


REPUBLIC OF KENYA



Enhancing Accountability



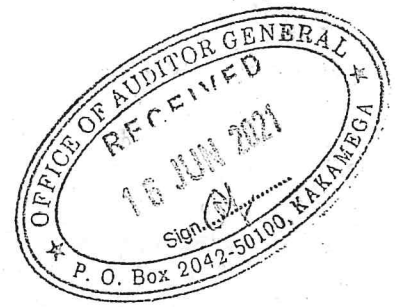
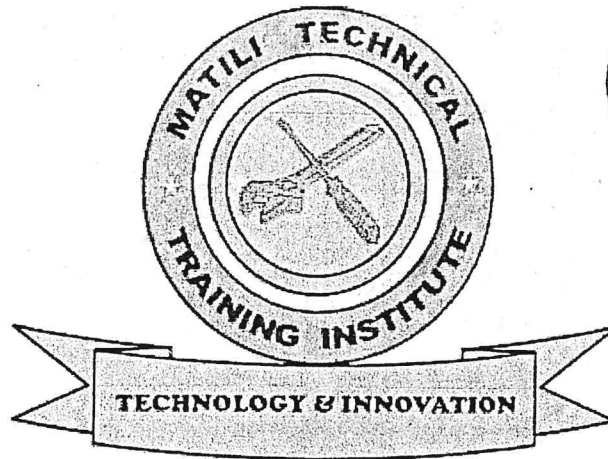
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|  THE NATIONAL ASSEMBLY REPORT | |
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THE AUDITOR-GENERAL

ON

MATILI TECHNICAL TRAINING INSTITUTE

**FOR THE YEAR ENDED
30 JUNE, 2019**



MATILI TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE, 2019

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

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

Matili Technical Training Institute was established in 1959 under the Vocational Youth Centre that was elevated to a Youth Polytechnic in 1971 the called a Village Polytechnic under the sponsorship of the Friends Church (Quakers). The Institute was elevated to its current status in April, 2009 when it was moved from the Ministry of Youth Affairs and Sports to the Ministry of Science and Technology. The Institute is registered by the Technical and Vocational Education and Training Authority under Certificate No. TVETA/PUBLIC/TVC/0020/2016.

(b) Principal Activities

Mission

The Institute exists to produce highly qualified personnel with knowledge skills and competencies to meet societal and industrial needs.

Vision

To be a renowned Centre of Excellence in Technical Training and Research in Science Technology and Innovation.

Institute Motto

Technology and Innovation

Core values

The Institute is guided by the following core values and competencies which form the corporate culture of the Institute:

- a) Passion for results
- b) Good governance
- c) Respect Equity and Equality
- d) Customer and community focus
- e) Professionalism and Integrity

(c) Key Management

The mandate of the Institute is executed through the Board of Governors represented in the day to day running of the Institute by:

- Board of Governors
- Principal
- Deputy Principal
- Registrar

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- Dean of Students
- Finance Officer
- Procurement Officer
- Head of Departments.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June, 2019 and who had direct fiduciary responsibility were:

| No. | Designation | Name |
|-----|---------------------|-----------------------|
| 1. | Principal | Mrs. Judith Sande |
| 2. | Deputy Principal | Mr. Fredrick Situma |
| 3. | Registrar | Mr. Fredrick Wambulwa |
| 4. | Dean of Students | Mr. Nicholas Oroni |
| 5. | Head of Finance | CPA Samuel Kituyi |
| 6. | Head of Procurement | Ms. Coldilda Wakukha |

(e) Fiduciary Oversight Arrangements

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(e) Entity Headquarters

Matili Technical Training Institute
P.O. Box 76-50204
Kimilili
Kimilili –Misikhu Highway
Bungoma, KENYA

(f) Entity Contacts

Matili Technical Training Institute
Telephone: (254) 707747007
E-mail: matilitechnicalcollege@yahoo.co.uk
Website: www.matilitechnical.ac.ke

(g) Entity Bankers

1. Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 60000
City Square 00200
Nairobi, Kenya

2. Kenya Commercial Bank
Bungoma, Kimilili Branch
P.O. Box 692 - 50204
Kimilili
Bungoma County, Kenya



(h) Independent Auditors

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

| | |
|--|---|
| | |
| <div style="text-align: center;">  <p>MRS. HELLEN BARASA (CHAIRPERSON)</p> </div> | <p>Mrs. Hellen Barasa was born on 6th March, 1951. She holds a Bachelor of Education Arts, Second Class Honours from the University of Nairobi. On her work experience, Hellen Barasa was a Teacher, Chwele Girls High School, Deputy Principal, Madzu Girls High School, Deputy Principal, Butere Girls High School, Deputy Principal, Ag. Principal, Nakuru High School and Principal, St. Theresa's Girls High School, Kimilili.</p> |
| <div style="text-align: center;">  <p>DR. BILLY NG'ONG'AH (MEMBER)</p> </div> | <p>Dr. Billy Ng'ong'ah was born in 1957. He holds Doctor of Philosophy Degree in Education from Maseno University, Master of Education, from Makerere University, Kampala, Bachelor of Arts Second Class (Hons) from Makerere University Kampala, Concurrent Diploma in Education from Makerere University Kampala, On his work experience, Dr. Billy Ng'ong'ah has been a Senior Lecturer, Mount Kenya University, Lecturer, GLUK, Lecturer – Maseno University, Assistant Lecturer, Maseno University, Tutorial Fellow, Maseno University, Graduate Teacher, Teachers Service Commission, Graduate Teacher, Kakira Senior Secondary School (Uganda), Untrained Teacher, Bujumba Secondary School, Chair, BoG Audit Committee.</p> |

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DR. CECILIA WANJALA
(MEMBER)

Dr. Cecilia Wanjala was born on 29th November, 1967. She is currently taking PhD in Strategic Management at the University of Nairobi. She holds Master Degree in Business Administration (Strategic Management), University of Nairobi, Bachelor of Pharmacy, University of Nairobi. Her other professional trainings include; Enterprise Development Agent, Ministry of Trade and Industry & Ministry of Youth Affairs in Collaboration with UNDP, Nairobi, Business Skills and Entrepreneurship Development, Ministry of Trade and Industry & Ministry of Youth Affairs in Collaboration with UNDP, Nairobi, Public Private Partnerships, Kenya School of Law, Mombasa, Monitoring and Evaluation, Amref, Kenya. On her work experience, Dr. Cecilia Wanjala has been Ag. Deputy Director, Commercial Enterprises at Kenya Medical Research Institute (KEMRI), Commercial Manager at Kenya Medical Supplies Authority (KEMSA), Ag. Customer Service Manager at Kenya Medical Supplies Authority (KEMSA), Regional Officer North Rift, Central and Upper Eastern, Cross Roads Pharmacy, Bungoma Western, Founder/ Owner/ Superintendent Pharmacist, Howse & McGeorge Laborex Limited (Laborex (K) Ltd), Branch Manager, Kisumu, Yatta Pharmacy, Machakos, Superintendent Pharmacist, Chair, BoG Planning, Finance, Development and Enterprise Committee.



