, effectiveness and reliability of Institute risk management framework.

ii) Education and Research committee

The committee is responsible for review of the Institute Performance contracting report in ensuring compliance and adjusting on the slack, they assess learning environment to determine if it's conducive and analyse the general academic performance of the Institute.

iii) Ad-hoc committee

The committee is charged with the responsibility of evaluating Income generating activities in bid of creating self-sustenance in the Institute and they also handle dynamic issues affecting learning Institute.

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(f) Entity Headquarters

P.O. Box 289-40222,
Kendu-bay – Kadongo Road
Oyugis, Kenya

(g) Entity Contacts

Tel: +254 0734156640, +254 020353092,
E-mail: mawegotechnical@gmail.com,
Website: www.mawegotechnical.co.ke

(h) Entity Bankers

1. Kenya Commercial Bank,
Oyugis Branch,
P.O Box 170
Oyugis, Kenya.
2. Equity Bank, Oyugis Branch
P.O Box 514
Oyugis, Kenya

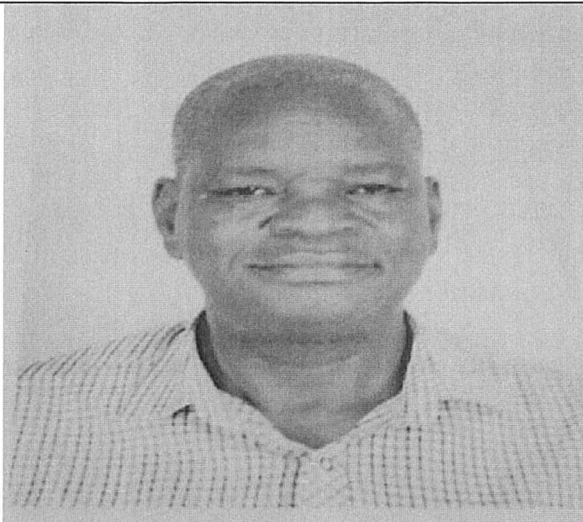
(i) Independent Auditors

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

(j) Principal Legal Adviser

The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

BOARD OF GOVERNORS



**PHILEMON ORIGA
BOG CHAIRMAN**

Born in 1960, Mr Philemon is the Chairman Board of Governors. He previously worked at Ministry of Roads and Public works for 26 years.

He holds Higher National Diploma in Highway Engineering and Diploma in Civil Engineering



GRACE PAULINE NYAGAYA

Ms Grace Nyagaya was born in 1979, is an ICT Team Lead at Kemri/CDC, having served at Computer Helpdesk in the same Organization for over 15 years.

She is the chairperson; Education, Research and Training committee.

Ms Grace, holds BSc. In Computer Science and Diploma in Information Technology.



WILLIAM ODONGO ATHEMBO

Born in 1970, Mr William Odongo is an Architecture having worked in Rwanda and Kenya at the Ministry of Public Works for over 23 years.

He holds a Bachelor of Architecture from University of Nairobi.



CPA NELSON OTIENO ALOYS

Born in 1956, CPA Nelson Otieno is an Auditor and Managing Partner at Otieno & Associates. He previously served as Chief Accountant and Assistant General Manager at MEDS, Chief Accountant at Safari Park Hotel and Senior Accountant at KPLC.

He is the chairman; Finance, Infrastructure and Administration committee.

He holds Masters in Business Administration (MBA), BSc. Business Administration and CPA (K).



BERYL AWUOR OCHIENG

Ms Beryl is the Vice-chair Board of Governors. Born in 1993. She is a Legal Research assistant for the last 2 years.

She is the legal representative of the Institute.

She holds a Bachelor of Law from Moi University and a Diploma in Law



JULIUS MONARI ORORI

Born in 1968, Mr Monari is an Electrical Technician. He has served as Senior Factory Electrical Technician for over 15 years.

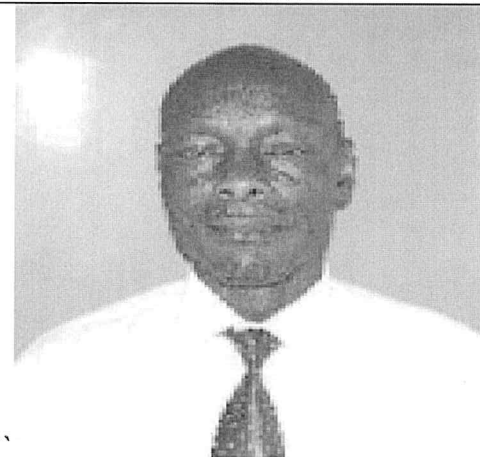
He holds Higher Diploma in Electrical Engineering from Kenya Polytechnic University College.



LUCY IGOKI MURIRA

Born in 1972, Ms Lucy is an experienced Manager having served in Managerial position for over 10 years.

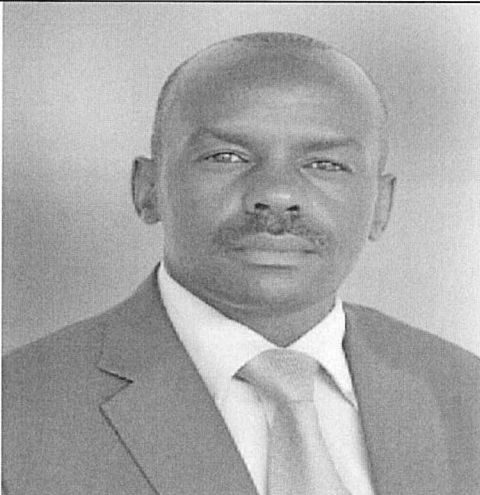
Ms. Lucy holds MA Leading Innovation & change, Higher Diploma in Counselling & Psychology and Certificate in Animal Health.



LUCAS OCHARO
TVET REGIONAL DIRECTOR

Born in 1961, Mr Ocharo is the Regional Tvet Director, an Independent member and a representative of the Permanent Secretary in the Board. He has over 30 years' experience in both Technical and Managerial position.

He holds Bachelor of Education and Post-Graduate Diploma in Education for the knowledge society (Dublin city University)



TOM OTIENO OLANGO
TVET REGIONAL DIRECTOR

A Deputy Director of Technical Education currently serving as a Regional Director of Technical and Vocational Education and Training (TVET) in charge of Kisii, Nyamira, Migori and Homa Bay Counties. He is a long serving public servant with twenty six years of experience. He was initially employed as a Graduate Teacher of Mathematics by the Teachers Service Commission and later joined the Ministry of Education as an Education Officer in 1999 where he has served to date.

He was born in 1970 and is a holder of Master of Education in Curriculum Studies from Nairobi University and currently concluding a PhD on the same at Kenyatta University. He has been engaged in several international assignments and is currently the Ministry's Focal Point Person for Skills Initiative for Africa Project by AUDA NEPAD

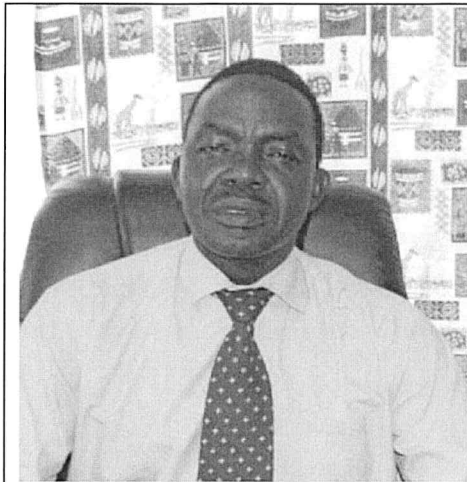


JOHN OTIENO AKOLA
PRINCIPAL, MAWEGO TTI, BOG
SECRETARY

Mr. Akola was born in 1968, He is the Principal and secretary to the Board. He has over 25 years' experience in the Learning environment.

He holds Bachelor of education in Technology Education and pursuing Masters in Education Technology.

MANAGEMENT TEAM

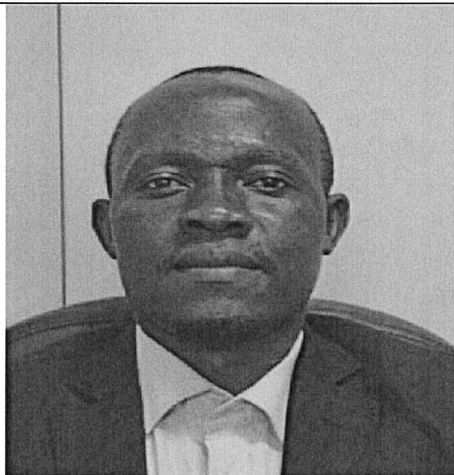


Mr. John Akola

He is the Principal and secretary to the Board.

He holds BED in Technology Education and pursuing Masters in Education Technology.

Responsibilities: Prudent management of resources; implementation of the Boards resolutions; provision of visionary leadership and formulation of strategic plans.



Mr. Jared Odhiambo Ogot

Mr. Jared is the Deputy Principal in charge of Administration.

He holds Bachelor of Education Science.

Responsibilities: Student discipline, oversee departmental functionalities and procuring of items in the Institute.



Mrs. Asha Bakari Kibwana

She is the Deputy Principal in charge of Academics.

She holds Masters in Counselling Psychology, BSc. Agriculture and Home Economics.

Responsibilities: In-charge of academic and quality Assurance; curriculum implementation and implementation of performance contracting targets.



Mr. James Otieno

He is the Registrar.

He holds BED in Technology Education and Diploma in Electronics Engineering.

Responsibilities: Admission of students; prudent management of student records and marketing of the Institute.

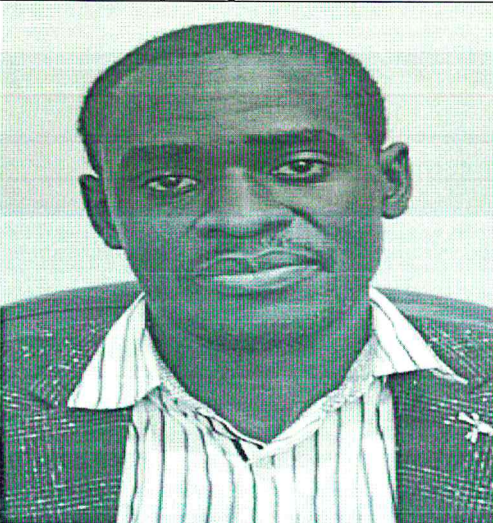


Mrs. Leah Ajwang' Otieno

She is the Dean of Students.

