

REPUBLIC OF KENYA



*Enhancing Accountability*

## REPORT

DATE: 09 NOV 2022

Wednesday - Afternoon

TABLED  
BY:  
OF

Hon. Kimani Ichungwa, MP  
Leader of the Majority Party

Miriam Wangari

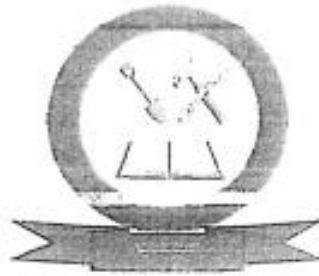
### THE AUDITOR-GENERAL

ON

### KONOIN TECHNICAL TRAINING INSTITUTE

### FOR THE YEAR ENDED 30 JUNE, 2020





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**KONOIN TECHNICAL TRAINING INSTITUTE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30 JUNE 2020**

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**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**

The *KONOIN TTI* was incorporated/ established under the TVET Act on May 2016. The Institute is domiciled in Kenya, Bomet county, Konoin sub-county and has no branches. The Institute is a centre of excellence of Automotive Engineering in both Artisan, Certificate and Diploma.

**(b) Principal Activities**

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

**Vision:**

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

**Mission:**

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

**Core Objectives:**

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

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

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

**(c) Fiduciary Management**

**Key Management**

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

No.	Designation	Name
1.	Principal(Accounting Officer)	Haron Maosa Onguso
2.	Head of Finance	Janeth Chepkirui
3.	Head of Procurement	Aron Cheruiyot
4.	B.O.G Chairlady	Caroline Cherotich
5.	Finance Committee Chair	Salome Kemunto Nyakundi





(d) **Fiduciary Oversight Arrangements**

Name of the Committee	Members
Finance and Audit Committee	1.Salome Kemunto Nyakundi 2.Harry Kibet Rono
Governance and Ethics Committee	1.Caroline Cherotich 2. Caroline Chepngetich 3.Haron Maosa Ongusu 4.Mary Mwikali
Technical Committee	1. Arch.Raymond Ngeno 2.Benard Wafula Nalyanya

(e) **Entity Headquarters**

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

(f) **Contacts**

Telephone : ( 254) 725081344  
E-mail: [konointechnical@gmail.com](mailto:konointechnical@gmail.com)  
Website: [www.konointti.ac.ke](http://www.konointti.ac.ke)

(g) **Bankers**

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

(h) **Independent Auditor**

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

(i) **Principal Legal Adviser**

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



THE BOARD OF GOVERNORS



1. Caroline Cherotich.

- M.BA Strategic Management Option
- Bachelor of Business Administration (Human Resource Management option)

- D.O.B:1982
- (2016 to date): Founder and director The Royal Stars Academy
- (2013 to date): Founder and director Blue league Consulting limited.
- (2013 to 2016):Deputy Manager, Education & Training( KUSCO).
- (2011 – 2013): Equity Bank Limited: Deputy Credit Manager.
- (July - Sept 2012): Equity Bank Limited: Acting Credit Manager.
- (July 2016 to date): Vice chairperson KUSCCO staff Provident Fund
- (July 2010 - Oct 2011): Financial Education Trainer at Equity Group Foundation
- (2006 – 2010): Branch Manager at SISDO Microfinance.



2.Haron Maosa

- Master of Business Administration.
- Bachelor of Education.

- D.O.B:1964
- Principal Konoin Technical Training Institute
- Deputy Principal Keroka Technical Training Institute.
- HOD Social Sciences - Migori Techers College.
- Author - PTE Social Studies OUP





3. Salome Kemunto

- Jomo kenyatta university of agriculture & technology
- Year: September 2016- on-going : Doctor of Philosophy (B.A) Finance
- MBA Finance
- B.Com
- CPA-K

- D.O.B:1969
- (July 1988- Date):Gusii Mwalimu Savings and Credit Society Ltd.
- 2015 to date: Credit Manager.
- Accountant Year 2008 – 2014 December.
- Clerk.



4. Harry Kibet Rono

- B.A Agricultural Extension and Economics


- D.O.B:1969.
- Factory Unit Manager Boito Tea Factory Co.Ltd.
- Ag. FUM Gathuthi Tea Factory.

Production manager at: 2008-2008: Kapkoros Tea Factory, 2008-2010: Toror Tea Factory, 2006-2007: Kebirigo Tea Factory, Production assistant: 2004-2006: Rukuriri Tea Factory, 2002-2005: kionyo Tea Factory, 2000-2002: Nyamache Tea Factory, 1998-2000: Tombe Tea Factory, Njunu Tea Factory, 1996-1997: Kambaa Tea Factory; management Trainee.




- D.O.B:1992
- 2016 to date: Sang and Sang Advocates.
- July 2015- Dec 2015: Obondo Koko & Co. Advocates
- April 2015-June 2015: Adoption Officer (Kenya Children's Homes A
- 2014 (May-September) Ministry of Labour, Social Security and Services-Children's Department (Volunteer) adoption Society)
- 2014 (May-September) Ministry of Labour, Social Security and Services-Children's Department (Volunteer)



<p>5. Caroline Chepngetich</p> <ul style="list-style-type: none"> <li>• (2016-2017) Post graduate diploma in law(Expected)</li> <li>• (2010-2014) Bachelor of law</li> </ul>	<ul style="list-style-type: none"> <li>• 2013(June-August) Kenya Tea Development Agency (Intern)</li> </ul>
<p>6. Benard Wafula Nalyanya Bachelor of Technology :Electrical and Communications Engineering</p> 	<ul style="list-style-type: none"> <li>• D.O.B:1966.</li> <li>• 26 Years' experience in various institutions.</li> <li>• (Dec 1990 – June 1996) Panafrican Paper Mills. Assistant Electrical Plant Engineer</li> <li>• Central Glass Industries, Electrical and instrumentation Engineer</li> </ul> <p>Electrical engineer Kenya Tea Development Agency. Responsible for all works pertaining to electrical works in the 65 factories across the country and several subsidiaries</p> <ul style="list-style-type: none"> <li>• Abymat Services, projects include:-</li> <li>(i) Nairobi Technical Training Institute Electrical works for New workshop and expansion of offices at the Nairobi collage</li> <li>(ii) Masai Technical Training Institute- Electrical works design and supervision for New workshops at the Kajiado collage.</li> <li>(iii) Sotit tea factory- Electrical works design and supervision for New tea factory still under construction costing Ksh 24,000,000.00</li> <li>(iv) sisibo tea factory- Electrical works design and supervision for New Tea factory currently under test runs costing ksh 25,000,000.00</li> <li>(v) Mushubi and gatara tea factory- Electrical works design and drawings for New Tea factory in Rwanda in 2008/ 2009</li> <li>(vi) Research and Development factory for KALRO - TRI- design and supervise Electrical installation for machinery consultancy services for commercial line and R&amp;D line machinery</li> <li>(vii) Design and design of the modification of the church hall at St.pauls church</li> <li>(viii) Electrical work design for Divine Mercy Catholic Church in Kariobangi</li> </ul>
<p>7. Arch Raymond Ngeno</p> <ul style="list-style-type: none"> <li>• Bachelor of Science in Architecture</li> </ul>	<ul style="list-style-type: none"> <li>• D.O.B;13/11/1956</li> <li>• Experience in various institutions.</li> </ul>