MR. JONAH MISOI
(MEMBER)

Mr. Jonah Misoi was born in 1955. He holds Degree in Bachelor of Commerce, University of Nairobi, CPA III. His other professional trainings includes: Speed Innovation Seminar, Divergies Training, Sales Conference: Divergies Training, Tax Fraud and Related Crimes, KCA, Performance Management, Training Solutions, Business Strategy Development Workshop, Kipkorir and Associates, Project Management, The British Council, Kenya's Import/Export Policies and Exchange Regulations, PDS Kenya Limited Training Services, Mombasa. On his work experience, Mr. Jonah Misoi was Accountant I, Management Accountant, Assistant Chief Accountant, Senior Financial Accountant, Ag. Head of Finance at the Kenya Tea Packers Limited, Accountant I & II at the office of the President, Ministry of Environment and Natural Resources and the Treasury.



**MR. ALEX MWAURA
(MEMBER)**

Mr. Alex Mwaura was born on 19th November, 1955. He is currently a Registered PhD Candidate with Mount Kenya University. He holds Masters Education in Administration and Planning from Catholic University of Eastern Africa (CUEA), Bachelor of Education in Education Management from University of South Africa (UNISA), Advanced Certificate in Curriculum Design and Instructional Materials Development (Technical Training Institute) Madras, India, Diploma in Technical Education, KTTC (Kenya Technical Trainers College), Higher Diploma in Mechanical Engineering from Kenya Polytechnic. His other professional trainings include: Motor Vehicle Technician Part II, Kenya Polytechnic, Final Proficiency Craft Certificate in Motor Vehicle Electrical Workshop, Directorate of Industrial Training (DIT) and City and Guilds of London Institute, Government Trade Test grade I in Motor Vehicle Technician, Government Trade Test grade I in Motor Vehicle Mechanics, Certificate in Education Management, Kenya Education Staff Institute (KESI), Senior Management Course (SMC), Kenya Institute of Administration, Proficiency Computer Training Course (Packages), NIVTC.

On his working experience, Mr. Alex Mwaura has been a Part time Lecturer, Mount Kenya University, Part time Lecturer, Egerton University, Part time Lecturer, PUEA, Ministry of Industrialization and Enterprise Development, Kenya Industrial Training Institute (KITI) Nakuru, Principal Lecturer/College Registrar, Ministry of Labour and Human Resource Development, DIT, Assistant Director Curriculum (Research and Development), Ministry of Education Science and Technology; Directorate of Technical Training, Inspector of Technical Training and Technical Training Officer/Provincial Technical Training Officer (PTTO) Rift Valley Province, Ministry of Labour, Department of Industrial Training, Instructor Automotive Engineering, Ministry of Labour, Directorate of Industrial Training, Assistant Instructor Automotive Engineering, Office of the President, Kenya Police Transport Department, Assistant Workshop Supervisor, Office of the President, Kenya Police Transport Department, Trainee Motor Vehicle Electrician Craft Proficiency Level, Chair, BoG Research, Training, and Human Resource Committee.



ROSELYNN WASIKE
(MEMBER)

Ms. Roselynn Wasike was born in 1967. She holds a Master's Degree in Peace Conflict and Justice from the University of Sunderland, UK, Bachelor of Laws (Hons) from the University of Nairobi. Her other professional trainings include; Entry exam, from the Chartered Institute of Arbitrators, Kenya Branch; Interfaith Conflict Resolution, online education and training from the US Institute of Peace (USIP); Conflict Analysis, online education and training from the US Institute of Peace (USIP); Negotiation and Conflict Management online education and training from the US Institute of Peace (USIP) and Classes for Certified Public Secretary (CPS) Course

On her work Experience, Ms. Roselynn Wasike has been the Managing Director, Happy Trio Ltd, Bungoma, Consultants Ltd, Consultant/ Entrepreneur, Luq; Legal Officer, Jamii Bora Makao Ltd; Legal Officer at Jamii Bora Trust; a Senior Assistant Programme Officer, Training and Capacity Building, Peace and Development Network Trust (Peace Net), Kenya; Consultant GTZ Water Sector Reform Programme in Nairobi; a Consultant trainer, Kisere Wilderness Safari, Ikambi Ltd (incorporates a College of community interpreters); Facilitator, Southern Sudan, KiechKuon and Walgak, Upper Nile Southern Sudan; Intern, External Relations and Strategic Planning Unit, International Criminal Tribunal for Rwanda, Arusha, Tanzania; Administrative Assistant, Mental Health Matters, Sunderland, UK; Head, Legal/Administration Department In-charge, Membership, Information and Friends at Heart Project, Jamii Bora Trust (JBT); Editor/ In-charge, Girl-child education program, Wildlife Clubs of Kenya (WCK); Legal/ Information/ Program Officer, African Housing Fund (AHF) and Vocational employee, East Africa Industries Ltd (now Unilever Kenya Ltd),



MRS JUDITH SANDE
(PRINCIPAL/SECRETARY, BOG)

Mrs. Judith Sande was born on 6th January, 1967. She holds Master of Science Community Nutrition & Development from Maseno University, Bachelor of Education, Home Economics from Kenyatta University. Her other professional Trainings includes; Senior Leadership Development Program, Kenya School of Government, Embu, Higher National Diploma (Human Resource) at Ramogi Institute of Advanced Technology.

On her work experience, Mrs. Judith Sande is a Principal Trainer, Food and Beverage at Matili Technical Training Institute, Job Group Q (Senior Principal Vocational & Technical Trainer), she has also been a D/Principal Trainer, Food & Beverages at Ramogi Institute of Advanced Technology, Senior Principal Teacher, Job Group P, D/Principal Trainer, Food & Beverage at Sigalagala TTI, Senior Principal Trainer, Job Group P, D/Principal Trainer, Food & Beverage at Ramogi Institute of Advanced Technology, Principal, Job Group N, Trainer Food & Beverage at Ramogi Institute of Advanced Technology, Graduate Teacher 1, Job Group M, HoD & Teacher, Home Science Technology at Kisumu Girls, Graduate Teacher II, Job Group M, Trainer, Food & Beverage at Ramogi Institute of Advanced Technology, Graduate Teacher III, Job Group L, Teacher, Home Science Technology at Kapsengere High School, Teacher, Job Group K.

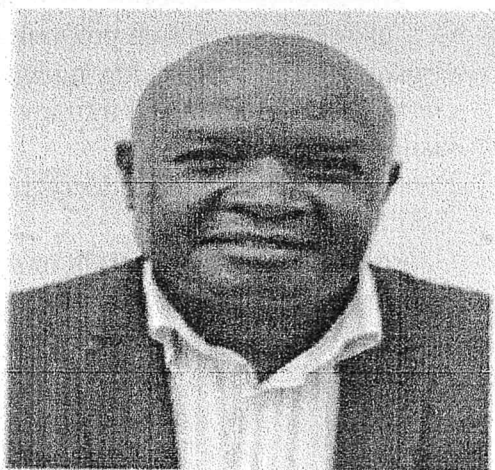
MANAGEMENT TEAM



MRS. JUDITH SANDE
(PRINCIPAL/SECRETARY BOG)

Master of Science Community Nutrition &
Development, Bachelor of Education, Home
Economics

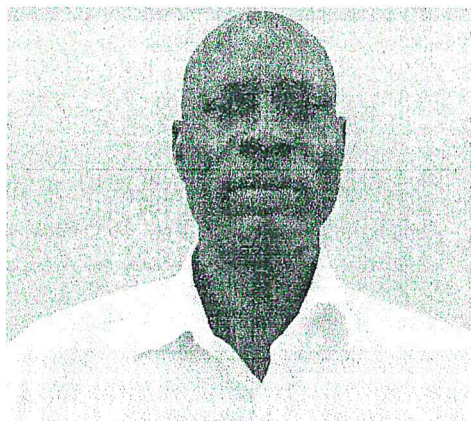
- Being overall head of Institution under the direction of the Board of Governors.
- Serving as the Secretary to the managing authority of the Institution.
- Promoting linkages between the Institution and the neighbouring communities and organizations.