She holds BSc. Hospitality Management, Diploma in Catering and Accommodation and Diploma in Technical Education.

Responsibilities: In-charge of student hostel allocation and sanitation; oversees the operations at the catering department.



CPA Felix Otieno Odera

CPA Felix is the Institute Finance Officer.

He holds Bachelor of Commerce (Finance) and CPA (K).

Responsibilities: Co-ordinating preparation of Annual budgets, preparation of Financial reports, oversee receivables and payables and advice the management on Institute Finances.



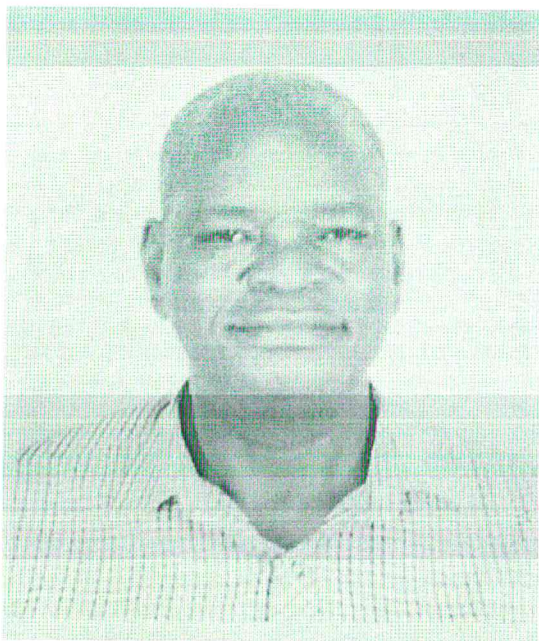
Mrs. Rose Loice Obengo

She is the Institute Procurement Officer.

She holds a Bachelor of Commerce (Supply chain Management) and a member of KISM and CIPS.

Responsibilities: Purchases for the Institute; Advice on matters related to Procurement; Control of materials and assets procured; oversee the work of storekeeper and spearhead the tendering process.

CHAIRMAN'S STATEMENT



I am glad to report on Mawego Technical Training Institute financials for the financial year 2019/2020. I take this opportunity to share with you my views and concerns on key activities, success, challenges and our future prospective outlook.

Key Activities

The Institute signs performance contracting with the Government of Kenya in order to ensure efficient and effectiveness on key deliverables negotiated through developing necessary policies and institutional framework in realising strategic plan and vision 2030.

During the year, we embarked on mentoring two (2) new Tvcs- Mbita and Uriri after overseeing the construction of Rangwe tvc and Siruti tvc to completion. We are engaged in operationalizing Mabera, Kakrao and Rangwe before official handing over to the various boards; thus showing the credibility of not only the Institute but also nationally towards achieving Sustainable Development Goals.

We have managed to complete 16 classroom tuition block which had stalled a decade ago after geTTing approval from structural and material testing department on re-enforcement and completion. This is a boost to limited learning space that existed before and expected to worsen due social distancing in the wake of covid-19 pandemic. We are also put up an Electrical and Electronics complex which due to begin after evaluation as part of infrastructural improvement to the old Institution.

The Institute have made milestones on key deliverables through compliance with service delivery charter such as; establishment of driving school, procurement and clearing of pending bills.

Challenges

Student unrest witnessed in March 2020, prior to end semester exam remains the biggest disruption to training services. Unfortunately, this came at almost the same time as the previous year's unrest as a result of intrusion by students who apparently have not reported back and others who are on industrial attachment who malicious try to destroy the reputation of the Institute and other innocent learners. We sourcing for student biometric system to be used to access the college in bid to cub intrusion as a mitigative measure to unrest.

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Financial inadequacy have also affected the uptake and absorption of budget occasioned by late remittance of capitation, with first quarter capitation coming in in second quarter and second quarter capitation coming in fourth quarter; this in turn affects financial planning due to risk of committing unavailable funds impacting on prudent financial management. We also experienced financial under-utilisation as a result of closure of institutions as a result of covid-19 since most activities relating to academic cost were not done.

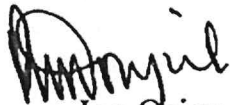
Future prospects

To resonate with changing trends in learning institutions, Mawego has put in resources for infrastructure development and hopes to liaise with Ministry of Education and other donors in terms of development projects to leverage from new up-coming institutions.

We hope to continue capacity development and transfer of skills through mentorship to our new institutions and sincerely thank the Ministry for entrusting us on this.

Outlook

I am pleased with the Board of Governors for their dedication in providing wealth of experience and knowledge in making progressive decisions and support in ensuring the Institute has the right footage in enhancing sustainability, corporate governance and ethics. I take this opportunity to thank the Board of governors, top management and staff for their commitment in service delivery despite the covid-19 pandemic challenges.



Philemon Jos Origa
Chairman, Board of Governors

REPORT OF THE PRINCIPAL



I present the details of this report as an accomplishment by various staffs through teamwork.

Despite the global challenges as a result of covid-19 which has affected a number of key activities, the Institute negotiated a Performance Contracting to undertake, Completion of re-enforced 16 classroom tuition block that had stalled 10 years ago over the concern of its stability at a cost of Kshs.16,001,000 with expected variation not exceeding 25%; however this was ascertained by the material testing and structural engineers from Ministry of Public works for completion as recommended by the specialists.

The Institute also committed to furnish and equip the library having expanded the library at a cost of Kshs. 3,850,000 in order to accommodate increased student enrolment and in effect also purchase research materials (text books) worth Kshs. 1,686,797. This ensures that we remain relevant in complying with our core mandate which is learning.

We have also managed to comply with the Presidential directive on establishing driving by purchasing a driving school lorry and creating driving school classrooms, however we never managed to enrol any student for driving course owing to accreditation requirement which stopped as a result of corona pandemic.

Following successful mentorship of Rangwe tvc and Siruti tvc construction to completion, the Ministry of Education again entrusted us with overseeing the construction of Mbita and Uriri tvc at a cost of Kshs. 56M each over a period of one(1) year. Mbita tvc construction was started in November 2019 however Uriri tvc began late in March 2020 as a result of late allocation of land. The Ministry though have not funded the projects thus causing slow progress in their construction.

Challenges.

Limited learning classrooms in response to higher student numbers compared to existing classrooms. This was handled by creation of tent classrooms which is a short term plan as they are affected by environmental factors like wind. This is expected to get worse with social distancing which has further reduced classroom capacity in complying with covid-19 protocols. Remedial action for this had been initiated by allocating Kshs. 50M for construction of Electrical and Electronics workshop which delayed owing to untimely stoppage of most activities in the Country and cessation of movement.

Interference with academic calendar resulting to student not sitting both March and July national exams. Groups to be in session must also be thinned to remain within the only number which can be adequately taught while observing containment measures, this will create conflict on the basis of rearranging programs and student study timelines. The Academic department has worked on a re-opening modality liaising with the Board of Governors in ensuring all student needs are met.

Student unrest which happened in March just prior to end term exams has been a deterrent to normal learning despite one having occurred in the previous Financial year in a similar month. This was occasioned by intrusion by other students who are not in session in bid to attend entertainment. The act had been orchestrated by students who negatively want to impact on image and reputation of students. We have constructed biometric houses at the gate to allow only students in session access the Institute in order to mitigate against unnecessary access to the Institute.

Delay in disbursement of funds causes delay in planning and absorption of funds due to fear of committing unavailable funds. Late disbursement by KUCCPS through the Ministry is done late and this inhibits compliance with procurement plan; having disbursement for only 2 quarters remitted within the financial year means limited activities can be undertaken prudently within the required time. Submission of student data for submission to KUCCPS has been agreed to be done within two weeks after opening to speed up processing and the streamlining of intake to ensure data efficiency is attained.

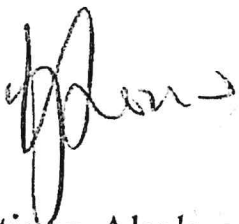
Future prospects.

We have requested for an elevation to a National Polytechnic by having the ability to meet criteria for the same. Mawego TTI being one of the oldest Institutes has always strived to improve its Infrastructure to remain above the competitive edge with the construction of many new technical and vocational colleges.

Having mentored many Institutions and enhanced capacity building and transfer of skills, we remain a going concern anchored on its mandate of imparting skills for self-sustenance.

Outlook

I wish to thank the Board of Governors for their oversight role and always available for consultation on policy formulation, the top management for fiduciary roles and all the staff members who have ensured we remain steadfast and committed to service delivery even at the time of covid-19 pandemic.