	<ul style="list-style-type: none"> <li>• D.O.B;27/02/1987</li> <li>• January 2021-Date-Matata and mwabonje Advocates llp Receptionist secretary</li> <li>• January 2020-June 2020-Machakos law courts office Administrator</li> <li>• February 2019-May 2019-Data entry at NG-Machakos Constituency Development Fund.</li> </ul>
<p>S.Mary Mwikali</p> <ul style="list-style-type: none"> <li>• Bachelor of Arts</li> </ul>	

#### MANAGEMENT TEAM

Name	Main area of responsibility
<p>1. Haron Maosa Onguso Academic qualification: -Master of Business Administration. -Bachelor of Education. Professional qualification:</p>	Principal(Accounting Officer)
<p>2. Janeth Chepkirui: Academic qualification: - Undergraduate degree in accounting Professional qualification: - CPA Finalist</p>	Head of Finance
<p>3. Aaron Cheruiyot Academic qualification: - Diploma in Supply Chain Management</p>	Head of Procurement



CHAIRPERSON'S STATEMENT

➤ KEY ACTIVITIES- FINANCIAL YEAR 2019/20

- The recruitment of students and staff was remarkable.
- Training the trainees on the utilisation of learning equipment, furniture from the Ministry of Education.
- Full and various Executive Board meetings were also held.
- Trees planted by Institute entire family
- Trainings of Board of Governors which was held at Nakuru May 2019.
- Harvesting of storm water by fixing rain gutters and installation of four PVC storage tanks each with capacity of 10,000 litres.

➤ CONSOLIDATED SUCCESSES

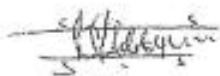
- Very united Board enthusiastic of progressive development of the institute.
- Impressive turn out of learners to a record tune of 1900 active students.
- Impressive participation of students in ball games up to national level.

➤ CHALLENGES

- Water shortage during dry seasons.
- Study halls not sufficient to cater for high demand by prospective and existent students.
- Residential premises (hostels) not available around the institute for student's accommodation.

➤ WAY FORWARD

- Increase more learning halls through Government Funding and CDF.
- Constructing hostels mainly for female learners in the short term.
- Do more harvesting of rain water, drill a borehole, construct a pump house in the nearest river and install an electric pump for piped water to the institute.
- Erect a perimeter fence to enhance security and provide sufficient lighting within the institute.
- Enhance extra co-curricular activities by facilitating mobility through procuring of Institute bus.
- Plan more developments.



CAROLINE CHEROTICH

CHAIRPERSON OF THE GOVERNING BOARD

26<sup>th</sup> March, 2021



## REPORT OF THE PRINCIPAL

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

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

Konoin Technical Training Institute currently offers 45 programmes/courses accredited by Technical and Vocational Educational Training Authority. The Institute has been registered by Kenya National Examination Council as an examination Centre for both Business and Technical Examinations. Candidates have sat for examinations in November 2018 and July 2019. There are also 311 candidates who have registered for November 2019 series.

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

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

Konoin Technical Training Institute has a very bright future in the TVET Sub-sector.

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

## HIGHLIGHTS OF FY 2019/2020 PERFORMANCE

The Financial Year 2019/2020 started on a high note with the Government keen to ensure TVET Institutions absorb as many Form 4 leavers as possible.

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

During the year under review, the total capitation received from the government amounted to Kshs. 38,055,000.

Income from rendering of services was in the tunes of KShs. 27,647,754 despite the disruptions caused by Covid – 19 leading to closure of learning institutions.

### Students Enrolment;

During the year 2019/2020, there was increase in student enrolment 500 making the student number to 2000.

### Projects Undertaken

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



- In second quarter of financial year 2019/2020, the country was hit by covid- 19 pandemic and in response to fighting the pandemic, the institution through its trainers developed a technology to produce sanitizers which is aimed to reduce spreading of the virus.
- The college was selected to host AVA Training which commenced on 30th July 2019 and ended on 20th December 2019.
- The training provided a better forum for preparedness in AVA production.
- The college is on waiting certification from KEBS in order to start producing packed drinking water, yogurt, sausages and a variety of juice products.

**Other projects completed in year 2019/2020 include:**

- Fencing the school
- Construction of the institution's gate
- Acquired a school bus 62 seater KCT 311Y at a cost of Kshs 12,000,000
- Construction of students and staff pit latrines

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

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

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

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

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

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

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

**HARON MAOSA**

**PRINCIPAL/SECRETARY TO THE BOARD OF GOVERNORS**

Date: 26<sup>th</sup> March, 2021

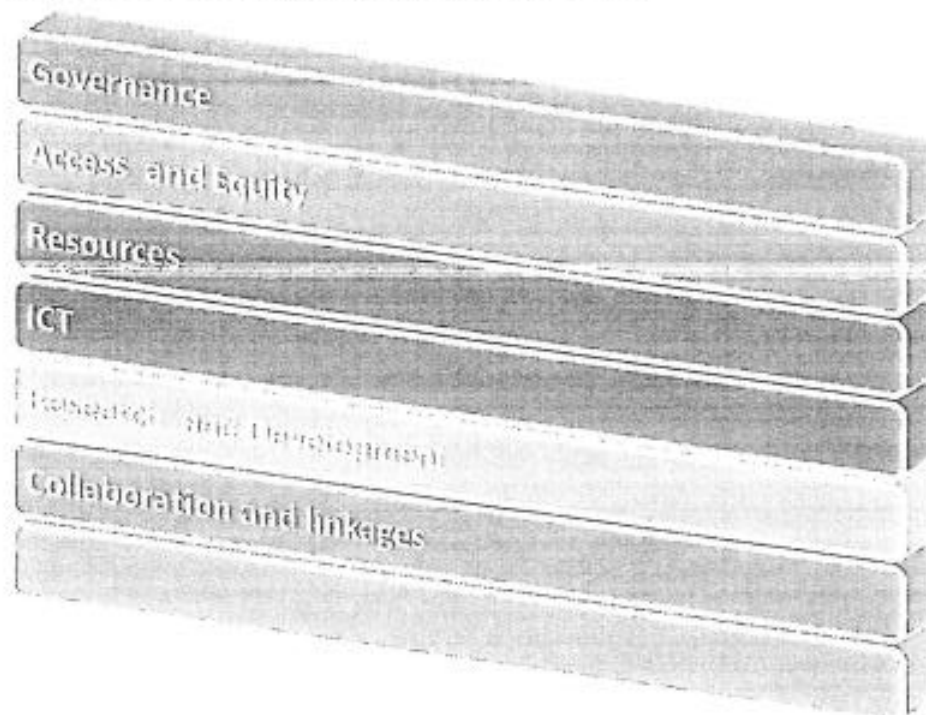




KONOIN TECHNICAL TRAINING INSTITUTE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

REVIEW OF KONOIN TECHNICAL TRAINING INSTITUTE 'S PERFORMANCE FOR FY 2019/2020

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



*Konoini Technical Training Institute* develops its annual work plans based on the above six pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The *institute* achieved its performance targets set for the FY 2019/2020 period for its 1 strategic pillars, as indicated in the diagram below:

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



CORPORATE GOVERNANCE STATEMENT

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

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

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

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

*Attendance of board meetings*

During FY 2019/20, there was 98% eligible attendance at all meetings of the Board and Committees. The following table shows the number of meetings held during 2019/2020, the attendance of each Member;

	FULL BOG	SPECI AL BOG	FULL BOG	SPECI AL BOG	SPECI AL BOG	FINANCE COMMIT TEE MEETING	FULL BOG	TOTAL ATTENDA NCE
	8/4/2019	10/4/2019	10/28/2019	5/22/2020	5/28/2020	6/7/2020	6/15/2020	TOTAL ATTENDA NCE
CAROLINE CHEROTICH- CHAIRPERSON	PRESE NT	PRESE NT	PRESE NT	PRESE NT	PRESE NT	ABSENT	PRESE NT	6



KONOIN TECHNICAL TRAINING INSTITUTE  
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SALOME KEMUNTO NYAKUNDI- MEMBER	PRESE NT	ABSEN T	ABSEN T	PRESE NT	PRESE NT	PRESENT	PRESE NT	5
HARRY RONO- MEMBER	PRESE NT	PRESE NT	PRESE NT	PRESE NT	PRESE NT	PRESENT	PRESE NT	7
CAROLINE CHEPNGETICH -MEMBER	PRESE NT	PRESE NT	PRESE NT	PRESE NT	PRESE NT	PRESENT	PRESE NT	7
MARY MWIKALI- MEMBER	ABSEN T	ABSEN T	PRESE NT	ABSEN T	ABSEN T	ABSENT	ABSEN T	1
HARON MAOSA- SECRETARY- SECRETARY	PRESE NT	PRESE NT	PRESE NT	PRESE NT	PRESE NT	PRESENT	PRESE NT	7
BENARD WAFULA- MEMBER	ABSEN T	PRESE NT	ABSEN T	ABSEN T	ABSEN T	ABSENT	ABSEN T	1
PETER CHERUIYOT- COUNTYDIREC TOR EDUCATION	ABSEN T	PRESE NT	PRESE NT	PRESE NT	PRESE NT	ABSENT	PRESE NT	5
ARCH. RAYMOND NGENO- MEMBER	PRESE NT	ABSEN T	ABSEN T	PRESE NT	ABSEN T	ABSENT	ABSEN T	2
JULIANA YEGON-CEC EDUCATION	PRESE NT	ABSEN T	ABSEN T	ABSEN T	ABSEN T	ABSENT	ABSEN T	1

**Note:**

- 1) There were 3 full board meetings, 3 Executive board meetings and 1 finance committee meeting held during the year.
- 2) No board charter exists at the moment.
- 3) Succession plan is after 3 years.
- 4) No board remuneration.

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

Time is allocated at all meetings to discuss any other business, which all Members are invited by the Chair to raise. All Members participate in strategy development and decisions required to implement actions to progress towards meeting the objectives of the Company.



CORPORATE GOVERNANCE STATEMENT (Continued)

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

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

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

**The Role and Functioning of the Board**

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

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

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

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

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

**Board performance**

Performance evaluations identify and record achievements, training requirements and areas for improvement in relation to annual objectives and performance of their respective roles, in order to consider effectiveness. Objectives for the forthcoming year are defined along with identification of how achievements will be met, target dates and details of resource constraints or issues to ensure that actions are planned and taken as a result of the evaluation process.

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

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

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





MANAGEMENT DISCUSSION AND ANALYSIS

**Konoin Technical Training Institute operational and financial performance**

During the year ended June 2020, the Institution had 2,452 students compared to 1500 in year 2018/2019. The increased number of students attributed to Institutions increase in revenue from government capitation and rendering of services from KES 47,723,735 IN YEAR 2018/2019 to KES 65,702,754 representing a 38% growth.

The increase in other income from KES 8,719,640 to KES 31,230,146 is mainly attributed to the funds received from Avic International for the training that took place during the year. The expenses related to this training have been captured as part of the general expenses of the institution.

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

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

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

**i. Government Funding**

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

**ii. Constituency Development Fund (CDF)**

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

**iii. National Science Technology & Innovation Fund**

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



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

**iv. Donors (Development Partners)**

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

**v. County Government of Bomet**

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

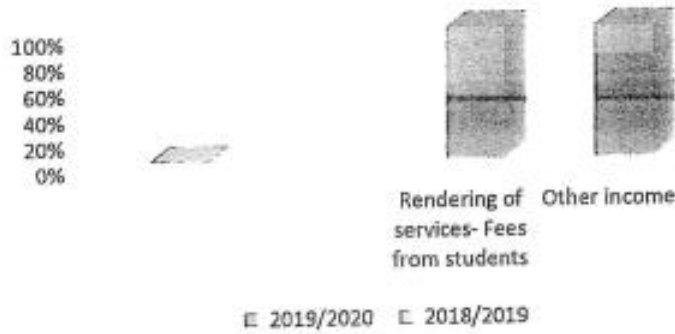
Below is analysis of revenues and expenses for year 2018/2019 and 2019/2020.



Transfers from the government were higher in 2019/2020 as compared to 2018/2019 due to increased number of students.



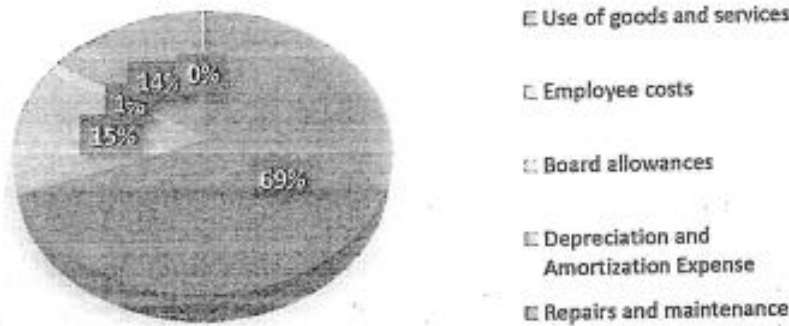
Student fees and other income



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

Other income increased in year 2019/2020 due to the training that was held for five months by Avic International Limited. The expense for the training has been posted under use of goods and services costs.

Expenses analysis 2019/2020



Finance cost is as a result of the school bus loan taken during the year.

**Konoin Technical Training Institute compliance with statutory requirements**

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

**Key projects and investment decisions**

The Institution constructed the institution gate and levelled the compound.



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

**1. Sustainability strategy and profile -**

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

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

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

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

**2. Employee welfare**

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

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

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





a) Policies guiding hiring process

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

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

3. Market place practices-

Responsible Supply Chain and Supplier relations

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

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

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

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

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

4. Community Engagements-

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



**KONOIN TECHNICAL TRAINING INSTITUTE  
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

**REPORT OF THE 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 the *KonoinTTI* affairs.

**Principal activities**

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

**Results**

The results of the entity for the year ended 30 June 2020 are set out on page 1 to 21.

**Board of governance**

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

**Auditors**

The Auditor General is responsible for the statutory audit of the *KonoinTTI* in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2016.