MR. FREDRICK SITUMA
(DEPUTY PRINCIPAL)

Bachelor of Education (Science)

- Administering of the Institution's in the absence of the Principal.
- Coordinating all the departments and ensuring that the approved curriculum is implemented.
- Maintaining student disciplinary in the Institution.
- Guiding and counselling of trainers and trainees.
- Initiating and supervising of income-generating activities in the departments.



MR. FREDRICK WAMBULWA
(REGISTRAR)

Masters of Education, Post Graduate Diploma in
Education, Bachelor of Science(Wood Science &
Technology)

- Head of Registry section.
- Ensuring Admissions and registration of students.
- Coordinating the marketing of college programmes.
- Assessing teaching manpower needs in the Institution.
- Serving as secretary to the Academic Board and Heads of Departments' meetings.



MR. NICHOLAS ORONI
(DEAN OF STUDENTS)

Masters in Education
Bachelor of Education in Technology
Diploma in Education Management

- Head of Students affairs in the Institution.
- Organizing of orientation programmes.
- Organizing and supervising students' elections, installation and training of student leaders.
- Ensuring utilization of student's recreational facilities.
- Coordinating the organization of students' government public lectures, clubs and societies.



**CPA SAMUEL KITUYI
(FINANCE OFFICER)**

Bachelor of Commerce - Finance Option
Diploma Business Administration
CPA-K

- In charge of Finance and Accounts department.
- Preparation of financial reports.
- Preparation of annual financial budgets.
- Financial Advisor to the college.
- Ensuring proper financial controls are in place.



**Ms. COLDILDA WAKUKHA
(PROCUREMENT OFFICER)**

Bachelor of Commerce
(Purchasing and Supplies Management option)

- Administering the procurement section.
- Preparing and analysing of tender documents.
- Preparing procurement plan.
- Ensuring inspection of goods delivered by suppliers.
- Advising on matters relating to procurement.
- Ensuring all departmental inventories are maintained and updated.
- Conducting periodic market survey for cost and price analyses.



CHAIRMAN'S STATEMENT

In the Financial Year 2018/2019, I commit to support Matili Technical Training Institute in meeting the National Values by promoting good governance, inclusive of decision making, respect of rule of law and moral uprightness, transparency and accountability, equity and fairness in performance of all activities of the Institute. Tolerance of cultural diversity, gender belief system, tribe and respect for self and others are national values that I upheld during my service as the Chair of the Board.

In the Financial Year 2018/2019 the Board endeavoured to complete old pending projects, employ competent technicians, improve training facilities enhance the Management Information System in the Institution and also enhance cohesion among the stakeholders.

This financial statement reports how the Institute attained the strategic objectives set out in the Strategic Plan 2017-2022 through meeting the targets, the budget and the Performance Contract for the Financial Year 2018/2019.

Among the outstanding achievements reported in this financial statement include installation of Management Information System (MIS) for Finance and Admission, the completion of the five Technical & Vocational Colleges (TVCs) under the mentorship of the Institution, funding research and Innovation programs in the Institution both at regional and National level competitions, funding development projects in the Institution and Oversighting training programs in the Institution.

I would like to express my gratitude and appreciation to the Government of Kenya who have relentlessly funded the Institution projects training and employed trainers and administrators in the Institution. On behalf of the Board, I would like to thank the parents, guardians and other funders, investors and all the Matili Technical Training Institute partners for their support. I also extend my appreciation to Matili Technical Training Institute Management and staff for their continued dedication to the college and its Vision and Mission.



CHAIR BOG



REPORT OF THE PRINCIPAL

It is of great privilege to lead the trainers, staff and trainees and the management team to present the financial report on the Financial Year 2018/2019 for Matili Technical Training Institute which ended on 30th June, 2019. It is our objective to make each trainee to acquire skills preparing them for the job market and any future challenges in an exciting and increasingly global world.

The vision of our Institution is to be a renowned Center of Excellence in Technical Training and Research in Science, Technology and Innovation.

The Institute exists to train and provide highly qualified personnel with knowledge, skills and competencies to meet societal and industrial needs.

The Financial Year 2018/2019 was yet another memorable year for Matili Technical Training Institute. The entire Matili Technical Training Institute community from academics to professional and administrative staff excelled in many areas on many forums. We measure our success by an array of yard sticks, be they increase in enrolment, increase in courses and skills offered, participation in co-curricular activities, increase in asset acquisition, participation in research and innovation and recruitment of qualified key staff in the Institution.

So far, we are achieving reasonable level of diversity among trainees, thanks to a market campaign to widen our trainee applicant pool. I'm pleased to report that our student enrolment grew by 300 during the Financial Year 2018/2019 from an enrolment of 400 to 1200. Figures also show that Matili Technical Training Institute continues to attract higher enrolment in Science Engineering and Technology (SET) courses which makes our Institution a real TVET Institution.

We have responded to HIV and AIDs at a significant level through HIV and AIDs related campaigns. Voluntary Counselling and Testing (VCT) provision further improved in the year 2018/2019 with an increase in the HIV testing of our trainers, staff and trainees.

The College takes cognizance of the key goal of Kenya's education policy that every Kenyan participates in education and training up to their potential.

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I am hereby committed to:

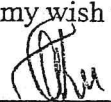
- i. Implement Competency-based education and training through skills, instructive design, development and delivery to rebranding the College to attract trainees.
- ii. Developing and implementing a standard for identification and recognition as a Centre of Excellence.
- iii. Institutionalizing Institute's industry inputs into training
- iv. Pursuing expansion of programs at all levels to accelerate a sustainable gross enrolment ration at least 5000 trainees by 2022.
- v. Provide adequate and quality competency-based training opportunities.
- vi. Ensure that courses are market driven and address workplace needs and promote soft generic life skills in partnership with relevant private sectors and professional bodies for employability alumni.

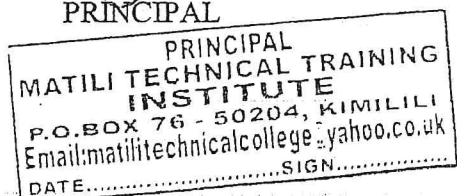
In the Financial Year 2018/2019 Matili Technical Training Institute carried out the functions under its budget and mandate through various training and support departments. The achievements during this Financial Year among others include:

1. Training and presenting for national Examinations over 600 candidates at various levels of training.
2. The Board of Governors held a retreat for 2 days in review of the Board performance.
3. A 3-phase transformer was installed at the Matili B complex.
4. The mentoring of the five Technical and Vocational Colleges continued during this Financial Year which included:
 - a) Bungoma North Technical and Vocational College
 - b) Kiminini Technical and Vocational College
 - c) Webuye West Technical and Vocational College
 - d) Loima Technical and Vocational College
 - e) Turkana North Technical and Vocational College
5. In this Financial Year, all the 1st and 2nd Moieties were paid for the duly completed projects.
6. Constructed Four make-shift tuition rooms with a capacity of 50 each were constructed at Matili B.
7. This is the year when the Strategic Plan 2017-2022 review was initiated.
8. The Institution participated in a number of research and innovation at both regional levels and national levels. The financial statement for the Financial Year 2018/2019 was a clear reflection of budget for the Financial Year 2018/2019.