John Otieno Akola
Principal

REVIEW OF MAWEGO TTI PERFORMANCE FOR FY 2019/2020

Mawego TTI has 3 strategic pillars and objectives within its Strategic Plan for the FY 2017/2018-2021/2022. These strategic pillars are as follows:

Pillar 1: Economic strategy

Pillar 2: Social strategy

Pillar 3: Political strategy

Mawego TTI develops its annual work plans based on the above 3 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Mawego TTI achieved its performance targets set for the FY 2019/2020 period for its 3 strategic pillars, as indicated in the diagram below:

STRATEGIC PILLAR		OBJECTIVE	KEY PERFORMANCE INDICATOR	ACTIVITIES	ACHIEVEMENT
Pillar 1: Economic Strategy	Income Generating Activities	Expand internal income generation	Growth in revenue. Cash flow Increased production	Increased student numbers. Increased crop production	4,200 students from 3,800 Production of 10 bags of maize from IGA
Pillar 2: Social Strategy	Capacity and capability enhancement	To enhance the technical capacity and capability of the Institute	Knowledge achieved through training	Senior Management course training (KSG) Continuous professional development	Training of five senior management team. Attending ICPAL training by Finar team
		To enhance the technical capacity of the Institute infrastructure	Order fulfilment time	Service delivery record book	Serving clients as stipulated in the Institute service charter
	Educational and Training Opportunities	To improve quality and relevance in the provision of training	CBET courses New courses	Authorisation by TVETA	Initiation of three (3) CBET courses
	Research, Innovation and Development	To develop capacity for research and innovation	Innovation spending	Presentation of various innovations.	Qualifying three innovations from regional level
	ICT	To enhance ICT infrastructure and equipment's to	Increased computer numbers	Purchase more computers	Additional 10 computers bought

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		breach the digital divide			
	Adaptation to emerging issues	To enhance the ability of the Institute in responding to emerging trends and issues			
Pillar 3: Political Strategy	Institutional corporate governance and management	To enhance institutional Corporate Governance and Management based on principles of best practices	Employee satisfaction Competitive hiring	No employee turnover Merit hiring	CBA adoption or remuneration.
	Students affairs	Enhance student governance	Student constitution Leadership choice	Review of student constitution Transparent elections	Ballot voting

CORPORATE GOVERNANCE STATEMENT

The board consists of the following sub-committees and their mandate;

- Finance, Infrastructure and Risk management committee
The committee is responsible for;
 - Resources management.
 - Review financial operations and reports
 - Review challenges experience by the Institute on implementation of strategic plan.
 - Oversee the implementation of annual budgets.

- Education and Research committee
This consists of Board members undertaking;
 - Review of quarterly Performance contract.
 - Analyse academic performance of the Institute.

- Ad-hoc committee
This committee derives its membership from Board of Governors. They are charged with;
 - Evaluation of Income Generating activities.
 - Handle dynamic issues arising from learning environment.

Meetings attendance by the Board

Full Board Meeting

Name	05.07.2019	28.10.2019	05.03.2020	12.06.2020
1.Philemon origa	✓	✓	✓	✓
2.Beryl Awuor	✓			
3.Grace Nyagaya	✓	✓	✓	✓
4.William Odongo	✓	✓	✓	✓
5.Nelson Otieno	✓	✓	✓	✓
6.Lucy Murira	✓	✓		✓
7.Julius Monari	✓	✓	✓	✓
8.Lucas Ocharo	✓	✓		
9.John Akola	✓	✓	✓	✓
10.Tom Olango			✓	✓

Education, Research and Training committee meetings

Name	<u>04.07.2019</u>		<u>22.10.2019</u>	<u>05.02.2020</u>
1.Grace Nyagaya	✓	✓	✓	✓
2.Lucy Murira	✓	✓	✓	✓
3.Julius Monari	✓	✓		✓
4.Lucas Ocharo	✓	✓	✓	

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Annual Report And Financial Statements For The Year Ended 30 June, 2020

5. John Akola	✓	✓	✓	✓
6. Tom Olango				✓

Finance, Administration and Infrastructure

Name	25.08.2019	28.09.2019	15.02.2020
1. Nelson Otieno	✓	✓	✓
2. Beryl Awuor			
3. William Odongo	✓	✓	✓
4. Lucas Ocharo	✓	✓	
5. John Akola	✓	✓	✓
6. Tom Olango			✓

Special Board meeting on PSC recruitment and student unrest

Name	16.09.2019	20.12.2019	09.03.2020	29.05.2020
1. Nelson Otieno	✓	✓	✓	✓
2. Beryl Awuor			✓	✓
3. Grace Nyagaya	✓	✓	✓	✓
4. Lucas Ocharo	✓	✓		
5. John Akola	✓	✓	✓	✓
6. William Odongo			✓	✓
7. Julius Monari	✓	✓		✓
8. Lucy Murira	✓		✓	✓
9. Philemon Origa	✓		✓	✓
10. Tom Olango			✓	✓

Ad-hoc committee meeting

Name	19.08.2019	14.02.2020
1. Nelson Otieno	✓	✓
2. Beryl Awuor		
3. Lucy Murira	✓	✓
4. Julius Monari	✓	✓

Mawego Technical Training Institute
Annual Report And Financial Statements For The Year Ended 30 June, 2020

5. John Akola	✓	✓
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The Institute uses Mwongozo- code of governance for state corporations for board member appointments as well as its composition and size. Board members serve for three (3) years which can be renewed once.

The current Board of Governors term is coming to an end by 30 September, 2020 and due process of new BOG appointments had commenced through various stakeholders charged with nomination.

MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A: The Institute's Operational and Financial Performance

- i. There is increase in gross enrolment of students due to the information that Technical Education is free. This has led to high transition of students from Secondary Education to Technical Institutes.
- ii. The Institute has been able to meet its operations smoothly except for key projects that lag behind due to delay in tender process necessitated by pandemic.

SECTION B: The Institute's Compliance with Statutory Requirements

Institute has met all its statutory requirements (NHIF, NSSF, and P.A.Y.E & HELB REMITTANCES) in compliance with the laws governing them. The institute is therefore not exposed to any potential contingent liability.

SECTION C: The Institute's Key Projects

Key projects and Investment decisions the institute is planning / implementing

SN	PROJECT	NATIONAL GOVT. OBJECTIVES	DELIVERY OF MANDATE	FINANCIER	SUSTAINABILITY/ VIABILITY
1.	Institutional Management block	Increase access to training	Increase tuition infrastructural capacity and capability	Grant from Government	The project is 100% complete.
2.	Mentoring Siruti TTI	Increase access to training	Increase access to training	Grant from Government	The institute is 100% complete.
3.	Construction Tuition Block (16 classrooms)	Increase access to training	Increase tuition infrastructural capacity and capability	Internally generated revenue	The project is 100% complete
4.	Construction of Library	Increase access to training	Increase tuition infrastructural capacity and capability	Internally generated revenue	Phase I of expansion completed
5.	Mentoring Mbita TTI	Increase access to training	Increase access to training	Grant from Government	The institute is 15% complete.
6.	Mentoring Uriri TTI	Increase access to training	Increase access to training	Grant from Government	The institute is 14% complete.
7.	Develop Institutional Farm	Food Security	Increase access to practicals	Internally generated revenue	This will reduce the boarding expenditure on cereals (Maize).The Institute hired farms at Homa hills, Maize have been harvested.

SECTION D

Major risk(s) facing the Institute

- i. **Liquidity risk:** Inability to collect full fees, which can impact negatively on budget implementation as result of covid-19 which led to early closure of learning Institutions.
- ii. **Litigation risk:** The Institute has a court case involving staff members which is pending due to computer loss at Rangwe TTI which was our mentored Institution.

Court case by former employee on termination benefits is also pending in court.

SECTION E: Material arrears in statutory/ financial obligations

The institute has the following material arrears in financial obligations;

- i. Pending bills

SN	SUPPLIER	AMOUNT	REASON
1.	Rachuonyo Electrical & Electronics	280,150	Incomplete documentation
	TOTAL	280,150	

SECTION F: The Institute's financial probity and governance issues

In the financial year the Institute did not experience any governance issues in the Board and top management.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

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

1. Sustainability strategy and profile

The Institute has good relations with the local authority for continuity purposes through; engaging the Constituency through the Member of Parliament that has enabled admission of students partly sponsored by the CDF and KUCCPS. We have engaged the community through the area chief and Assistant chief in ensuring the student behaviour is kept on check while outside the institute as a means of peaceful co-existence mechanism. Local traders and business people have also been encouraged to put up hostels to accommodate increased student numbers who requires external accommodation at affordable rates as a way of ensuring benefit to the community and a measure of checking that students are not exploited.

Macroeconomic factors affecting sustainability are; late money supply, which is usually occasioned by late remittance of capitation outside the required quarter resulting to late or delay in procurement and budget implementation. Another on is on, Government debt; non remittance of all funds committed through KUCCPS results to a debt which cannot be accrued. However, the Institute has remain committed in discharge of core mandate through focus and teamwork.

2. Environmental performance

The Institute does not have environmental policy, however we engage in environmental conservation through planting trees in co-ordination with the local authority. We have always conducted environmental impact assessment (EIA) as we replace asbestos roofs in ensuring proper waste management is adhered to.

Institute sewer system is normally treated and regularly checked to ensure no spillage is discharged to the community as a measure of reducing environmental impact.

3. Employee welfare

The Institute has adopted human resource policy that guides hiring process on merit and ensuring gender balance and people living with disability are considered. These policies are revised after every two (2) years to improve on them.

Skills improvement are encouraged through budgetary allocations and attendance of various management training with different professional bodies like ICPAK, KISM and Kenya School of Government.

4. Market place practices-

We are developing anti-corruption policies however we have adopted the Ethics and Anti-corruption Act 2003 in ensuring checks and balances exists in operation. Politically, the Institute engages the local authority in mobilisation of students and bursary funding to eligible beneficiaries.

We are a member of KATTI which encourages team work amongst Technical Institutions hence encouraging healthy competition.

Suppliers are paid within 30 days upon bringing all the required documents (i.e delivery note, invoice, credit note) in line with our service delivery charter. We also give opportunity to eligible suppliers through continual enlisting of AGPO registered suppliers.

Marketing the Institute is done through print media and even outreaches without bias, as it never discredit other institutions but service oriented through courses that are offered competently with us. We even marketed for Rangwe tvc which is an Institute we were mentoring ensuring that we follow were core values like team work.

5. Community Engagements-

The Institute engaged the local youths in construction and maintenance works.