By Order of the Board



**Haron Maosa**  
Corporate Secretary  
Nairobi  
Date: 26/03/2021





### STATEMENT OF BOARD OF GOVERNORS/ COUNCIL MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and the TVET Act No. 29 of 2013 require the Board of Governors to prepare financial statements which give a true and fair view of the state of affairs of the *Konoin Technical Training Institute* at the end of the financial year 2019/20 and the operating results of the *Konoin TTI* for FY 2019/20. The Board of Governors are also required to ensure that the *Konoin TTI* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Konoin TTI*. The Board of Governors are also responsible for safeguarding the assets of the *Konoin TTI*.

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

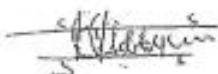
The Board of Governors accept responsibility for the *Konoin TTI's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act No. 29 of 2013. The Board of Governors are of the opinion that the *Konoin TTI's* financial statements give a true and fair view of the state of *Konoin TTI's* transactions during the financial year ended June 30, 2020, and of the *Konoin TTI's* financial position as at that date. The Board of Governors further confirm the completeness of the accounting records maintained for the *Konoin Technical Training Institute*, which have been relied upon in the preparation of the *Konoin TTI's* financial statements as well as the adequacy of the systems of internal financial control.

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

#### Approval of the financial statements


The *Konoin TTI's* financial statements were approved by the Board on 26<sup>th</sup> March 2021 and signed on its behalf by:

Caroline Cherotich



Chairperson of the Board

Janeth Chepkirui



Finance Officer

Haron maosa



Principal

**PRINCIPAL**  
KONON TECHNICAL TRAINING INST. OF  
P. O. Box 111-40203, MOGOGOSA  
Date: .....  
SIGN: .....





# REPUBLIC OF KENYA

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



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

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

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### REPORT ON THE FINANCIAL STATEMENTS

#### Adverse Opinion

I have audited the accompanying financial statements of Konoin Technical Training Institute set out on pages 1 to 21, 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 described in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Konoin 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 Public Finance Management Act, 2012.

#### Basis for Adverse Opinion

##### 1. Errors in the Annual Report and Financial Statements

Examination of the financial statements for the year ended 30 June, 2020 disclosed the following errors and inconsistencies:

- (i) Page xi on the report of the review of Konoin Technical Training Institute's performance against the six strategic pillars which include governance, resources, ICT, research and development and collaboration and linkages evaluated only one pillar on access and equity.
- (ii) Appendix I on inter-entity transfers at page 22 of the financial statements was not signed by the Head of Accounting Unit, State Department of Vocational and Technical Training as provided.



- (iii) Report on follow up of auditor's recommendations was omitted from the financial statements.
- (iv) The statement of financial performance gives reference to Note 15 for finance cost but the item is at Note 14 in the notes to the financial statements. Further, the reference notes in the statement of financial position are inconsistent with the notes to the financial statements.

Consequently, the financial statements for the year ended 30 June, 2020 do not conform to the format prescribed by the Public Sector Accounting Standards Board (PSASB) in accordance with section 194(1)(d) of the Public Finance Management Act, 2012 which states that PSASB shall prescribe the format for financial statements and reporting by all state organs and public entities.

## 2. Inaccuracies in the Statement of Comparative Budget and Actual Amounts

Review of the statement of comparative budget and actual amounts revealed the following inaccuracies.

- (i) The statement reported actual comparable total expenditure of Kshs.89,515,797 while the re-casted figure is Kshs.93,260,275 resulting to a variance of Kshs.3,744,478.
- (ii) The statement reported total expenditure under performance difference as Kshs.119,582,519 while the re-casted figure is Kshs.116,667,268 resulting to a variance of Kshs.2,915,251.

In the circumstances, the accuracy of the statement of comparison of budget and actual amounts could not be confirmed.

## 3. Inaccurate Comparative Balances

The comparative balances in the financial statements differed from the previous year's audited figures as detailed below: -

Component	Note/Financial statements	2019/2020 comparative balance (Kshs.)	2018/2019 audited balance (Kshs.)	Variance (Kshs.)
Government donation in kind (plant and equipment)	Statement of financial performance	103,802,850	-	103,802,850
Surplus (Deficit)	Statement of financial performance	102,174,437	(1,628,413)	103,802,850
Investments	Statement of financial position	3,000,000	-	3,000,000
Accumulated Surplus	Statement of financial position	17,360,543	13,517,593	3,842,950



Component	Note/Financial statements	2019/2020 comparative balance (Kshs.)	2018/2019 audited balance (Kshs.)	Variance (Kshs.)
Net cash flow from operating activities	Statement of cash flows	6,879,465	3,879,465	3,000,000
Other Income	Note 8	5,302,960	8,719,640	(3,416,680)
<b>Total</b>		<b>238,520,255</b>	<b>24,488,285</b>	<b>214,031,970</b>

Consequently, the accuracy of the comparative balances for the year ended 30 June, 2020 could not be confirmed.

#### 4. Variances between Balances in the Financial Statements and Supporting Schedules/Ledgers

The following variances were noted between balances in the financial statements and those in the supporting schedules;

Component	Note to the Financial Statements	Financial Statements (Kshs.)	Supporting Schedule (Kshs.)	Variance (Kshs.)
Transfer from West Mugirango CDF	6	10,000,000	10,005,000	(5,000)
Boarding expenses	9	5,311,165	4,932,026	379,139
Employee Cost	10	16,100,878	12,435,690	3,665,188
Student Debtors	16	16,102,661	62,517,613	(46,414,952)
Repayment of Loan Borrowing	Cashflow	1,253,267	0	1,253,267
<b>Total</b>		<b>48,767,971</b>	<b>89,890,329</b>	<b>(41,122,358)</b>

In the circumstances, the accuracy and completeness of the financial statements for the year ended 30 June, 2020 could not be confirmed.

#### 5. Revenue from Non-Exchange Transactions

The statement of financial performance reflects revenue from non-exchange transaction of Kshs.48,055,000 and as detailed at Note 6(b) to the financial statements. Included in this amount is Kshs.10,000,000 from West Mugirango CDF. However, this amount was double accounted for as capitation grants in the statement of financial performance and as capital grants in the statement of changes in net assets.

In the circumstances, the accuracy of revenue from non-exchange transactions of Kshs.48,055,000 for the year ended 30 June, 2020 could not be confirmed.

#### 6. Revenue from Exchange Transactions-Rendering of Services

The statement of financial performance for the year ended 30 June, 2020 reflects revenue from rendering of services of Kshs.29,499,709 and as disclosed under Note 7 to the financial statements. The following observations were made: -

- (i) The revenue was not supported by fees payment policy, and a schedule of student with details on continuing students, new intakes and graduations.
- (ii) The billing system could not generate a report on every revenue stream (tuition fees, examination, activity, and registration fees) and reports of revenue received per department for the purpose of comparison with registrar of students' data.
- (iii) The Management Information System revealed that the institution had two thousand four hundred and fifty-two (2452) students, with an annual fee of Kshs.26,420 each, translating to expected revenue of Kshs.64,781,840 while the reported revenue from rendering of services was Kshs.29,499,709 resulting to unexplained variance of Kshs.35,282,131.
- (iv) Note 7 to the financial statements reflects examination income of Kshs.2,687,405 and computer package income of Kshs.12,500. However, the supporting schedule was based on amount paid as per receipt books instead of amount expected or invoiced to students sitting exams during the financial year.