I'm confident that the financial base built in the Financial Year 2018/2019 shall provide a strong foundation for the year 2019/2020. It has been a wonderful journey and I'm grateful for the unstinting support of my Principal's Management Committee and indeed every member of the Matili Technical Training Institute community.

It is my wish that Matili Technical Training Institute continues to grow from strength to strength.


PRINCIPAL



CORPORATE GOVERNANCE STATEMENT

Board and Management Succession

The Board will put in place a succession plan for both the Board and Management and review the same regularly.

Existence of the Board Charter

This Board of Governors Charter exists and it defines the Board's roles and responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic oversight function. It provides the Board members with an opportunity to think creatively and critically about how their strategic and operational plans align with the organization's strategic direction and expectations, with respect to governance. The Charter will help the Board in directing Matili Technical Training Institute to maximize the long term value of services provided for all stakeholders.

The Charter has been adopted by the Institute, acting in accordance with Mwongozo, Code of Governance for State Corporations ('the Code'), and is complementary to the requirements regarding the Board and Board members contained in applicable Kenyan laws and regulations.

The Board of Governors will review this Charter at least annually and, if appropriate, revise this Charter from time to time. This Charter is available to all members of the Board for application and is posted on the Institute's website for the information of stakeholders.

Process of Appointment and removal of Board Members

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

Evaluations are conducted to review the Board's role, Board processes and committees to support that role and the performance of the Board and each governor. This is undertaken using a variety of techniques including external consultants, and Board discussion. The last full Board performance review, was conducted in February, 2019 vide the retreat whose main agenda was review of the performance for the year 2018.

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OVERVIEW OF THE THREE STANDING COMMITTEES OF THE BOARD

An overview of the role and responsibilities, membership and meetings of the Board's three standing Committees is provided in the table below.

Committee meetings are scheduled to coordinate with the Board meeting cycle. Each Committee reports to the Board at the subsequent Board meeting and makes recommendations to the Board for consideration as appropriate.

| | RESEARCH, TRAINING AND HUMAN RESOURCE COMMITTEE | PLANNING, FINANCE, DEVELOPMENT AND ENTERPRISE COMMITTEE | AUDIT AND RISK ASSURANCE COMMITTEE |
|-----------------------------------|---|---|---|
| ROLES AND RESPONSIBILITIES | <ol style="list-style-type: none"> 1. Provide assurance (or otherwise) to the Academic Board that academic oversight assures the quality of research and research training effectively, including by: developing, monitoring and reviewing academic policies and their effectiveness. 2. To formulate policy on all research related matters which impact on the strategic objectives of the College. 3. To consider and make recommendations on matters of policy relating to research including matters referred to it by the Board and other College committees 4. To review and oversee the implementation on College's policy on research ethic. 5. To monitor, primarily through the feedback mechanism of the Research Forum², the | <ol style="list-style-type: none"> 1. Provide direction to the Board for fiscal responsibility. Alongside this is the responsibility for future long-term planning and the development of strategies to back up the plan. 2. Ongoing review of institute's revenue and expenditure, balance sheet, investments and other matters related to its continued solvency. 3. Approve the annual budget and submit it to the Board for approval. 4. Ensure the maintenance of an appropriate capital structure. 5. Oversee the maintenance of Institutional-wide assets, including prudent management of Matili Technical | <ol style="list-style-type: none"> 1. Overseeing, reviewing and advising the Board on Matili TTI's risk management policy and processes; (which includes oversight of Health & Safety assurance and climate related risks and opportunities); 2. Internal control mechanisms and internal and external audit functions; compliance policies and processes; and financial information prepared by management for publication. 3. Management retains responsibility for the implementation and operation of adequate risk assurance, internal control and audit systems. The Board has delegated to the Audit and Assurance, oversee and monitor these activities. |

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| | <p>relevance and efficacy of established policy - addressing shortcomings and anomalies so as to facilitate high quality research activities within the College structures.</p> <p>6. To oversee quality assurance and improvement measures in respect of research activity, including the efficacy of research quality measures.</p> <p>7. To advise the Dean of Research in his role in reporting internally and externally on research and related matters.</p> <p>8. To review Annual Reports relating to research matters and to make recommendations to Council.</p> <p>9. To approve procedures for allocating research funds and monitor their implementation.</p> <p>10. To establish Advisory Committees and Working Groups as required to develop and oversee policy in respect of research matters.</p> | <p>Training Institute's assets and risk exposure.</p> | |
| <p>Meetings</p> | <p>At least three times annually. During the reporting period, the Committee met four times</p> | <p>At least three times annually. During the reporting period, the Committee met four times.</p> | <p>At least annually. During the reporting period, the Committee met two times.</p> |

Resignation from the Board

A Board member may resign at any time by giving notice, in writing, to the appointing authority, copied to the Chairperson of the Board and the CEO/Principal of the Institute.

The resignation shall take effect upon receipt of notice by the appointing authority or at any later time specified therein; and unless otherwise specified in the notice, the acceptance of such resignation shall not be necessary to make it effective.

Board Responsibilities

The basic responsibility of the Board members is to exercise their best judgment and to act in a manner that they reasonably believe to be in the best interest of the organization and its stakeholders. In discharging that obligation, the members should be entitled to rely on the honesty and integrity of the Institute's management, staff and its external professional advisors and auditors.

In furtherance of its responsibilities, the Board will:

- a) Determine the Institute's Mission, Vision, Purpose and Core Values;
- b) Review, evaluate and approve, on a regular basis, long-term plans for the Institute;
- c) Review, evaluate and approve the Institute budget and financial forecasts;
- d) Review, evaluate and approve major resource allocations and capital investments;
- e) Ensure that the procurement process is cost-effective and delivers value for money;
- f) Review and approve the operating and financial results of the Institute;
- g) Ensure effective, accurate, timely and transparent disclosure of pertinent information on the Institute operations and performance;
- h) Ensure that effective processes and systems of risk management and internal controls are in place;
- i) Review, evaluate and approve the overall Institute structure, the assignment of senior management responsibilities and plans for senior management development and succession;
- j) Review, evaluate and approve the remuneration structure of the Institute;
- k) Adopt, implement and monitor compliance with the Institute's Code of Conduct and Ethics;
- l) Review on a quarterly basis the attainment of targets and objectives set out in the agreed performance measurement framework with the Government of Kenya;
- m) Review periodically the Institute's strategic objectives and policies relating to sustainability and social responsibility/investment;
- n) Enhance the Institute's organization's public image and ensure engagement with stakeholders through effective communication;
- o) Monitor compliance with the Constitution, all applicable laws, regulations and standards;
- p) Review, monitor and ensure that the Institute is effectively and consistently delivering on its mandate.