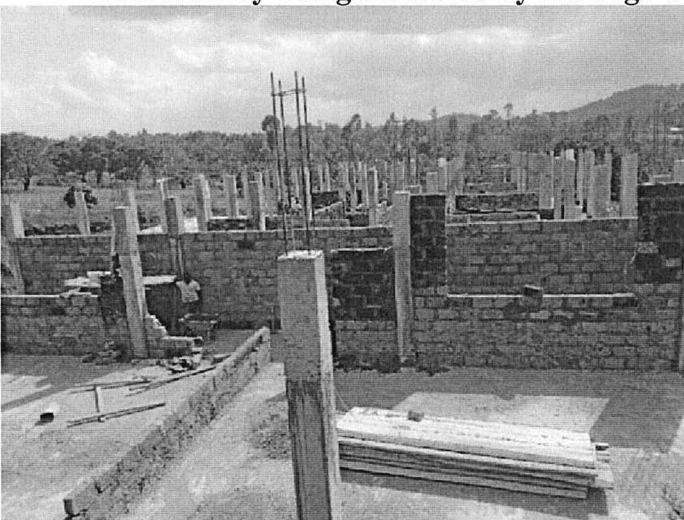
PICTORIALS



From left: Prof. Ogur, Philemon origa (BOG chair), Prof. George Magoha, Governor Cyprian Awiti (Homa-bay county) and John Akola (Principal Mawego) during inspection on covid compliance protocols in the Institute



Construction of proposed Mbita technical and vocational training college at Waondo in Mbita constituency being mentored by Mawego TTI



Construction of proposed Uriri Technical and Vocational college in Uriri constituency, being mentored by Mawego TTI on behalf of Ministry of Education

REPORT OF THE BOARD/BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of Mawego TTI affairs.

Principal activities

The principal activities of Mawego TTI is to offer Technical and Business training.

Results

The results of Mawego TTI for the year ended June 30, 2020 are set out on page

BOARD OF GOVERNORS

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

Auditors

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

By Order of the Board



John Otieno Akola
Principal

STATEMENT OF BOARD OF GOVERNORS/ BOARD MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Technical and Vocational Education and Training Act, 2013 require the board members to prepare financial statements in respect of Mawego TTI which give a true and fair view of the state of affairs of Mawego TTI at the end of the financial year/period and the operating results of Mawego TTI for that year/period. The board members are also required to ensure that Mawego TTI keeps proper accounting records which disclose with reasonable accuracy the financial position of Mawego TTI. The board members are also responsible for safeguarding the assets of Mawego TTI.


The board members are responsible for the preparation and presentation of Mawego TTI's financial statements, which give a true and fair view of the state of affairs of Mawego TTI for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of Mawego TTI; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of Mawego TTI; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

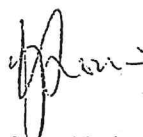
The board members accept responsibility for Mawego TTI's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act. The board members are of the opinion that Mawego TTI's financial statements give a true and fair view of the state of Mawego TTI transactions during the financial year ended June 30, 2020, and of Mawego TTI's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for Mawego TTI, which have been relied upon in the preparation of Mawego TTI's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

Mawego TTI's financial statements were approved by the Board on 06/04/2021 and signed on its behalf by:


Philemon Jos Origa
Chairman, Board of Governors


John Otieno Akola
Principal

REPUBLIC OF KENYA

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

REPORT OF THE AUDITOR-GENERAL ON MAWEGO TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Mawego Technical Training Institute set out on pages 1 to 45, which comprise the statement of financial position as at 30 June, 2020, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Mawego Technical Training Institute as at 30 June, 2020, 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 do not comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Inaccuracies of the Financial Statements

The statement of financial performance reflects a total expenses comparative amount of Kshs.121,709,737. However, the recomputed amount is Kshs.127,832,016 thereby resulting in an unexplained variance of Kshs.5,672,279. The statement further shows a comparative amount of net surplus of Kshs.68,763,855 while the recomputed amount is Kshs.63,091,576 resulting in an unexplained variance of Kshs.5,672,279. In addition, the statement of changes in net assets reflects total changes in net assets balance of Kshs.616,223,816 while the recomputed balance is 676,620,936. The resultant difference of Kshs.60,397,120 has not been explained.

Consequently, the accuracy of the financial statements could not be confirmed.

2. Inaccuracies in Revenue from Non-Exchange Transactions

As disclosed in Note 6 to the financial statement, the statement of financial performance reflects transfers from the National Government – grants/gifts in kind

balances of Kshs.116,184,291 which comprises amount of Kshs.71,955,000 in respect of capitation grants for the Institute and conditional grants totalling to Kshs.44,229,291 for six (6) technical training institutes and vocational centers and institutional management.

The conditional grants were transferred to the various institutions and centers through the Institute on behalf of the institutions under a mentorship programme. However, the Institute has recognized the conditional grants as part of its revenue. This is contrary to the accounting policy that 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.

Consequently, the accuracy, validity and completeness balance of Kshs.116,184,291 could not be confirmed.

3. Inaccuracies in Cash and Cash Equivalents

As disclosed in Note 29 to the financial statements, the statement of financial position reflects cash and cash equivalents balance of Kshs.212,805,421. The balance includes an amount of Kshs.166,301,214 in a commercial bank account which differs with the respective cashbook balance of Kshs.225,799,802 resulting to an unreconciled difference of Kshs.59,498,588.

Further, the bank reconciliation statement showed the cashbook and bank statement balances of Kshs.166,301,214 and Kshs.169,275,634 respectively. The difference between the two records reconciled with unreceipted transfers balance of Kshs.698,000 and cash at hand balance of Kshs.2,276,420. Management did not make the necessary adjustments to the cashbook even after identifying the reconciling items.

Consequently, the accuracy, completeness and validity of the cash and cash equivalents of Kshs.212,805,421 could not be ascertained.

4. Unsupported Property, Plant and Equipment

As disclosed in Note 34 to the financial statements, the statement of financial position reflects property, plant and equipment balance of Kshs.482,335,680. However, comparative balances differed with the balances reflected in the audited financial statements for the financial year 2018/2019 as detailed below:

Component	Comparative Balances Reflected in the Financial Statement (Kshs)	Balance as per Audited Financial Statements (Kshs)	Variance (Kshs)
Buildings	308,657,560	314,456,680	5,799,120
Motor Vehicles	7,264,000	9,080,000	1,816,000
Furniture and Fittings	1,606,312	1,735,701	129,389
Computers	1,116,509	1,202,256	85,747

Component	Comparative Balances Reflected in the Financial Statement (Kshs)	Balance as per Audited Financial Statements (Kshs)	Variance (Kshs)
Other Assets	0	1,074,071	1,074,071
Plant and Equipment	3,318,273	2,612,889	705,384
Capital Work-In-Progress	77,453,163	66,322,639	11,130,524

The variances were not reconciled.

Further, the Management did not provide invoices and certificates of completion in support of cost of additions and transfers/adjustments amounting to Kshs.101,646,364 and Kshs.59,016,837 respectively, made during the year and the fixed assets register was not provided.

Consequently, the accuracy, completeness, valuation and existence of property, plant and equipment of Kshs.482,335,680 could not be ascertained.

5. Unsupported Trade and Other Payables from Exchange Transactions

As disclosed in Note 37 to the financial statements, the statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.8,520,645. However, the Management did not provide supporting documents such as invoices from the suppliers or the relevant ledgers.

In the circumstance, the validity, accuracy and completeness of the trade and other payables from exchange transactions balance of Kshs.8,520,645 could not be confirmed.

6. Inaccuracies in Borrowings

The statement of financial position reflects current portion of borrowings balance of Kshs.2,159,595 and long-term borrowings balance of Kshs.1,555,741 both totalling to Kshs.3,715,336. However, the loan payment schedule provided reflected a balance of Kshs.1,555,741 resulting in an unexplained difference of Kshs.2,159,595.

Further, Note 43(b) to the financial statements reflects short term borrowings and long-term borrowings of Kshs.1,295,757 and Kshs.1,555,741 respectively, both totalling to Kshs.2,851,498. The balance differs with the balance reflected in the statement of financial position balance of Kshs.3,715,336 resulting in an unexplained variance of Kshs.863,838.

In the circumstances, the accuracy, validity and completeness of the current portion of borrowings balance of Kshs.2,159,595 and long-term borrowings balance of Kshs.1,555,741 could not be confirmed.

7. Inaccuracies in Reserves Balance

The statement of financial position reflects a reserve balance of Kshs.408,017,023. The balance differed with the balance reflected in the statement of changes in net assets of Kshs.384,334,430 by an unreconciled variance of Kshs.23,682,593.

In the circumstances, the accuracy and completeness of the reserves balance of Kshs.408,017,023 could not be confirmed.

8. Wrong Classification of Development Expenses

As disclosed in Note 22 to the financial statements, the statement of financial performance reflects development expenses balance of Kshs.18,559,530 in respect of construction of the mentor institution. The balance includes various expenditure items that were capital in nature and were also recognized under non-current assets in the statement of financial position resulting to double accounting.

In the circumstances, the accuracy and completeness of development expenses totalling to Kshs.18,559,530 could not be confirmed.

9. Inaccuracies in Revaluation Gain on Biological Assets

As disclosed in Note 23 to the financial statements, the statement of financial performance reflects unrealized gain on fair value of investments balance of Kshs.466,500. The balance was in respect of biological assets, which were wrongly described as an investment.

Further, an undated valuation report showed that the balance was the gross value of the biological assets and not the unrealized gain or loss arising on initial recognition of a biological asset at fair value less costs to sell as required by International Public Sector Accounting Standard No.27 Paragraph 30. In addition, the identified gross value of the biological assets was not recognized in the statement of financial position.

In the circumstances, the accuracy, completeness and validity of the unrealized gain on fair value of investments of Kshs.466,500 could not be confirmed.

10. Unsupported Capital/Development Grants

The statement of changes in net assets reflects capital/development grants received during the year totalling to Kshs.20,171,229. However, the schedule in support of this grants was not provided for audit review.

Consequently, the accuracy, completeness and validity of capital/development grants received during the year totalling to Kshs.20,171,229 could not be ascertained.

11. Unsupported Conditional Grants

The statement of financial position reflects a conditional grants balance of Kshs.12,112,985 being the amount held by the Institute on behalf of other institutes under the mentorship programme. However, a supporting ledger was not provided for audit review.

Consequently, the accuracy, validity and completeness of conditional grants balance of Kshs.12,112,985 could not be ascertained.