In the circumstances, the accuracy and completeness of revenue from exchange transactions of Kshs.29,499,709 for the year ended 30 June, 2020 could not be confirmed.

## **7. Other Income**

The statement of financial performance reflects other income of Kshs.16,499,113 as disclosed at Note 8 to the financial statements. Included in this amount is income of Kshs.47,990 from student identity cards and Kshs.1,710,430 from boarding fees. However, the schedule in support was based on amount paid as per receipt books instead of amount invoiced to the students.

In the circumstances, the accuracy and completeness of other income of Kshs.16,499,113 for the year ended 30 June, 2020 could not be confirmed.

## **8. Board Allowances**

The statement of financial performance reflects an expenditure of Kshs.1,181,100 on board allowances and as detailed at Note 11 to the financial statements. However, the expenditure was not supported with a detailed schedule of the meetings and payments to each board member.

In the circumstances, the accuracy and completeness of board allowances of Kshs.1,181,100 for the year ended 30 June, 2020 could not be confirmed.

## **9. Compensation of Employees**

The statement of financial performance reflects an expenditure of Kshs.16,100,878 in respect of compensation of employees and as detailed at Note 10 to the financial

statements. However, this expenditure was not supported with an approved budget, approval from the board to hire employees on contract basis, employees master data, scheme of service and staff establishment. Further, the institution hired sixteen (16) new staff which was not supported with job advertisement, the long list of applicants, the shortlist of applicants, the interview process, the letters of appointments and relevant approvals by Board of Governors.

In the circumstances, the accuracy and completeness of expenditure of Kshs.16,100,878 on employee cost for the year ended 30 June, 2020 could not be confirmed.

## 10. Cash and Cash Equivalents

### 10.1 Unconfirmed Balances

The statement of financial position as at 30 June, 2020 reflects cash and cash equivalents balance of Kshs.6,064,667 and as detailed in Note 15(a) to the financial statements. However, this balance was not supported with signed bank reconciliation statements and board of survey as at 30 June, 2020. In addition, the balance includes Kshs.95,623 from Imarisha Sacco which does not meet the criteria provided by Public Finance Management Regulations, 2015 Section 82a(iv) which states that where The National Treasury has granted authority to an accounting officer or receiver of revenue or collector of revenue to open and operate a bank account in a commercial bank for purposes of revenue collection, then, that commercial bank shall have a wide branch network and is government linked.

### 10.2 Un-reconciled Balances

The following balances in the cashbooks were not reconciled with bank balances as detailed below: -

Account	Balance as per Cash Book (Kshs.)	Balance as per Bank Certificate (Kshs.)	Unreconciled Difference (Kshs.)
KCB Tuition 1217674810	5,099,168	6,647,916	(1,548,748)
KCB Development 1217674683	4,055	1,683	2,372
Imarisha Sacco Savings	500	0	500
Imarisha Sacco Salary Account 5042699503	95,623	34,193	61,430
<b>Total</b>	<b>5,199,346</b>	<b>6,683,792</b>	<b>(1,484,446)</b>

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.6,064,667 as at 30 June, 2020 could not be confirmed.

## **11. Investments**

The statement of financial position reflects investment of Kshs.4,000,000 as detailed at Note 17 to the financial statements. The investments relate to shares purchased from the Imarisha Sacco. However, Board's approval for this investment was not provided for audit purposes.

In the circumstances, the validity of investments balance of Kshs.4,000,000 as at 30 June, 2020 could not be confirmed.

## **12. Receivables from Exchange Transactions**

The statement of financial position reflects receivables from exchange transactions of Kshs.16,102,661 as detailed at Note 16 to the financial statements. However, it was observed that the schedule from the billing system on students' debtors did not agree with individual student's fees statements. A sample of twenty (20) students revealed Kshs.1,533,180 balance as per billing systems and Kshs.1,394,104 as per individual student's statements resulting to unexplained variance of Kshs.139,076. Further, the institution did not have a policy on receivables from exchange transactions (student debtors). It was therefore not possible to confirm how outstanding students' balances are dealt with in the financial statements. In addition, the institution did not prepare an ageing analysis report for the student debtors and there were no reconciliations prepared between the billing system reports and the individual student debtor accounts.

In the circumstances, the accuracy and completeness of receivables from exchange transactions balance of Ksh.16,102,661 as at 30 June, 2020 could not be confirmed.

## **13. Property, Plant and Equipment**

### **13.1 Unconfirmed Value**

The statement of financial position reflects property, plant and equipment balance of Kshs.150,757,741 as at 30 June, 2020. However, there was no valuation report for the balances reported in the financial year 2018/2019 being the first year of adopting IPSAS accrual. In addition, the institution did not prepare a development expenditure budget for the year 2019/2020 and therefore we could not confirm if the property, plant and equipment additions of Kshs.16,056,968 during the year were budgeted for. It was also observed that the institution's computers, furniture and fittings and plant and equipment were not indexed/tagged and it was therefore not possible to carry out audit verification to confirm existence of the assets. Further, the schedule of additions to computers and furniture/fittings was not provided for audit verification. It was also noted that the institution had a parcel of land Kericho/Koiwa/1554 of 2.023 hectares which was not valued and included in the assets' movement schedule.



In the circumstances, the accuracy and completeness of the property, plant and equipment net book value of Kshs.150,757,741 as at 30 June, 2020 could not be confirmed.

### **13.2 Intangible Assets**

Note 19 to the financial statements reflects intangible assets of Kshs.605,120 (gross) with total amortization of Kshs.242,048 and net book value of Kshs.363,072. However, schedules provided could only support cost of an accounting software of Kshs.365,000 resulting in unexplained variance of Kshs.240,120. Further, the Management did not provide the service level agreement signed with the vendor.

In the circumstances, the accuracy and validity of intangible assets balance Kshs.363,072 as at 30 June, 2020 could not be confirmed.

### **14 Trade Payables**

The statement of financial position reflects trade and other payables from exchange transactions of Kshs.8,898,902 and as detailed under Note 20 to the financial statements. However, the trade payables were not supported with purchase requisitions, purchase orders, supply contracts, invoices, delivery notes, counter receipts vouchers, stores records and issuance records.

In the circumstances, the accuracy and completeness of the trade and other payables from exchange transactions balance of Kshs.8,898,902 as at 30 June, 2020 could not be confirmed.

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

### **Other Matter**

#### **Budgetary Control and Performance**

During the year under review, the Institute's revenue budget amounted to Kshs.209,927,543 against actual collections of Kshs.94,901,772 resulting to a shortfall of

Kshs.115,025,771 or 55% of the budget. Similarly, the Institute's expenditure budget amounted to Kshs.209,927,543 against an actual expenditure of Kshs.89,515,797 resulting to an under expenditure of Kshs.120,411,746 or 57% of the budget.

The under collection and under expenditure noted could be an indication of weak budgetary mechanism. Management needs to ensure that the budget making process is realistic and set achievable targets.

## REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### **Conclusion**

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

### **Basis for Conclusion**

#### **Borrowing**

The statement of financial position reflects borrowing of Kshs.11,356,733 as detailed at Note 21 to the financial statements. However, approval for the borrowing in accordance with provisions of Public Finance Management (National Government) Regulations, 2015 Section 203(a) which states that before seeking a national government guarantee, the governing body of the national government entity shall approve the borrowing including its terms and conditions was not provided for audit.

To this extent, Management was in breach of the law.

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on

Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

## **Basis for Conclusion**

### **1. Lack of Risk and Fraud Management Policy**

The Institution does not have a risk management policy in place contrary to the provisions of Section 165 (1) of the Public Finance Management (National Government) Regulations, 2015 which states that the Accounting Officer shall ensure that the national government entity develops—(a) risk management strategies, which include fraud prevention mechanism; and (b) a system of risk management and internal control that builds robust business operations.

In the circumstances, Management may not be in a position to identify and mitigate risks in the Institution.

### **2. Lack of IT Strategic Plan**

Review of information technology in use at the Institute revealed that no IT strategic plan was in place which could provide guidance to IT-related decision-making processes, with IT task prioritized and implemented using the plan as a framework. The Institute did not produce the minutes of the IT strategic committee meetings. In addition, the Management has no back-up data stored in an off-site location and therefore the Institute might not recover from an interruption and this may affect the business-continuity and recovery plan.

No explanation has been provided for failure to have an IT strategic plan and back-up data in an off-site location.

### **3. Lack of Internal Audit Function and Audit Committee**

The Institute did not have in place a functional internal audit department and an audit committee. In view of the above, Management may lack complete and objective insight into the effectiveness of their risk management, internal control and governance processes as well as their evaluation and improvement thereof.

Failure to have in place an internal audit function is contrary to the Public Finance Management Act, 2012 Section 73 sub-sections 4 and 5 which states that a national government entity shall ensure that internal audits in respect of the entity are conducted in accordance with international best practices and every national government public entity shall establish an audit committee whose composition and functions shall be as prescribed by the regulations.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

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

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

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

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

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

### **Auditor-General's Responsibilities for the Audit**

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



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

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

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

24 March, 2022

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

		2020-2021	2019-2020
		UShs	UShs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – grants/ gifts in kind	6	38,055,000	17,280,000
Transfer from West Mugirango CDF-Construction	6	10,000,000	
<b>Total Revenue from non-exchange transactions</b>		<b>48,055,000</b>	<b>17,280,000</b>
<b>Deferred government grants</b>			
Building		-	-
Plant and equipment		-	103,802,850
<b>Net deferred grants income</b>		<b>-</b>	<b>103,802,850</b>
<b>Total Revenue from non-exchange transactions</b>		<b>48,055,000</b>	<b>121,082,850</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	30,347,659	30,443,735
Other income	8	16,499,113	8,719,640
<b>Revenue from exchange transactions</b>		<b>46,846,772</b>	<b>39,163,375</b>
<b>Total revenue</b>		<b>94,901,772</b>	<b>160,246,225</b>
<b>Expenses</b>			
Use of goods and services	9	56,873,147	33,456,101
Employee costs	10	16,100,878	7,813,771
Board allowances	11	1,181,100	1,222,000
Depreciation and Amortization Expense	12	14,904,840	15,074,046
Repairs and maintenance	13	1,236,962	505,870
Finance costs	14	38,097	-
<b>Total expenses</b>		<b>90,335,024</b>	<b>58,071,788</b>
<b>Net Surplus for the year</b>		<b>4,566,748</b>	<b>102,174,437</b>

The notes set out on pages 6 to 20 form an integral part of the Annual Financial Statements.



KONON TECHNICAL TRAINING INSTITUTE  
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V. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

		2020	2019
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	15	6,064,667	371,379
Receivables from exchange transactions	16	16,102,661	14,460,653
Investments	17	3,995,299	3,000,000
Work in Progress		9,002,213	
<b>Total Current Assets</b>		<b>35,764,852</b>	<b>17,832,032</b>
<b>Non-current assets</b>			
Property, plant and equipment	18	140,757,741	138,641,639
		-	
Intangible assets	19	363,072	484,096
<b>Total Non-current Assets</b>		<b>141,120,813</b>	<b>139,125,735</b>
<b>Total assets</b>		<b>176,885,665</b>	<b>156,957,767</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	20	8,898,902	4,894,485
Current portion of borrowings	21	1,516,000	-
<b>Total Current Liabilities</b>		<b>10,414,902</b>	<b>4,894,485</b>
<b>Non-current liabilities</b>			
Borrowings	22	9,840,733	-
<b>Total Non-current liabilities</b>		<b>9,840,733</b>	<b>-</b>
<b>Total liabilities</b>		<b>20,255,635</b>	<b>4,894,485</b>
<b>Capital and Reserves</b>			
Accumulated surplus		33,332,142	16,517,593
Development funds		123,297,888	135,545,689
<b>Total Reserves</b>		<b>156,630,030</b>	<b>152,063,282</b>
<b>Total Liabilities and Reserves</b>		<b>176,885,665</b>	<b>156,957,767</b>

The Financial Statements set out on pages 1 to 20 were signed on behalf of the Institute Board of Governors by:

Caroline Cherotich  
Chairperson of Board of Governors

Date; 26<sup>th</sup> March 2021

Janeth Chepkirui  
Finance Officer

Date; 26<sup>th</sup> March 2021

Haron Maosa  
Principal

Date; 26<sup>th</sup> March 2021

PRINCIPAL  
KONON TECHNICAL TRAINING INSTITUTE  
P. O. Box 19-40203, MDOLOLOLO  
Date:..... Sign:.....



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

	Retained earnings	Capital reserves	Share premium	Reserves	Total
Balance b/f at July 1, 2017	-	-	-	-	-
Total comprehensive income	46,888,845	-	-	-	46,888,845
Transfer of deferred government grants	(46,562,052)	-	-	-	-
Transfer of depreciation from retained earnings to deferred government grants	931,241	(931,241)	-	-	-
Balance c/d as at June 30, 2018	1,258,034	45,630,811	-	46,888,845	46,888,845
Balance b/f as at July 1, 2018	1,258,034	45,630,811	-	46,888,845	46,888,845
Surplus for the year	102,174,437	-	-	102,174,437	102,174,437
Transfer of deferred government grants	(103,802,850)	103,802,850	-	-	-
Transfer of depreciation from retained earnings to deferred government grants	13,887,972	(13,887,972)	-	-	-
Balance c/d as at June 30, 2019	13,517,593	135,545,689	-	149,063,282	149,063,282
Balance b/f at July 1, 2019	13,517,593	135,545,689	-	149,063,282	149,063,282
Prior year adjustments:					
Shares purchased at Imarisha Sacco	3,000,000	-	-	3,000,000	3,000,000
As at 1 July 2019 as restated	16,517,593	135,545,689	-	152,063,282	152,063,282
Transfer of depreciation from retained earnings to deferred government grants	12,247,801	(12,247,801)	-	9,602,225	-
Work In Progress(West Mugirango construction)					-
Surplus for the year	4,566,748	-	-	4,566,748	4,566,748
Balance c/d as at June 30, 2020	33,332,142	123,297,888	-	9,602,225	156,630,030