Responsibilities of Individual Board Members

Each Board member shall:

- a) Exercise the highest degree of care, skill and diligence in discharging their duties;
- b) Act in the best interest of the Institute and not for any other purpose;
- c) Act honestly at all times and must not place themselves in a situation where their personal interests' conflict with those of the Institute;
- d) Exercise independent judgment;

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- e) Devote sufficient time to carry out their responsibilities, regularly update their knowledge and enhance their skills;
- f) Promote and protect the image of the Institute;
- g) Owe their duty to the Institute and not to the nominating or appointing authority; and
- h) Owe the Institute the duty to hold in confidence all information available to them by virtue of their position as a Board member.

Induction and Training

In order to provide directions for the effective governance and oversight of the Institution, the Ministry of Education conducts induction and Training of the new board. The inductions program runs for three days for and covers a variety of areas including; Rationale & Status of On-going Reforms, An Overview of Mwongozo. The Role of Boards & Its Organs, Legal & Institutional framework for governance of TVET Institutions, Obligations, Accountability & Internal Controls in TVETs, Highlight on Key Policy Issues Governing Board Operations, The Role of Board in Organizational Competency Development, Board Dynamics & Evaluation (including Board tools), Statutory & Legal compliance, Risk Management in State Corporations, Institutionalizing Anti-Corruption Mechanism in TVETs, Ethical Leadership on Boards, Public Procurement and Disposal in TVETs.

Board Performance

The Board will conduct an annual evaluation to appraise its performance. This evaluation will be carried out in accordance with the Board Evaluation Tool.

The Board evaluation provides an opportunity for Board members to identify strengths, collective skill gaps and individual areas of improvement. The Board will also review the performance of each committee against the agreed Terms of Reference.

The Board will also evaluate the performance of the CEO/Principal/Secretary to the Board.

Conflict of Interest

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

Board members are required to avoid conflict of interest and deal at arms-length in any matter that relates to the Institute. However, a Board member who identifies an area of conflict shall be required to disclose any actual or potential conflict of interest to the Board. In so reporting, the Board member is required to provide all relevant information, including information which relates to their immediate family members by blood or marriage which is related to the area of conflict. When declared, the Board member shall abstain from decisions where the conflict exists.

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

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Board Remuneration

Board members shall be remunerated for their services in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant authority. In line with best practice, the remuneration should include base pay, attendance allowances and bonuses.

Ethics and Conduct

Code of Ethics for Board Members Goal aims establishing a set of principles and practices of the Matili Technical Training Institute Board of Governors that will set parameters and provide guidance and direction for board conduct and decision-making.

Members of the Board of Governors of Matili Technical Training Institute are committed to observing and promoting the highest standards of ethical conduct in the performance of their responsibilities on the Board of Matili Technical Training Institute. Board members pledge to accept this code as a minimum guideline for ethical conduct and shall:

Accountability:

1. Faithfully abide by the Articles of Incorporation, by-laws and policies of Matili Technical Training Institute.
2. Exercise reasonable care, good faith and due diligence in organizational affairs.
3. Fully disclose, at the earliest opportunity, information that may result in a perceived for actual conflict of interest.
4. Fully disclose, at the earliest opportunity, information of fact that would have significance in board decision-making.
5. Remain accountable for prudent fiscal management to association members, the board, and non-profit sector, and where applicable, to government and funding bodies. Professional Excellence.
6. Maintain a professional level of courtesy, respect, and objectivity in all Matili Technical Training Institute activities.
7. Strive to uphold those practices and assist other Matili Technical Training Institute members of the board in upholding the highest standards of conduct Personal Gain.
8. Exercise the powers invested for the good of all members of the Institute rather than for his or her personal benefit, or that of the non-profit they represent.

Equal Opportunity:

9. Ensure the right of all association members to appropriate and effective services without discrimination on the basis of geography, political, religious, or socio-economical characteristics of the state or region represented.
10. Ensure the right of all association members to appropriate and effective services without discrimination on the basis of the organization's volunteer or staff make-up in respect to gender, sexual orientation, national origin, race, religion, age, political affiliation or disability, in accordance with all applicable legal and regulatory requirements. Confidential Information
11. Respect the confidentiality of sensitive information known due to board service. Collaboration and Cooperation
12. Respect the diversity of opinions as expressed or acted upon by the Matili Technical Training Institute board, committees and membership, and formally register dissent as appropriate.

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13. Promote collaboration, cooperation, and partnership among association members.

Governance Audit

The Board should ensure that a governance audit of the Institute is undertaken on an annual basis. The purpose of the governance audit is to ensure that the Institute conforms to the highest standards of good governance. The governance audit should cover the following parameters among others:

- a) Leadership and strategic management;
- b) Transparency and Disclosure;
- c) Compliance with Laws and Regulations;
- d) Communication with stakeholders;
- e) Board independence and governance;
- f) Board systems and procedures; and
- g) Consistent stakeholders' value enhancement

MANAGEMENT DISCUSSION AND ANALYSIS

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Financial year ending 30th June, 2019.

Our approach to Corporate Social Responsibility (CSR) reflects the steps that we are taking to ensure we are, and remain, a good corporate citizen. Social responsibility encompasses everything we do that has an impact on society around us – it is our values and behaviour as a Public Entity.

Our role in supporting education, training and research makes a valuable contribution to the continuing development of a training society. As a TVET Institution that champions competency based for our trainees, and online research and learning resources and services, we also support our members to deliver against their environmental priorities.

We are committed to ensuring that Matili Technical Training Institute is a responsible corporate citizen. To do this, we must:

- Minimise the environmental impact of our corporate activities;
- Identify and address issues of equality, diversity and inclusion amongst our current and future workforce;
- Ensure that employees are supported in their mental and physical health and treated with dignity, respect and in accordance with basic human rights;
- Enhance our fundraising and volunteering activities for third party good causes;
- Understand our suppliers' commitments to CSR issues and practices and ethical approaches to business in our investment strategy.

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Our achievements:

In 2018 - 2019 we demonstrated our commitment:

- To the environment – by beginning a carbon offsetting initiative with a tree planting day, planted 500 trees in the neighbouring secondary school.
- To the wellbeing of our employees – by participating in reproductive health days at the Institution and training peer counsellors.
- To supporting staff in volunteering – by giving employees an opportunity to raise funds for the bereaved staff, we also constructed a shade for the motorcyclists at Matili Technical Training Institute gate so that they are not negatively affected by adverse weather conditions.

REPORT OF THE BOARD OF GOVERNORS

The Board members submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of Matili Technical Training Institute affairs.

Principal activities

The principal activities of the entity are to provide technical training services.

Results

The results of Matili Technical Training Institute for the year ended June 30th June, 2019 are set out.

BOARD OF GOVERNORS

The members of the Board who served during the year are shown on page v- xxii. During the year no member of the Board retired/resigned.