12. Inaccuracies in the Statement of Cash Flows

12.1 Net Cash Flows Used in Investing Activities

The statement of cash flows reflects net cash flows used in investing activities balance of Kshs.38,357,063. The following matters were noted:

- (i) The balance includes purchase of property, plant, equipment and intangible assets balance of Kshs.31,331,326 which was not supported.
- (ii) The decrease in trade payables balance of Kshs.10,798,503 was included but should otherwise have been included in net cash flows from operating activities. In addition, the increase in the conditional grant balance of Kshs.7,698,954 was also included but should otherwise have been included in net cash flows from financing activities.
- (iii) The decrease in non-current receivables balance of Kshs.6,573,346 differs with the nil changes reflected in the statement of financial position.
- (iv) The decrease in inventories balance of Kshs.624,118 is wrongly recognized as a cash outflow instead of a cash inflow. This item should have been classified under cash flows from operating activities.
- (v) The decrease in the receivables from non-exchange transactions balance of Kshs.9,562,500 was also wrongly recognized as cash outflow instead of cash inflow. This item should have been classified under cash flows from operating activities.

12.2 Net Cash Flows used in Financing Activities

The statement reflects net cash flows used in financing activities balance of Kshs.10,677,406. However, the following matters were noted:

- (i) The balance includes proceeds from borrowings balance of Kshs.863,838 which was not supported/ explained.
- (ii) There was a repayment of borrowings balance of Kshs.2,159,595 which differed with the balance of Kshs.973,662 shown in the statement of financial position.
- (iii) The deferred income balance of Kshs.1,064,400 was also included but it should have otherwise been included in the net cash flows from operating activities.
- (iv) The balance includes payments received in advance balance of Kshs.9,262,466 which should have otherwise been included in the net cash flows from operating activities.
- (v) The increase in current portion borrowings from balance of Kshs.1,295,757 to Kshs.2,159,595 was not recognized in the statement of cash flows.

Consequently, the accuracy, validity and completeness of balances reflected in the statement of cash flows could not be ascertained.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison budget and actual amounts reflects final expenditure budget and actual on comparable basis of Kshs.310,714,200 and Kshs.180,632,273 respectively resulting to an under-expenditure of Kshs.130,081,927 or 28% of the budget. Further, the statement reflects development expenditure budget of Kshs.117,000,000 which includes Kshs.75,000,000 for various projects which were not implemented.

Based on the approved estimates, the under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

2. Unresolved Prior Year Matters

In the audit report of the previous year, a number of paragraphs were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, Management has not resolved the issues nor disclosed all the prior year matter as provided by the Public Sector Accounting Standards Board templates and by The National Treasury's and Planning Circular reference No. AG.4/16/3 Vol.1(9) dated 24 June, 2020.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources sections of my report. I confirm that that public resources have not been applied lawfully and in an effective way.

Basis of Conclusion

1. Non-compliance with the Public Sector Accounting Standards Board Requirements

A review of the financial statements revealed that there were wrong references of the notes to the statement of financial performance and statement of financial position. This is contrary to Public Sector Accounting Standards Board (PSASB) reporting template issued for the year ended 30 June, 2020.

In the circumstances, the presentation of the financial statements for the year under review is not in accordance with the prescribed PSASB format.

2. Unapproved Budget

The statement of comparison of budget and actual amounts indicates that there was a total over-expenditure of Kshs.30,000,927 under three items of finance costs, grants and subsidies and general expenses. However, there was no evidence provided for audit review to confirm that the over expenditure was approved contrary to Section 52(1)(a) of Public Finance Management (National Government) Regulations, 2015 which states that no public officer can spend or commit funds until he or she has been properly authorized by means of an Authority to Incur Expenditure (AIE) to do so.

Consequently, the Management was in breach of the law.

3. Non-Compliance with Law on Ethnic Composition

During the year under review, the total number of employees at the Institute was one hundred and six (106) out of whom eighty (80) or 75% were members of the same ethnic community. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which states that “no public establishment shall have more than one third of its staff from the same ethnic community”.

Consequently, the Management was in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance

sections of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Risk Management Policy Framework

A review of the internal control environment revealed that the Institute lacks a risk management strategy to ensure that all operations are performed within the approved risk tolerance levels. Further, there was no documented disaster recovery plan to deal with loss of data or information in case of systems failures.

In the circumstance, the Institute may not be able to respond effectively in an event of a disaster.

2. Lack of an Internal Audit Function

The Institute did not have an internal audit function in place during the year under review contrary to the requirement under Section 73(1)(a) of Public Finance Management Act, 2012 which states that every National Government entity shall ensure that it has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.

Consequently, effectiveness of internal controls could not be confirmed.

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

Because of its inherent limitations, internal 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 policies and procedures may deteriorate.

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 February, 2022

Mawego Technical Training Institute
Annual Report And Financial Statements For The Year Ended 30 June, 2020

IV. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020

	Notes	2019-2020	2018-2019
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	116,184,291	36,316,550
Grants from donors and development partners	7	0	0
Transfers from other levels of government	8	0	0
Public contributions and donations	9	0	0
		116,184,291	36,316,550
Revenue from exchange transactions			
Rendering of services- Fees from students	10	179,506,674	154,115,042
Sale of goods	11	173,700	0
Rental revenue from facilities and equipment	12	195,200	0
Finance income -	13	1,385,392	0
Other income	14	2,499,878	42,000
Revenue from exchange transactions		183,760,844	154,157,042
Total revenue		299,945,135	190,473,592
Expenses			
Use of goods and services	15	84,644,268	71,395,294
Employee costs	16	34,116,557	27,494,674
Remuneration of directors	17	3,240,240	4,143,959
Depreciation and amortization expense	18	9,709,664	8,397,838
General expenses	19	8,958,363	8,509,171
Repairs and maintenance	20	8,778,994	6,145,323
Development expenses	22	18,559,530	0
Contracted services	23	0	0
Grants and subsidies	24	20,171,229	0
Finance costs	25	322,095	1,295,757
Total expenses		188,500,940	121,709,737
Other gains/(losses)			
Unrealized gain on fair value of investments	23	466,500	0
Gain on sale of assets	24	0	0
Impairment loss	25	(0)	(0)
Total other gains/(losses)		466,500	0
Net Surplus for the year		111,910,695	68,763,855
Attributable to:			
Surplus/(deficit) attributable to minority interest		0	(0)
Surplus attributable to owners of the controlling entity		0	0
		111,910,695	68,763,855

The notes set out on pages 19 to 42 form an integral part of the Annual Financial Statements.

V. STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

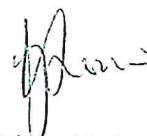
	Notes	2019-2020 Kshs	2018-2019 Kshs
Assets			
Current assets			
Cash and cash equivalents	29	212,805,421	108,551,056
Current portion of receivables from exchange transactions	27(a)	38,440,466	32,023,578
Receivables from non-exchange transactions	31	20,797,500	30,360,000
Inventories	32	986,053	1,610,171
Investments	33	0	0
		273,029,440	172,544,805
Non-current assets			
Property, plant and equipment	34	482,335,680	438,285,293.20
Investments	33	0	-
Intangible assets	35	711,775	889,719
Investment property	35	0	0
Long term receivables from exchange transactions	27(b)	0	0
		483,047,455	439,175,012.20
Total assets		756,076,895	611,719,817.20
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	37	8,520,645	19,319,148
Conditional grants	28(a)	12,112,985	4,414,031
Refundable deposits from customers	37	0	0
Provisions	38	0	0
Finance lease obligation	39	-	0
Current portion of borrowings	44	2,159,595	1,295,757
Deferred income	41	31,424,400	30,360,000
Employee benefit obligation	42	0	0
Payments received in advance		0	9,262,466
		54,217,625	64,651,402
Non-current liabilities			
Non-current employee benefit obligation	41	0	0
Non-current provisions	42	0	0
Borrowings	44	1,555,741	2,529,403
Service concession liability	44	0	0
Deferred tax liabilities	53	0	0
		1,555,741	2,529,403
Total liabilities		55,773,366	67,180,805
Net assets			
Reserves		408,017,023	384,334,430
Accumulated surplus		243,842,963	131,932,268
Capital Fund		48,443,543	28,272,314
		700,303,529	544,539,012
Total net assets and liabilities		756,076,895	611,719,817

The Financial Statements set out on pages 19 to 42 were signed on behalf of the Institute Board of Governors by:

Finance officer


Philemon Jos Origa
Chairman, Board of Governors

Felex Otieno 
Date.....


John Otieno Akola
Principal

Mawego Technical Training Institute
Annual Report And Financial Statements For The Year Ended June 30, 2020

VI. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2020

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2018	384,334,430	-	63,168,413	13,267,974	427,482,817
Revaluation gain	-	-	-	-	0
Fair value adjustment on quoted investments	-	-	-	-	0
Surplus for the year	-	-	68,763,855	-	102,051,855
Capital/Development grants received during the year	-	-	-	15,004,340	15,004,340
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	(0)	-
At June 30, 2019	384,334,430	-	131,932,268	28,272,314	544,539,012
At July 1, 2019	384,334,430	-	131,932,268	28,272,314	544,539,012
Revaluation gain	-	-	-	-	0
Fair value adjustment on quoted investments	-	-	-	-	0
Total comprehensive income	-	-	111,910,695	-	111,910,695
Capital/Development grants received during the year	-	-	-	20,171,229	20,171,229
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	(0)	-
At June 30, 2020	384,334,430	0	243,842,963	48,443,543	616,223,816

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Mawego Technical Training Institute
Annual Report And Financial Statements For The Year Ended June 30, 2020