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

		2019/2020	2018/2019
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
Net cash flows from operating activities	23	22,236,772	6,879,465
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets	19	(16,056,968)	(4,766,120)
Increase in investments		(1,000,000)	(3,000,000)
Net cash flows used in investing activities		(17,056,968)	(7,766,120)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings - bus loan		12,610,000	
Repayment of borrowings		(1,036,601)	
Net cash flows used in financing activities		11,573,399	-
Net increase/(decrease) in cash and cash equivalents		(11,059,915)	(886,655)
Cash and cash equivalents at start of year		371,379	1,258,034
Cash and cash equivalents at end of year	16	6,064,667	371,379



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

	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020		
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs		
Revenue								
Transfers from Government –	76,200,000		76,200,000	48,055,000	(28,145,000)		-40%	Delay in capitation
Capitation	27,014,618		27,014,618	-	(27,014,618)		-100%	Non-Receipt of development grants
Development grants from M.O.E								Delay of help receipts.
Rendering of services- Fees from students	93,033,000		93,033,000	30,347,659	(62,685,341)		-67%	
Other income	13,679,925		13,679,925	16,499,113	2,819,188		21%	Higher income income on other incomes.
<b>Total income</b>	<b>209,927,543</b>	<b>-</b>	<b>209,927,543</b>	<b>94,901,772</b>	<b>(115,025,771)</b>			
Expenses								
Compensation of employees	28,800,000		28,800,000	16,100,878	(12,699,122)		-44%	Delay of capitation.
Use of Goods and services	177,015,043		177,015,043	57,260,397	(119,754,646)		-68%	Delay of capitation.
Other expenses	4,112,500		4,112,500	2,078,909	(2,033,591)		-49%	Low income.
Depreciation and amortisation				14,904,840	14,904,840		100%	Non-provision in the budget
<b>Total expenditure</b>	<b>209,927,543</b>	<b>-</b>	<b>209,927,543</b>	<b>90,345,024</b>	<b>(119,582,519)</b>			
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,556,748</b>	<b>4,556,748</b>			

**Budget notes**

1. Provide explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14
2. Provide an explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSAS 24.29)
3. Where the total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis/budget is cash basis, statement of financial performance is accrual) provide a reconciliation.



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EX. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS

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

Standard	Impact
IPSAS 40: Public Sector Combinations	<p><b>Applicable: 1<sup>st</sup> January 2019</b></p> <p>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.</p> <p>There is no impact of the IPSAS 40 to the institute</p>



NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 ADOPTION OF NEW AND REVISED STANDARDS (Continued)

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2022:</b> 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"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul> <p><i>(There is no impact of the standard to the entity)</i></p>
IPSAS 42: Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2022</b> The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the entity;</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.</li> </ul> <p><i>(There is no impact of the standard to the entity)</i></p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2022:</b></p> <ul style="list-style-type: none"> <li>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.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>





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Standard	Effective date and impact:
	<ul style="list-style-type: none"> <li>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</li> <li>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.</li> </ul>
Other Improvements to IPSAS	<p>Applicable: 1<sup>st</sup> January 2021:</p> <ul style="list-style-type: none"> <li>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</li> <li>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</li> <li>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.</li> <li>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.</li> </ul>

iii. Early adoption of standards

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees

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

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and



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property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

*Rendering of services*

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

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

b) Budget information

The original budget for FY 2019-2020 was approved by the Board of Governors on 17th July 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 Konoin TTI upon receiving the respective approvals in order to conclude the final budget

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

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

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

b) Budget information (continued)

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

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

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

c) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is



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recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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

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

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

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

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

#### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### d) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

##### Computer software

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

##### e) Nature and purpose of reserves

###### a. Accumulated surpluses

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

###### b. Capital reserves

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

##### f) Changes in accounting policies and estimates



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

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

**g) Employee benefits**

**Retirement benefit plans**

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

**h) Related parties**

Konoin TTI regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Institution, or vice versa. Members of key management are regarded as related parties and comprise the Board of Governors, the Principal, Head of Finance and Head of Procurement.

The government of Kenya through the ministry of education is also related party to the Konoin TTI.

**4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**i) Cash and cash equivalents**

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

**j) Comparative figures**

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

**k) Subsequent events**

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





5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

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

**Useful lives and residual values**

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

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



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 NOTES TO THE FINANCIAL STATEMENTS (Continued)

6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

	2019-2020	2018-2019
<b>Unconditional grants</b>		
Operational grant	-	3,000,000
Capitation	38,055,000	14,280,000
<b>Total</b>	<b>38,055,000</b>	<b>17,280,000</b>

6b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the donor's service to the grant	Amount received to the grant	Amount delivered to the grant	Amount received to capital fund	Total grant income during the year	2018-2019
	K Shs	K Shs	K Shs	K Shs	K Shs
Ministry of Education State Department of Vocational and Technical Training	38,055,000			38,055,000	17,280,000
West Mugirango CDF Constructio	10,000,000			10,000,000	
<b>Total</b>	<b>48,055,000</b>			<b>48,055,000</b>	<b>17,280,000</b>

7 RENDERING OF SERVICES

Description	2019-2020	2018-2019
Tuition fees	26,103,129	26,728,070
Examination	2,687,405	3,374,280
Activity fees	451,700	2,118,135
Attachment	633,710	421,030
Insurance	107,215	40,500
Registration fees	352,000	1,136,000
Computer Packages	12,500	42,400
<b>Total revenue from the rendering of services</b>	<b>30,347,659</b>	<b>33,860,415</b>



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8 OTHER INCOME

	2019-2020	2018-2019
Training (Aic International)	14,170,307	0
Smart card Income	0	16,000
Student Identity Card	47,990	66,960
Boarding	1,710,430	5,120,000
Food and Catering	0	7,000
Tender fee	0	93,000
Bus hire	60,400	0
Hand washing machine	20,000	0
Masks	278,870	0
Dividends	211,116	0
<b>Total other income</b>	<b>16,499,113</b>	<b>5,302,960</b>

9 USE OF GOODS AND SERVICES

Description	2019-2020	2018-2019
Tuition expenses	30,625,224	21,037,345
Boarding expenses	5,311,165	5,655,047
Activities	1,780,885	1,647,028
Electricity and water	498,630	993,885
Insurance	106,400	35,300
Attachment	511,156	186,850
Registration	235,450	823,900
Training expenses (Avic International)	14,194,773	-
Computer Packages	23,000	6,400
Food and catering	0	6,000
Student Identity Card	203,600	306,300
Examination	2,428,630	2,418,358
Tender fee	36,420	193,838
Helb refund	0	146,000
Miscellaneous expenses	303,376	(150)
Hand washing machine	44,480	-
Masks	805,515	-
Sanitizer production	151,693	-
<b>Total good and services</b>	<b>57,260,397</b>	<b>33,456,101</b>



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10 EMPLOYEE COSTS

	2019-2020	2018-2019
Salaries and wages	13,297,718	6,836,099
Travel, motor car, accommodation, subsistence and other allowances	2,803,160	977,672
<b>Total Employee costs</b>	<b>16,100,878</b>	<b>7,813,771</b>