BOARD OF GOVERNORS MEETING ATTENDANCE AS AT 30TH JUNE, 2019

| NO. | NAME | FULL BOARD OF GOVERNORS | |
|-----|---------------------|-------------------------|-----------|
| | | DATE | DATE |
| | | 25/10/2018 | 28/2/2019 |
| 1 | Mrs. Hellen Barasa | ✓ | ✓ |
| 2 | Dr. Billy Ng'ong'ah | ✓ | ✓ |
| 3 | Dr. Cecilia Wanjala | ✓ | ✓ |
| 4 | Mr. Jonah Misoi | ✓ | ✓ |
| 5 | Mr. Alex Mwaura | ✓ | ✓ |
| 6 | Ms. Roselynn Wasike | ✓ | ✓ |
| 7 | Mr. Philip Wekesa | - | ✓ |
| 8 | Mr. George OLewe | ✓ | - |
| 9 | Mrs. Judith Sande | ✓ | ✓ |
| 10 | Mr. Fredrick Situma | ✓ | - |

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| NO. | NAME | SPECIAL FULL BOARD OF GOVERNORS | | |
|-----|---------------------|---------------------------------|-----------|-----------|
| | | DATE | DATE | DATE |
| | | 3/4/2019 | 21/5/2019 | 29/6/2019 |
| 1 | Mrs. Hellen Barasa | ✓ | ✓ | ✓ |
| 2 | Dr. Billy Ng'ong'ah | ✓ | ✓ | ✓ |
| 3 | Dr. Cecilia Wanjala | ✓ | - | ✓ |
| 4 | Mr. Jonah Misoi | ✓ | ✓ | ✓ |
| 5 | Mr. Alex Mwaura | ✓ | ✓ | ✓ |
| 6 | Ms. Roselynn Wasike | ✓ | - | - |
| 7 | Mr. Philip Wekesa | ✓ | ✓ | ✓ |
| 8 | Mr. George OLewe | ✓ | ✓ | ✓ |
| 9 | Mrs. Judith Sande | ✓ | ✓ | ✓ |
| 10 | Mr. Fredrick Situma | ✓ | - | ✓ |

BOARD OF GOVERNORS COMMITTEE MEETING ATTENDANCE AS AT 30TH JUNE 2019

| NO. | NAME | PLANNING, FINANCE, DEVELOPMENT AND ENTERPRISE BOARD OF GOVERNORS COMMITTEE | | |
|-----|---------------------|--|-----------|-----------|
| | | DATE | DATE | DATE |
| | | 1/10/2018 | 26/2/2019 | 25/6/2019 |
| 1 | Dr. Cecilia Wanjala | ✓ | ✓ | ✓ |
| 2 | Mr. Jonah Misoi | - | ✓ | ✓ |
| 3 | Mrs. Hellen Barasa | ✓ | - | ✓ |
| 4 | Mr. Philip Wekesa | - | ✓ | ✓ |
| 5 | Mr. George OLewe | ✓ | ✓ | ✓ |
| 6 | Mrs. Judith Sande | ✓ | ✓ | ✓ |
| 7 | Fredrick Situma | - | ✓ | ✓ |

| NO. | NAME | RESEARCH, TRAINING AND HUMAN RESOURCE BOARD OF GOVERNORS COMMITTEE | |
|-----|---------------------|--|-----------|
| | | DATE | DATE |
| | | 15/10/2018 | 25/2/2019 |
| 1 | Mr. Alex Mwaura | ✓ | ✓ |
| 2 | Dr. Billy Ng'ong'ah | ✓ | ✓ |
| 3 | Ms. Roselynn Wasike | ✓ | ✓ |
| 4 | Mrs. Judith Sande | ✓ | ✓ |
| 5 | Mr. George OLewe | ✓ | - |
| 6 | Mrs. Hellen Barasa | ✓ | - |
| 7 | Fredrick Situma | ✓ | - |

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| NO. | NAME | AUDIT BOARD OF GOVERNORS COMMITTEE | |
|-----|---------------------|------------------------------------|-----------|
| | | DATE | DATE |
| | | 7/9/2018 | 15/2/2019 |
| 1 | Dr. Billy Ng'ong'ah | ✓ | ✓ |
| 2 | Mr. Jonah Misoi | ✓ | ✓ |
| 3 | Ms. Roselynn Wasike | ✓ | ✓ |
| 4 | Mr. George OLewe | ✓ | ✓ |
| 5 | Mrs. Judith Sande | ✓ | ✓ |
| 6 | Mrs. Hellen Barasa | ✓ | - |
| 7 | Mr. Fredrick Situma | - | ✓ |

| NO. | NAME | AD HOC BOARD OF GOVERNORS COMMITTEE | | |
|-----|---------------------|-------------------------------------|------------|-----------|
| | | | DATE | DATE |
| | | 21/7/2018 | 15/11/2018 | 14/5/2019 |
| 1 | Mrs. Hellen Barasa | - | ✓ | ✓ |
| 2 | Ms. Roselynn Wasike | - | ✓ | ✓ |
| 3 | Mr. George OLewe | - | - | ✓ |
| 4 | Mrs. Judith Sande | ✓ | ✓ | ✓ |
| 5 | Mr. Jonah Misoi | ✓ | - | - |
| 6 | Dr. Cecilia Wanjala | ✓ | - | - |
| 7 | Mr. Fredrick Situma | ✓ | - | - |

| NO. | NAME | OTHER BOARD OF GOVERNORS MEETING | | |
|-----|---------------------|----------------------------------|----------|--------------------|
| | | RETREAT | | INTERNAL INTERVIEW |
| | | DATE | DATE | DATE |
| | | 1/2/2019 | 2/2/2019 | 7/6/2019 |
| 1 | Mrs Hellen Barasa | ✓ | ✓ | ✓ |
| 2 | Dr. Billy Ng'ong'ah | ✓ | ✓ | ✓ |
| 3 | Mr. George OLewe | ✓ | ✓ | ✓ |
| 4 | Mrs. Judith Sande | ✓ | ✓ | ✓ |
| 5 | Dr. Cecilia Wanjala | ✓ | ✓ | ✓ |
| 6 | Mr. Jonah Misoi | ✓ | ✓ | ✓ |
| 7 | Mr. Alex Mwaura | ✓ | ✓ | ✓ |
| 8 | Ms. Roselynn Wasike | ✓ | ✓ | ✓ |
| 9 | Mr. Philip Wekesa | ✓ | ✓ | ✓ |
| 10 | Mr. Fredrick Situma | ✓ | ✓ | ✓ |

MATLI TECHNICAL TRAINING INSTITUTE
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Auditors

The Auditor General is responsible for the statutory audit of Matili Technical Training Institute in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Certified Public Accountants were nominated by the Auditor General to carry out the audit Matili Technical Training Institute for the year/period ended June 30, 2019 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Corporate Secretary

Nairobi

Date:.....

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

STATEMENT OF BOARD OF GOVERNORS/COUNCIL MEMBERS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and (*section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013*)- require the council members to prepare financial statements in respect of Matili Technical Training Institute, which give a true and fair view of the state of affairs of Matili Technical Training Institute at the end of the financial year/period and the operating results of Matili Technical Training Institute for that year/period. The council members are also required to ensure that Matili Technical Training Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of Matili Technical Training Institute. The council members are also responsible for safeguarding the assets of Matili Technical Training Institute.