VII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

		2019-2020	2018-2019
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	6	116,184,291	51,320,890
Public contributions and donations		-	-
Rendering of services- Fees from students	10	179,506,674	154,115,042
Sale of goods	11	173,700	-
Rental revenue from facilities and equipment	12	195,200	-
Finance income	13	1,385,392	-
Other income	14	2,499,878	42,000
Total Receipts		299,945,135	205,477,932
Payments			
Compensation of employees	16	34,116,557	27,494,674
Use of goods and services	15	84,640,268	18,040,904
Board remuneration	17	3,240,240	4,143,959
Depreciation	18	0	8,397,838
General expenses	19	8,965,860	56,191,282
Repair and maintenance	20	8,778,994	6,145,323
Development expenses	22	18,559,530	-
Grants and subsidies paid		0	-
Total Payments		158,301,449	120,413,980
Net cash flows from operating activities	45	141,643,686	85,063,952
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	34	(31,331,326)	(33,021,817)
Proceeds from sale of property, plant and equipment			
Decrease in trade payables		(10,798,503)	
Increase in conditional grant		7,698,954	
Decrease in non-current receivables	27(a)	6,573,346	5,848,917
Decrease in inventories		(624,118)	
Decrease in non-exchange transactions		(9,562,500)	(-)
Net cash flows used in investing activities		(38,357,063)	(38,870,734)
Cash flows from financing activities			
Proceeds from borrowings		863,838	(2,529,403)
Repayment of borrowings	25	(2,159,595)	(1,295,757)
Deferred income		1,064,400	
Capital fund		20,171,229	
Payments received in advance		(9,262,466)	-
Net cash flows used in financing activities		10,677,406	(3,825,160)
Net increase/(decrease) in cash and cash equivalents		104,254,365	42,068,058

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Cash and cash equivalents at 1 JULY	28	108,551,056	66,650,193
Cash and cash equivalents at 30 JUNE	28(a)	212,805,421	108,551,056

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

Mawego Technical Training Institute
Annual Report And Financial Statements For The Year Ended June 30, 2020

VIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020

	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference	
	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs
Revenue										
Transfers from other Govt entities Govt grants	114,000,000		(-)		114,000,000		116,184,291		(2,184,291)	
Public contributions and donations	-		(-)		-		0		0	
Rendering of services- Fees from students	161,334,200		(-)		161,334,200		179,506,674		(18,172,474)	
Sale of goods	-		-		-		173,700		(173,700)	
Finance Income	-		-		-		1,385,392		(1,385,392)	
Other Income	35,380,000		-		35,380,000		2,499,878		32,880,122	
Gains on disposal, rental income and agency fees	-		-		-		0		(0)	
Total income	310,714,200		(-)		310,714,200		299,749,935		10,964,265	
Expenses										
Compensation of employees	37,215,264		-		37,215,264		34,116,557		3,098,707	
Use of Goods and services	141,279,779		(-)		141,279,779		84,640,268		56,639,511	
Finance costs	1,295,757		(-)		1,295,757		2,159,595		(863,838)	
Repair and maintenance	9,523,400		(-)		9,523,400		8,778,994		744,406	
Remuneration of directors	4,400,000		(-)		4,400,000		3,240,240		1,159,760	
Development expense	117,000,000		-		117,000,000		18,559,530		98,440,470	
Grants and subsidies	0		-		-		20,171,229		(20,171,229)	
General expenses	0		0		0		8,965,860		(8,965,860)	
Total expenditure	310,714,200		(0)		310,714,200		180,632,273		130,081,927	
Surplus for the period	0		0		0		119,117,662		(119,117,662)	

Budget notes

1. The difference in actual and budgeted amounts is a result of early closure of the Institute due covid-19 pandemic which led to non-absorption.
2. On Development, the up-take was slowed by cessation of movement which affected the mobilisation of required projects.

IX. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Mawego TTI is established by and derives its authority and accountability from Tvet Act. Mawego TTI is wholly owned by the Government of Kenya and is domiciled in Kenya. Mawego TTI's principal activity is to offer Technical and Business training.

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 Mawego TTI's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

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

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

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

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

Mawego Technical Training Institute
Annual Report And Financial Statements For The Year Ended June 30, 2020

Standard	Effective date and impact:
IPSAS 41, Financial Instruments	<ul style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.

iii. Early adoption of standards

Mawego TTI did not early – adopt any new or amended standards in year 2020.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

NOTES TO THE FINANCIAL STATEMENTS

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2019/2020 was approved by the Board on *05/07/2019*. 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 Mawego TTI upon receiving the respective approvals in order to conclude the final budget.

Mawego TTI'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 5 of these financial statements.

c) Taxes

Current income tax

Mawego TTI is a non-trading organization therefore exempt from paying taxes

NOTES TO THE FINANCIAL STATEMENTS

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition..

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

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

e) Property, plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to Mawego TTI. 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. Mawego TTI also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

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

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that Mawego TTI 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 Mawego TTI. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

h) Research and development costs

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when Mawego TTI 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

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

NOTES TO THE FINANCIAL

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) Inventories

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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

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

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

j) Provisions

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

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

Contingent liabilities

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

Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

Mawego TTI creates and maintains reserves in terms of specific requirements.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

n) Foreign currency transactions

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

o) Borrowing costs

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

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



NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

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

q) Service concession arrangements

Mawego TTI 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, Mawego TTI 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, Mawego TTI also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2019.

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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. Mawego TTI 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 Mawego TTI. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

Provisions

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

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



6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2019-2020	2018-2019
	KShs	KShs
Unconditional grants		
Capitation	71,955,000	36,316,550
Other grants	0	0
	71,955,000	36,316,550
Conditional grants		
Mabera TTI	3,755,000	0
Kakrao tvc	1,000,000	0
Rangwe tvc	2,525,000	0
Mbita tvc	10,000,000	0
Siruti tvc	13,128,416	11,183,465
Uriri tvc	10,000,000	0
Institutional Management	3,820,875	3,820,875
	44,229,291	15,004,340
Total government grants and subsidies	116,184,291	51,320,890

6b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of Mawego TTI sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2019-2020 KShs
Ministry of Education	96,184,291	-	-	96,184,291	51,320,890
CDF	20,000,000	-	-	20,000,000	0
Total	116,184,291	-	-	116,184,291	51,320,890

(Ensure that the amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending Ministry. An acknowledgement note/receipt should be raised in favour of the sending Ministry. The details of the reconciliation have been included under appendix iv)

7 GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

Description	2019-2020	2018-2019
	KShs	KShs
JICA- Research grant	0	0
World Bank grants	0	0
Other grants	0	0
Total grants from development partners	0	0

Reconciliations of grants from donors and development partners

Description	2019-2020	2018-2019
	KShs	KShs
Balance unspent at beginning of year	0	0
Current year receipts	0	0
Conditions met - transferred to revenue	0	0
Conditions to be met - remain liabilities	0	0

8 TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

Description	2019-2020	2018-2019
	KShs	KShs
Transfer	0	0
Total Transfers	0	0

9 PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2019-2020	2018-2019
	KShs	KShs
Public donations	0	0
Donations from local leadership	0	0
Donations from religious institutions	0	0
Donations from alumni	0	0
Other donations	0	0
Total donations and sponsorships	0	0

10 RENDERING OF SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Tuition fees	100,176,144	127,075,357
Activity fees	1,640,691	0
Examination fees, Supplementary & Private	2,417,344	14,521,896
Bus fund	1,722,274	2,413,460
Fine and damages	5,610	991,750
PU,PU-Catering & Helb application	1,139,185	1,245,456
Registration fees	311,800	380,700
Development fund	2,287,370	4,581,388
Local transport and travelling	2,173,205	0
Electricity, Water & Conservancy	1,386,049	0
Attachment	285,867	0
Personal emolument	5,916,175	0
Practical	1,889,835	0
Medical	578,503	0
Repair maintenance and Improvement	1,010,687	0
Contingency	1,074,958	0

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Internet	82,335	0
Student board	377,400	0
MOHEST	15,000,000	0
Rent	0	264,435
Arrears, balance	1,522,417	0
Bursary	38,508,825	0
PU-accommodation(Activity)	0	2,640,600
Total revenue from the rendering of services	179,506,674	154,115,042

(This is Appropriation in Aid paid by parents, bursary, Helb and CDF)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

11 SALE OF GOODS

Description	2019-2020	2018-2019
	KShs	KShs
Sale of goods		
IM Practical sales	11,500	0
Bus hire	162,200	0
Sale of farm produce	0	0
Total revenue from the sale of goods	173,700	0

(This is money collected from Income Generating Activities)

12 RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2019-2020	2018-2019
	KShs	KShs
Straight-lined operating lease receipts	0	0
Contingent rentals	195,200	0
Total rentals	195,200	0

(This represents rent collection from Institute houses)

13 FINANCE INCOME

Description	2019-2020	2018-2019
	KShs	KShs
Interest income	1,385,392	0
Interest income from Treasury Bills	0	0
Interest income from Treasury Bonds	0	0
Total finance income	1,385,392	0

(This represents interest earned on savings a/c)

14 OTHER INCOME

Description	2019-2020	2018-2019
	KShs	KShs
Advance recoveries	59,300	0
Return on imprest	73,210	0
Income from sale of tender	58,500	42,000
Application fee	274,680	0
Accommodation & Boarding	863,908	0
Caution money	516,200	0
Institute id	206,180	0
Passport fee	71,200	0
Graduation	376,700	0
Total other income	2,499,878	42,000

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

15 USE OF GOODS AND SERVICES

Description	2019-2020	2018-2019
	KShs	KShs
Electricity, water and conservancy	2,457,557	3,232,242
Attachment	2,268,788	1,255,060
Contracted Security	1,792,000	0
Activity	3,761,708	4,484,783
Research and Development	3,154,754	2,798,670
Tuition	594,620	0
Admin fees/Contingency	16,235,476	10,169,330
School Equipment and stores	10,568,215	10,754,932
Advance	323,500	0
Application fee	106,000	363,177
Boarding expenses	2,582,970	1,860,962
Examinations	12,631,964	15,195,385
Local transport and travelling	5,408,150	6,491,470
Practicals	7,143,480	0
PU, PU Catering expenses	15,572,386	14,647,613
Bus Hire	42,700	116,520
Bus fund	0	25,150
Total good and services	84,644,268	71,395,294

16 EMPLOYEE COSTS

	2019-2020	2018-2019
	KShs	KShs
PENTS	27,155,588	26,466,586
NHIF	1,478,250	863,488
NSSF	4,764,354	-
Higher Education Loans Board	38,400	-
Kudheiha workers union	49,650	-
Gratuity	170,000	-
Welfare	460,315	164,600
Employee costs	34,116,557	27,494,674

17 REMUNERATION OF DIRECTORS

Description	2019-2020	2018-2019
	KShs	KShs
Board Remuneration	3,240,240	4,143,959
Total director emoluments	3,240,240	4,143,959