11 BOARD ALLOWANCE

	2019-2020	2018-2019
Chairman's Honoraria	0	200,000
Other allowances	1,181,100	1,022,000
<b>Total director emoluments</b>	<b>1,181,100</b>	<b>1,222,000</b>

12 DEPRECIATION AND AMORTIZATION EXPENSE

	2019-2020	2018-2019
Property, plant and equipment	14,783,816	14,953,022
Intangible assets	121,024	121,024
<b>Total depreciation and amortization</b>	<b>14,904,840</b>	<b>15,074,046</b>

13 REPAIRS AND MAINTENANCE

	2019-2020	2018-2019
Other	1,272,212	505,870
<b>Total Repairs and Maintenance</b>	<b>1,272,212</b>	<b>505,870</b>





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 NOTES TO THE FINANCIAL STATEMENTS (Continued)

14 FINANCE COSTS

Description	2020	2019
Exchange differences	13,847	
Interest on loans from commercial banks	24,250	
<b>Total finance costs</b>	<b>38,097</b>	<b>-</b>

15 CASH AND CASH EQUIVALENTS

Description	2020	2019
Bank balance	5,627,964	(290,718)
Others(Cash)	436,703	662,097
<b>Total cash and cash equivalents</b>	<b>6,064,667</b>	<b>371,379</b>

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

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

Description	2020	2019	
Kenya Commercial Bank - Tuition account	1217674810	5,099,168	(297,749)
Kenya Commercial Bank - Operation	1217674535	17,635	2,976
Kenya Commercial Bank - Development	1217674683	4,055	4,055
Imarisha Sacco savings		500	-
Imarisha Sacco salary account	5042699503	95,623	-
Kenya Commercial Bank - West Migirango account	1257374273	402,775	-
Kenya Commercial Bank - USD account	123278280	8,208	-
Cash on hand		436,703	-
<b>Total cash and cash equivalents</b>		<b>6,064,667</b>	<b>371,379</b>



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 RECEIVABLES FROM EXCHANGE TRANSACTIONS

	2020	2019
Current receivables		
Student debtors	16,102,661	14,460,653
Total current receivables	16,102,661	14,460,653

17 INVESTMENTS

	2020	2019
a) At start of year	3,000,000	-
Additions during the year	1,000,000	3,000,000
At end of year	4,000,000	3,000,000

Investments relates to shares purchased at Imarisha Sacco.



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

18 PROPERTY, PLANT AND EQUIPMENT

At 30 <sup>th</sup> June 2018	46,562,052	-	-	-	-	-	-	46,562,052
Additions	-	3,665,000	-	-	-	496,000	103,802,850	107,963,850
At 30 <sup>th</sup> June 2019	46,562,052	3,665,000	-	-	-	496,000	103,802,850	154,525,902
Additions	-	-	12,000,000	-	3,468,968	588,000	-	16,056,968
At 30 <sup>th</sup> June 2020	46,562,052	3,665,000	12,000,000	-	3,468,968	1,084,000	103,802,850	170,582,870
Depreciation and impairment	-	-	-	-	-	-	-	-
Depreciation	931,241	-	-	-	-	-	-	931,241
At 30 June 2018	931,241	-	-	-	-	-	-	931,241
Depreciation	912,616	73,300	-	-	-	148,800	12,975,356	14,110,072
At 30 <sup>th</sup> June 2019	1,843,857	73,300	-	-	-	148,800	12,975,356	15,041,313
Depreciation	894,364	71,834	1,750,000	-	433,621	280,560	11,353,437	14,783,816
At 30 <sup>th</sup> June 2020	2,738,221	145,134	1,750,000	-	433,621	429,360	24,328,793	29,825,129
Net book values	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> June 2020	43,823,831	3,519,866	10,250,000	-	3,035,347	654,640	79,474,057	140,757,741

NB : Konoin TTI lies on 2.023 HECTARES piece of land donated by Koitwa Primary School.



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NOTES TO THE FINANCIAL STATEMENTS (Continued)

19 INTANGIBLE ASSETS-SOFTWARE

	2019-2020	2018-2019
<b>Cost</b>		
At beginning of the year	605,120	-
Additions	-	605,120
Cost end of the year	605,120	605,120
<b>Amortization and impairment</b>		
At beginning of the year	121,024	-
Amortization	121,024	121,024
Amortization at end of the year	242,048	121,024
<b>NBV</b>	<b>363,072</b>	<b>484,096</b>

20 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

	2019-2020	2018-2019
Trade payables	8,898,902	4,894,485
<b>Total trade and other payables</b>	<b>8,898,902</b>	<b>4,894,485</b>

21 BORROWINGS

	2019-2020	2018-2019
<b>Borrowings - Current portion</b>		
Commercial bank Loans	1,516,000	-
<b>Total current portion</b>	<b>1,516,000</b>	<b>-</b>
<b>Borrowings - Non-current portion</b>		
Commercial bank Loans	9,840,733	-
<b>Total Non-current portion</b>	<b>11,356,733</b>	<b>-</b>

22 PRIOR YEAR ADJUSTMENTS

	2019-2020	2018-2019
Accumulated surpluses at start of year	13,517,593	1,258,034
Prior year adjustment on investment recognised as tuition expense	3,000,000	-
	<b>16,517,593</b>	<b>1,258,034</b>

Prior year adjustment relates to shares purchased at Imarisha Sacco in year 2018/2019 but were erroneously recorded as tuition expenses. In the current year, this has been corrected

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)





**KONOIN TECHNICAL TRAINING INSTITUTE**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**  
**23 CASHFLOW FROM OPERATING ACTIVITIES**

(Deficit)/surplus for the year	4,566,748	102,174,437
Adjusted for:		
Add: prior year investment recorded as tuition expense		3,000,000
Depreciation	14,504,840	15,074,046
Non-cash grants received	-	(103,802,850)
Working Capital adjustments		
Increase in receivables	(1,642,008)	(14,460,653)
Increase in payables	4,407,192	4,894,485
Net cash flow from operating activities	22,236,772	6,879,465

**24 RELATED PARTY BALANCES**

**Government of Kenya**

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

- i) The National Government;
- ii) The Parent Ministry;

**25 EVENTS AFTER THE REPORTING PERIOD**

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

**26 ULTIMATE AND HOLDING ENTITY**

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

**27 CURRENCY**

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



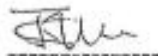
KONOIN TECHNICAL TRAINING INSTITUTE  
 ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020  
 APPENDIX I: INTER-ENTITY TRANSFERS

ENTITY NAME:		KONOIN TECHNICAL TRAINING INSTITUTE		
<b>Break down of Transfers from the State Department for Vocational and Technical Education</b>				
<b>FY 2019/2020</b>				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Capitation	10 July 2019	14,280,000	2018/2019
	Capitation	18 October 2019	9,982,500	2019/2020
	Capitation	4 June 2020	13,792,500	2019/2020
	<b>Total</b>		<b>38,055,000</b>	

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

Finance Manager  
 Konoini TTI

Sign



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

Sign-----