The council members are responsible for the preparation and presentation of Matili Technical Training Institute financial statements, which give a true and fair view of the state of affairs of Matili Technical Training Institute for and as at the end of the financial year (period) ended on June 30, 2019. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of Matili Technical Training Institute, (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The council members accept responsibility for the Matili Technical Training Institute 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 State Corporations Act, and the TVET Act*) –No. TVETA/PUBLIC/TVC/0020/2016. The council members are of the opinion that the *entity's* financial statements give a true and fair view of the state of Matili Technical Training Institute transactions during the financial year ended June 30th, 2019, and of the Matili Technical Training Institute financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the Matili Technical Training Institute, which have been relied upon in the preparation of the Matili Technical Training Institute, financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the council members to indicate Matili 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 Matili Technical Training Institute financial statements were approved by the Board on 30TH June 2019 and signed on its behalf by:

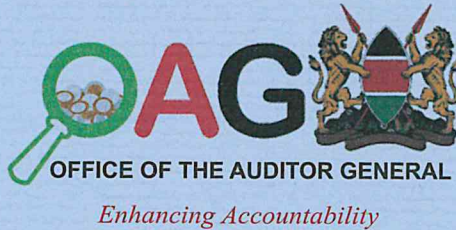

Board Member


Board Member


Board Member

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 MATILI TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Matili Technical Training Institute set out on pages 1 to 40, which comprise of the statement of financial position as at 30 June, 2019, statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Matili Technical Training Institute as at 30 June, 2019, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and do not comply with the Technical and Vocational Education and Training (TVET) Act, 2013 and the Public Finance and Management Act, 2012.

Basis for Adverse Opinion

1. Inaccuracies in the Financial Statements

1.1 Statement of Financial Performance

The statement of financial performance and Note 7 to the financial statements reflects rendering of services fees from students balance of Kshs.67,534,654. However, the system generated ledger presented for audit review reflects a balance of Kshs.58,835,268, resulting to an unsupported variance of Kshs.8,699,385. In the circumstances, it was not possible to ascertain accuracy and completeness of the rendering of services figure of Kshs.67,534,654 reflected in the statements of financial performance.

Further, the statement reflects employee costs of Kshs.10,000,689 which differ with the payroll figure of Kshs.12,175,916, resulting to unreconciled variance of Kshs.2,175,227. In the circumstances, it was not possible to ascertain correctness of the expenditure of Kshs.10,000,689 reflected in the statement of financial performance under employee costs.

1.2 Statement of Cash Flows

The statement of cash flows reflects development grants (food & beverage complex) balance of Kshs.14,837,854. Included in this balance is Kshs.12,290,604 which relates to the prior year. Inclusion of the cash inflows recorded outside the period under review contravenes best practice of restricting the report within the twelve months ended 30 June, 2019. Further, the statement reflects cash and cash equivalent balance as at 30 June, 2021 of Kshs.71,775,448 which differs with the recalculated balance of Kshs.69,391,146 resulting to an unreconciled balance of Kshs.2,384,289.

In the circumstances, it was not possible to ascertain accuracy of the statement of cash flows for the year under review.

1.3 Unsupported Comparative Balances

The statement of changes in net assets reflects brought forward balances totalling Kshs.360,398,270 which have not been supported or explained. Similarly, the statement of financial position and Note 19 to the financial statement reflects properly, plant and equipment balance of Kshs.352,868,797. Included in this balance is prior year balances totalling Kshs.81,406,396 which have not been explained or supported.

In the circumstances, the accuracy of the financial statements for the year ended 30 June, 2019 could not be confirmed.

2. Lack of Valuation of Property, Plant and Equipment

The statement of financial position reflects a balance of Kshs.352,868,797 in respect of net book value of the property, plant and equipment as at 30 June, 2019 as detailed at Note 19 to the financial statements. However, there was no valuation report by a competent professional valuer indicating the current value of the assets or record supporting the balance. Further, it was noted that there is no depreciation policy put in place thus no depreciation charge for the financial year under review.

In the circumstances, it was not possible to ascertain accuracy of the closing net book value of the property, plant and equipment balance of Kshs.352,868,797 reflected in the statement of financial position under review.

3. Cash and Cash Equivalents

It was noted that the cash and cash equivalents balance of Kshs.71,775,438 as detailed under Note 16 to the financial statements differ with the cash book balances totalling Kshs.71,841,483, resulting to an unreconciled variance of Kshs.66,045.

In the circumstances, it was not possible to ascertain accuracy of the cash and cash equivalents balance of Kshs.71,775,438 reported as at 30 June, 2019.

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

Key Audit Matters

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

Other Matter

Budget Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparison basis of Kshs.81,548,800 and Kshs.93,260,744 respectively resulting to an over-funding of Kshs.11,711,944 or 14% of the budget. Similarly, the Institute expended Kshs.54,645,839 against an approved budget of Kshs.57,252,920 resulting to an under-expenditure of Kshs.2,607,081 or 5% of the budget. In addition, the statement of comparison of budget and actual accounts reflects actual revenue and expenses balances of Kshs.93,260,744 and Kshs.54,645,839 respectively, while the statement of financial performance reflects actual revenue and expenses balances of Kshs.95,067,725 and Kshs.64,168,280. The variances have not been explained. Further, on reason has been provided for failure of the revenue and expenses budget to balance.

Consequently, the accuracy of the statement of comparison of budget and actual amounts for the year under review could not be confirmed.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness

and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Lack of Institutional Policies and Guidelines

The following policies and guidelines have not been developed and approved for implementation;

- I. Strategic Plan
- II. Finance Manual
- III. Human Resource Manual.
- IV. Risk Management Policy
- V. Internship Policy and Guidelines
- VI. Service Charter
- VII. ICT Policy
- VIII. Asset Management Policy
- IX. Internal Audit Charter
- X. Departmental Operational Manuals
- XI. Training Policies and Guidelines

Lack of approved policy guidelines may compromise effective and efficient management of the institutions resources.

2. Poor Ethnic Diversity in Staffing at Matili Technical Training Institute

A review of the Institutes staff establishment as at 30 June, 2019 revealed that for teaching staff category, one ethnic community accounted for 77% of the total staff establishment. Similarly, for non-teaching staff category, the same community had an ethnic representation of 94% as detailed below:

| Teaching Staff /Trainers | | | Non-Teaching Staff | | |
|---------------------------------|----|-------|---------------------------|----|-----|
| Ethnicity | | | Ethnicity | | |
| Luhya | 71 | 77.2% | Kalenjin | 1 | 3% |
| Kisii | 8 | 8.7% | Luo | 1 | 3% |
| Kalenjin | 6 | 6.5% | Luhya | 33 | 94% |
| Luo | 4 | 4.3% | | | |
| Teso | 2 | 2.2% | | | |
| Embu | 1 | 1.1% | | | |

The Institute is in breach of Section 7(1) & (2) of the National Cohesion and Integration Act which requires all public establishments to seek to represent the diversity of the people of Kenya in the employment of staff.

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, because of the matters described in the Basis for Conclusion of Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that internal controls, risk management and overall governance were not effective.

Basis for conclusion

1. Expenditure on Unbudgeted Votes

The Institution made payments amounting to Kshs.9,213,568 on unbudgeted expenditure as analyzed below;

| Component | Budget (Kshs.) | Actual Expenditure (Kshs.) |
|-------------------------|----------------|----------------------------|
| Bursary | Nil | 63,000 |
| Exams | Nil | 6,510,766 |
| Pay as you eat/catering | Nil | 2,607,302 |
| Tender | Nil | 32,500 |
| Total | | 9,213,568 |

The Management is in breach of section 31(2)(a)(b) of the Public Finance Management Regulations, 2015, which requires an accounting officer of a National Government entity to ensure a budget of all services which can be reasonably foreseen are included in the estimates and that they are within the capacity of her or his entity during the financial year and that the estimates prepared are complete and accurate as possible.