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18 DEPRECIATION AND AMORTIZATION EXPENSE

Description	2019-2020	2018-2019
	KShs	KShs
Property, plant and equipment	9,709,664	8,397,838
Intangible assets	0	0
Investment property carried at cost	0	0
Total depreciation and amortization	9,709,664	8,397,838

19 GENERAL EXPENSES

Description	2019-2020	2018-2019
	KShs	KShs
Fines and Damages	48,100	0
Graduation expense	1,753,894	0
Mawego- Rangwe	2,290,527	0
Meals expenses	16,530	0
Medical expenses	179,290	217,265
MISU	866,860	908550
PC/ISO	817,761	429,200
PU OTC	754,540	655,3610
Refund	2,169,371	362,296
Tender expenses	61,490	38,250
Total repairs and maintenance	8,958,363	8,509,171

20 REPAIRS AND MAINTENANCE

Description	2019-2020	2018-2019
	KShs	KShs
Property	8,778,994	6,145,323
Other	0	0
Total repairs and maintenance	8,778,994	6,145,323

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

22 CAPITAL EXPENDITURE

Description	2019-2020	2018-2019
	KShs	KShs
Development expenses	18,559,530	0
Other	0	0
Total repairs and maintenance	18,559,530	0

23 REVALUATION GAIN/(LOSS)

Description	2019-2020	2018-2019
	KShs	KShs
Actuarial valuations	0	0
Investment valuations-Biological assets	466,500	0
Property valuations	0	0
Total contracted services	466,500	0

24 GRANTS AND SUBSIDIES

Description	2019-2020	2018-2019
	KShs	KShs
Mawego- Siruti TTI	12,511,597	20,047,222
Mawego – Uriri TTI	7,357,632	0
Mawego – Mbita TTI	302,000	0
Institutional Management	0	10,462,750
Rangwe tvc	0	1,296,510
Total grants and subsidies	20,171,229	31,806,482

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25 FINANCE COSTS

Description	2019-2020	2018-2019
	KShs	KShs
Borrowings/ Bus fund	322,095	1,295,757
Finance leases (amortized cost)	0	0
Unwinding of discount	0	0
Interest on Bank overdrafts	0	0
Interest on loans from commercial banks	0	0
Total finance costs	322,095	1,295,757

*Borrowing costs that relate to interest expense on acquisition of non- current assets and do not qualify for Capitalisation as per IPSAS 5: on borrowing costs should be included under this note.)

26 GAIN ON SALE OF ASSETS

Description	2019-2020	2018-2019
	KShs	KShs
	0	0
Property, plant and equipment	0	0
Intangible assets	0	0
Total gain on sale of assets	0	0

27 UNREALIZED GAIN ON FAIR VALUE INVESTMENTS

Description	2019-2020	2018-2019
	KShs	KShs
Investments at fair value	0	0
Total gain	0	0

28 IMPAIRMENT LOSS

Description	2019-2020	2018-2019
	KShs	KShs
Property, plant and equipment	0	0
Intangible assets	0	0
Total impairment loss	0	0

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29 CASH AND CASH EQUIVALENTS

Description	2019-2020	2018-2019
	KShs	KShs
Current account	212,805,421	108,551,056
On - call deposits	0	0
Fixed deposits account	0	0
Staff car loan/ mortgage	0	0
Others(specify)	0	0
Total cash and cash equivalents	212,805,421	108,551,056

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

Financial institution	Account number	2019-2020	2018-2019
		KShs	KShs
a) Current account			
Kenya Commercial bank	1106779630	166,301,214	67,745,716
	1106780612	8,017,095	8,581,433
	1104936054	23,029,004	20,992,330
	1104936399	400,120	383,808
	1104093936	5,455,934	4,414,031
	1124881085	0	385
	1202156649	91,725	94,855
	1202157165	3,479,797	2,405,556
	1202156975	20,634	25,422
	1274670497	2,413,105	0
	1274670276	999,880	0
Equity Bank, etc	1500272717716	320,493	320,000
Sub- total		210,529,001	104,963,536
b) On - call deposits			
Kenya Commercial bank		0	0
Equity Bank – etc		0	0
Sub- total		0	0
c) Others(specify)			
Cheques		650,000	44,000
Money order		1,619,993	2,643,500
cash in hand		6,427	900,000
M pesa		0	0
Sub- total		2,276,420	3,587,500
Grand total		212,805,421	108,551,056

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 RECEIVABLES FROM EXCHANGE TRANSACTIONS

27(a)

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Student debtors	38,194,346	31,999,078
Rent debtors	246,120	24,500
Consultancy debtors	0	0
Other exchange debtors	0	0
Less: impairment allowance	(0)	(0)
Total current receivables	38,440,466	32,023,578

29(b)

Description	2019-2020	2018-2019
	KShs	KShs
Non-current receivables		
Refundable deposits	0	0
Advance payments	0	0
Public organizations	0	0
Total receivables	0	0

31 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Current receivables		
Transfers from other govt. entities	20,797,500	30,360,000
Undisbursed donor funds	0	0
Other debtors (non-exchange transactions)	0	0
Less: impairment allowance	(0)	(0)
Total current receivables	20,797,500	30,360,000

32 INVENTORIES

Description	2019-2020	2018-2019
	KShs	KShs
Consumable stores	986,053	225,447
Maintenance stores	0	571,387
Health Unit stores	0	-
Electrical stores	0	116,440
Cleaning materials stores	0	150,247
Catering stores	0	546,650
Total inventories at the lower of cost and net realizable value	986,053	1,610,171

NOTES TO THE FINANCIAL STATEMENTS (Continued)

33 INVESTMENTS

Description	2019-2020	2018-2019
	KShs	KShs
a) Investment in Treasury bills and bonds		
Financial institution		
CBK		
CBK	0	-
Sub- total	0	-
b) Investment with Financial Institutions/ Banks		
c) Equity investments (specify)		
Equity/ shares in company	-	-
Sub- total	-	-
Grand total	-	-

d) Shareholding in other entities

For investments in equity share listed under note 30 (c) above, list down the equity investments under the following categories:

Name of entity where investment is held	No of shares			Nominal value of shares	Fair value of shares	Fair value of shares
	Direct	Indirect	Effective			
	shareholding	shareholding	shareholding			
	%	%	%	Shs	Current year Shs	Prior year Shs
Entity A	-	-	-	-	-	-
Entity B	-	-	-	-	-	-
	0	0	0	0	0	0

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34 PROPERTY, PLANT AND EQUIPMENT

	Land		Buildings	Motor vehicles		Furniture and fittings		Computers		Plant and equipment		Capital Work in progress		Total	
	Shs	0%		Shs	25%	Shs	10%	Shs	30%	Shs	10%	Shs	Shs	Shs	Shs
Cost															
Depreciation rate															
At 1 July 2018	50,000,000	0%	308,657,560.00	7,264,000.00	1,606,312.40	1,116,508.80	2,351,609.10	77,453,163.00						448,449,153.30	
Additions														-	
Disposals														-	
Transfers/adjustments														-	
At 30th June 2019	50,000,000		308,657,560.00	7,264,000.00	1,606,312.40	1,116,508.80	3,318,273.00	77,453,163.00						449,415,817.30	
At 1 July 2019															
Additions				4,195,000.00								38,434,527.00		101,646,364.00	
Disposals															
Transfer/adjustments												(59,016,837)		(59,016,837)	
At 30th June 2020	50,000,000		367,674,397.00	11,459,000.00	1,606,312.40	1,116,508.80	3,318,273.00	56,870,853.00						492,045,344.30	
Depreciation and impairment															
At 30 June 2019															
Depreciation			6,541,878.00	2,340,375.00	160,631.00	334,953.00	331,827.00							9,709,664.00	
Impairment														-	
At 30 June 2020	0		6,541,878.00	2,340,375.00	160,631.00	334,953.00	331,827.00							9,709,664.00	
Depreciation														-	
Disposals														-	
Impairment														-	
Transfer/adjustment														-	
At 30th June 2020	0		6,541,878.00	2,340,375.00	160,631.00	334,953.00	331,827.00	0						9,709,664.00	
Net book values														-	

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At 30 th June 2020	50,000,000	361,132,519.00	9,118,625.00	1,445,681.00	781,555.00	2,986,446.00	56,870,853.00	482,335,680.30
At 30 th June 2019	50,000,000	308,657,560.00	7,264,000.00	1,606,312.40	1,116,508.80	2,351,609.10	77,453,163.00	448,449,153.00

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

35 INTANGIBLE ASSETS-SOFTWARE

Description	2019-2020	2018-2019
	KShs	KShs
Cost		
At beginning of the year	889,719	1,186,292
Additions	-	-
At end of the year	889,719	1,186,292
Additions–internal development	-	-
At end of the year	-	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	177,944	296,573
At end of the year	177,944	296,573
Impairment loss	-	-
At end of the year	-	-
NBV	711,775	889,719

36 INVESTMENT PROPERTY

Description	2019-2020	2018-2019
	KShs	KShs
At beginning of the year	-	-
Additions	0	0
Fair value gain	0	0
Depreciation(where investment property is at cost)	(0)	(0)
At end of the year	0	0

37 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2019-2020	2018-2019
	KShs	KShs
Trade payables	8,520,645	19,319,148
Fees paid in advance		
Employee advances		
Third-party payments		
Other payables		
Total trade and other payables	8,520,645	19,319,148

NOTES TO THE FINANCIAL STATEMENTS (Continued)

38 REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

39 CURRENT PROVISIONS

Description	Leave provision	Bonus provision	Other provision	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	-	-	-	0
Additional Provisions	-	-	-	0
Provision utilised	(-)	(-)	(-)	(0)
Change due to discount and time value for money	(-)	(-)	(-)	(0)
Transfers from non -current provisions	-	-	-	0
Total provisions	0	0	0	0

40 FINANCE LEASE OBLIGATION

Description	Minimum lease payments	Future finance charges	Present value of minimum lease payments	2019-2020
	KShs	KShs	KShs	KShs
Within current year	-	-	-	0
Long term portion of lease payments	-	-	-	0
Total provisions	0	0	0	0

41 DEFERRED INCOME

Description	2019-2020	2018-2019
	KShs	KShs
National Youth Service (Fees)	31,424,400	30,360,000
International funders	0	0
Public contributions and donations	0	0
Total deferred income	31,424,400	30,360,000

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The deferred income movement is as follows:

	National government	International funders/ donors	Public contributions and donations	Total
Balance brought forward				0
Additions during the year				0
Transfers to Capital fund	(-)	(-)	(-)	(0)
Transfers to income statement	(-)	(-)	(-)	(-)
Other transfers	(-)	(-)	(-)	(0)
Balance carried forward	0	0	0	0

42 EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post- employment medical benefits	Other Provisions	2019-2020	2018-2019
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	-	-	-	-	-
Non-current benefit obligation	-	-	-	-	-
Total employee benefits obligation	0	0	0	0	0

Mawego TTI does not operate a defined benefit scheme for all full-time employees.

	2019-2020	2018-2019
	KShs	KShs
Valuation at the beginning of the year	-	-
Changes in valuation during the year	-	-
Valuation at end of the year	0	0

The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at 12% of the salary per employee per month.

NOTES TO THE FINANCIAL STATEMENTS

43 NON-CURRENT PROVISIONS

Description	Long service leave	Gratuity	Other Provisions	Total
	KShs	KShs	KShs	KShs
Balance at the beginning of the year	-	-	-	0
Additional Provisions	-	-	-	0
Provision utilised	(-)	(-)	(-)	(0)
Change due to discount and time value for money	-	-	-	0
Less: Current portion	(-)	(-)	(-)	(0)
Total deferred income	0	0	0	0

44 BORROWINGS

Description	2019-2020	2018-2019
	KShs	KShs
Balance at beginning of the period	2,529,403.60	3,374,882.10
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	(1,295,757)	(1,295,757)
Repayments of domestics borrowings during the year	(0)	(0)
Balance at end of the period	1,555,741.40	2,529,403.60

43 a) ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

	2019-2020	2018-2019
	KShs	KShs
External Borrowings	-	-
Domestic Borrowings		
Kenya Shilling loan from KCB	-	-
Total balance at end of the year	0	0

NOTES TO THE FINANCIAL STATEMENTS (Continued)

43 b) BREAKDOWN OF LONG AND SHORT TERM BORROWINGS

Description	2019-2020	2018-2019
	KShs	KShs
Short term borrowings(current portion)	1,295,757	1,295,757
Long term borrowings	1,555,741.40	2,529,403
Total	2,851,498.4	3,825,160

45 SERVICE CONCESSION ARRANGEMENTS

Description	2019-2020	2018-2019
	KShs	KShs
Fair value of service concession assets recognized under PPE	0	0
Accumulated depreciation to date	(0)	0
Net carrying amount	<u>0</u>	<u>0</u>
Service concession revenue recognized	(0)	(0)
Service concession liability at end of the year	<u>0</u>	<u>0</u>

46 CASH GENERATED FROM OPERATIONS

Description	2019-2020	2018-2019
	KShs	KShs
Surplus for the year before tax		
Adjusted for:		
Depreciation		
Non-cash grants received		
Contributed assets		
Impairment		

NOTES TO THE FINANCIAL STATEMENTS (Continued)

47 FINANCIAL RISK MANAGEMENT

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

Mawego TTI's financial risk management objectives and policies are detailed below:

(i) Credit risk

Mawego TTI has no exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

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

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

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2019				
Receivables from exchange transactions	38,440,466			
Receivables from non-exchange transactions	20,797,500			
Bank balances	-			
Total	-			
At 30 June 2020				
Receivables from exchange transactions	-			
Receivables from non-exchange transactions	-			
Bank balances	-			
Total				

NOTES TO THE FINANCIAL STATEMENTS

46. FINANCIAL RISK MANAGEMENT

(i) Credit risk (continued)

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

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

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2019				
Trade payables				
Current portion of borrowings				
Provisions				
Deferred income				
Employee benefit obligation				
Total				
At 30 June 2020				

NOTES TO THE FINANCIAL STATEMENTS

46. FINANCIAL RISK MANAGEMENT

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by Mawego TTI 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 Mawego TTI'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 company'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 Mawego TTI's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

Mawego TTI has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of Mawego TTI's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2020			
Financial assets(investments, cash ,debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	-	-	-

Mawego TTI manages foreign exchange risk form future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

NOTES TO THE FINANCIAL STATEMENTS

46. FINANCIAL RISK MANAGEMENT

- (iii) Market risk (Continued)
a) Foreign currency risk (Continued)

	Ksh	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 201xx			
Financial assets(investments, cash ,debtors)	-	-	-
Liabilities			
Trade and other payables	-	-	-
Borrowings	-	-	-
Net foreign currency asset/(liability)	0	0	0

Foreign currency sensitivity analysis

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

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
20xx			
Euro	10%	-	-
USD	10%	-	-
20xx			
Euro	10%	-	-
USD	10%	-	-

- b) Interest rate risk

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

Management of interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS

46 FINANCIAL RISK MANAGEMENT

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

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

iv) Capital Risk Management

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

	2019-2020	2018-2019
	Kshs	Kshs
Revaluation reserve	351,046,430	351,046,430
Retained earnings	214,142,075	165,220,268
Capital reserve	48,443,543	28,272,314
Total funds	613,632,048	544,539,012
Total borrowings	1,555,741	2,529,403
Less: cash and bank balances	(224,201,354)	(108,551,056)
Net debt/(excess cash and cash equivalents)	(222,645,613)	(106,021,653)
Gearing	0.7%	2.4%

NOTES TO THE FINANCIAL STATEMENTS

48 RELATED PARTY BALANCES

Nature of related party relationships

Entities and other parties related to Mawego TTI 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 Mawego TTI, holding 100% of Mawego TTI equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of Mawego TTI, both domestic and external. Other related parties include:

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

	2019-2020	2018-2019
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of water	0	3,000
Total	0	3,000
b) Grants from the Government		
Grants from National Govt	116,184,291	80,591,400
Grants from County Government	0	0
Donations in kind	0	0
Total	116,184,291	80,591,400
c) Expenses incurred on behalf of related party		
Payments of salaries and wages	0	0
Payments for goods and services	0	0
Total	0	0
d) Key management compensation		
Board emoluments	3,240,210	4,143,959
Principal Compensation	1,220,192	1,936,804
Compensation to key management	0	0
Total	120,644,693	86,675,163



NOTES TO THE FINANCIAL STATEMENTS (Continued)

49 SEGMENT INFORMATION

The Institute operates in same geographical region

50 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities	2019-2020	2018-2019
	Kshs	Kshs
Court case against the Institute	0	230,000
Total	0	230,000

51 CAPITAL COMMITMENTS

Capital commitments	2019-2020	2018-2020
	Kshs	Kshs
Authorised for Library expansion	0	3,850,000
Authorised for cctv connection	0	1,200,000
Authorised for Institute Bus purchase	11,395,000	0
Total	11,395,000	5,050,000

52 EVENTS AFTER THE REPORTING PERIOD

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

53 ULTIMATE AND HOLDING ENTITY

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

54 Currency

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

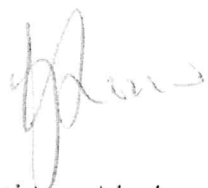
APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

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



John Otieno Akola
Principal

Date 06/04/2021

APPENDIX II: PROJECTS IMPLEMENTED BY MAWEGO TTI

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	-	-	-	-		
2	-	-	-	-		

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Mbita Tvc	56,192,540	9,000,000	25%	-		MOE
2	Uriri Tvc	56,192,540	7,333,882	15%	-		MOE
3	Tuition block	16,001,121	13,985,744	98%	20,000,000		Internal savings
4	Library expansion	3,850,000	2,834,035	100%	3,850,000		Internal savings

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APPENDIX III: INTER-ENTITY TRANSFERS

	ENTITY NAME:	Mawego Technical Training Institute		
	Break down of Transfers from the State Department of Education			
	FY 2019/2020			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		10/07/2019	30,360,000	2018/2019
		18/10/2019	21,915,000	2019/2020
		27/04/2020	1,000,000	2019/2020
		27/04/2020	1,000,000	'
		28/04/2020	1,000,000	'
		07/05/2020	1,755,000	'
		07/05/2020	525,000	'
		10/06/2020	19,680,000	'
		Total	77,235,000	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		08/07/2019	3,820,875	2019/2020
		Total	3,820,875	

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

Finance Manager
Mawego TTI

Sign



Head of Accounting Unit
Ministry of Education

Sign-----

Mawego Technical Training Institute
Annual Report And Financial Statements For The Year Ended June 30, 2020

APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Other	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	08/07/2019	Development-IM	3,820,875	3,820,875					3,820,875
Ministry of Education	10/07/2019	Recurrent	30,360,000	30,360,000					30,360,000
National Youth Service	12/09/2019	Fees	15,000,000	15,000,000					15,000,000
Ministry of Education	18/10/2019	Recurrent	21,915,000	21,915,000					21,915,000
National Youth Service	23/12/2019	Fees	23,981,024	23,981,024					23,981,024
Ministry of Education	27/04/2020	Mabera TTI	1,000,000	1,000,000					1,000,000
'	27/04/2020	Rangwe TTI	1,000,000	1,000,000					1,000,000
'	28/04/2020	Kakrao TTI	1,000,000	1,000,000					1,000,000
'	07/05/2020	Mabera TTI	1,755,000	1,755,000					1,755,000
'	07/05/2020	Rangwe TTI	525,000	525,000					525,000
National Youth Service	12/05/2020	Fees	69,083,300	69,083,300					69,083,300
Ministry of Education	10/06/2020	Recurrent	19,680,000	19,680,000					19,680,000
Mbita CDF	05/06/2020	Development-Mbita tvc	10,000,000	10,000,000	10,000,000				10,000,000
Uriri CDF		Development-Uriri tvc	10,000,000	10,000,000	10,000,000				10,000,000
Total			189,120,199	189,120,199	20,000,000	0	0	0	209,120,199