2. Lack of Approved Salary Structure for Employees

It was noted that the Institute had not put in place an approved staff establishment and salary scales for its staff contrary to Section 29(m) of the TVET act 2013 which requires the Board to determine suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the Authority.

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 the Board of Governors

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective 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 overall 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 scepticism throughout the audit. I also:

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

- 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

17 December, 2021

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

IV. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE, 2019

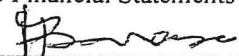
| | Notes | 2018-2019 | 2017-2018 |
|--|-------|----------------------|-----------|
| | | Kshs | Kshs |
| Revenue from non-exchange transactions | | | |
| Transfers from the National Government-grants/ gifts in kind | 6 | 25,726,090 | - |
| Grants from donors and development partners | | - | - |
| Transfers from other levels of government | | - | - |
| Public contributions and donations | | - | - |
| Sub-total revenue from non-exchange transactions | | 25,726,090 | - |
| Revenue from exchange transactions | | | |
| Rendering of services- Fees from students | 7 | 67,534,653.60 | - |
| Sale of goods | | - | - |
| Rental revenue from facilities and equipment | 8 | 1,558,091 | - |
| Finance income-external investments | | - | - |
| Other income | 9 | 248,890 | - |
| Revenue from exchange transactions | | 69,341,634.60 | - |
| Total revenue | | 95,067,724.60 | - |
| Expenses | | | |
| Use of goods and services | 10 | 3,585,494 | - |
| Employee costs | 11 | 10,000,689 | - |
| Remuneration of directors | 12 | 920,000 | - |
| Depreciation and amortization expense | | - | - |
| Repairs and maintenance | 13 | 9,522,441 | - |
| Contracted services | | - | - |
| Grants and subsidies | | - | - |
| General expenses | 15 | 40,139,655.80 | - |
| Finance costs | | - | - |
| Total expenses | | 64,168,279.80 | - |
| Other gains/(losses) | | | |
| Gain on sale of assets | | - | - |
| Gain on foreign exchange transactions | | - | - |
| Unrealized gain on fair value of investments | | - | - |
| Impairment loss | | - | - |
| Total other gains/(losses) | | - | - |
| Net Surplus for the year | | 30,899,444.80 | - |
| Attributable to: | | | |
| Surplus/(deficit)attributable to minority interest | | - | - |
| Surplus attributable to owners of the controlling entity | | - | - |
| | | - | - |

MATLI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

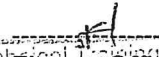
V. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2019

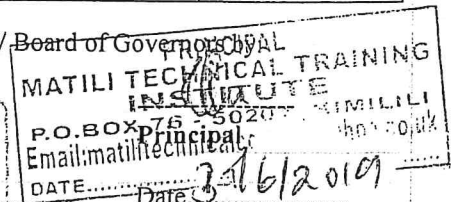
| | Notes | 2018-2019 Kshs | 2017-2018 Kshs |
|---|-------|--------------------|-------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 16 | 71,775,438 | - |
| Receivables from exchange transactions | 17 | 41,940,097 | - |
| Receivables from non-exchange transactions | | - | - |
| Current portion of long-term receivables from exchange transactions | | - | - |
| Inventories | 18 | 3,294,138 | - |
| Investments | | - | - |
| Total current assets | | 117,009,673 | |
| Non-current assets | | | |
| Property, plant and equipment | 19 | 352,868,797 | - |
| Investments | | - | - |
| Intangible assets | 20 | 1,392,000 | - |
| Investment property | | - | - |
| Long term receivables from exchange transactions | | - | - |
| Total Noncurrent assets | | 354,260,797 | |
| Total assets | | 471,270,470 | |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables from exchange transactions | 21 | 1,249,271 | - |
| Refundable deposits from customers | 22 | 751,950 | - |
| Provisions | | - | - |
| Finance lease obligation | | - | - |
| Current portion of borrowings | | - | - |
| Deferred income | | - | - |
| Employee benefit obligation | | - | - |
| Payments received in advance | 23 | 877,371 | - |
| Total current liabilities | | 2,878,592 | |
| Non-current liabilities | | | |
| Non-current employee benefit obligation | | - | - |
| Non-current provisions | | - | - |
| Borrowings | | - | - |
| Service concession liability | | - | - |
| Cash generated from operations | | - | - |
| Total liabilities | | 2,878,592 | |
| Capital and Reserves | | | |
| Accumulated funds | | 468,391,878 | - |
| Total net assets and liabilities | | 471,270,470 | |

The Financial Statements set out were signed on behalf of the Institute Council/ Board of Governors


Chairman of Council/Board of Governors

Date: 30/6/2019


Finance Officer
ICPAK No 24754
Date: 30 JUN 2019
P. O. Box 78-50204 KIMILILI
Tel: 0720021552 / 0735002155
Email: matlitechnical@yopmail.com


MATLI TECHNICAL TRAINING INSTITUTE
P.O. BOX 78-50204 KIMILILI
Email: matlitechnical@yopmail.com
DATE: 30/6/2019

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

VI. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE, 2019

| | Revaluation reserve | Fair value adjustment reserve | Retained earnings | Capital/Development Grants/Fund | Mentor Institutions | Total |
|--|---------------------|-------------------------------|-------------------|---------------------------------|---------------------|--------------------|
| At July 1, 2018 | 126,202,336 | - | - | 12,290,604 | 221,905,330 | 360,398,270 |
| Revaluation gain/(Loss) | - | - | - | - | - | - |
| Fair value adjustment on quoted investments | - | - | - | - | - | - |
| Total comprehensive income | - | - | 30,899,445 | - | - | 30,899,445 |
| Capital/Development grants received during the year | - | - | - | 2,547,250 | 74,546,913 | 77,094,163 |
| Transfer of depreciation/amortisation from capital fund to retained earnings | - | - | - | - | - | - |
| At June 30, 2019 | 126,202,336 | | 30,899,445 | 14,837,854 | 296,452,243 | 468,391,878 |
| | | | | | | |

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

VII. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30TH JUNE, 2019

| | Note | 2018-2019 Kshs | 2017-2018 Kshs |
|--|------|------------------------|-------------------|
| Cash flows from operating activities | | | |
| Receipts | | | |
| Transfers from other Government entities/Govt. grants | | 25,726,090 | |
| Public contributions and donations | | - | |
| Rendering of services - Fees from students | | 67,534,653.60 | |
| Sale of goods | | - | |
| Rental revenue from facilities and equipment | | 1,558,091 | |
| Finance income | | - | |
| Consultancy income | | - | |
| Other income, rentals and agency fees | | 248,890 | |
| Total Receipts | | 95,067,725 | |
| Payments | | | |
| Use of goods and services | | 3,585,494 | |
| Employee costs | | 10,000,689 | |
| Remuneration of directors | | 920,000 | |
| Repairs and maintenance | | 9,522,441 | |
| Taxation paid | | - | |
| Other payments (general expenses) | | 40,139,656 | |
| Total Payments | | 64,168,280 | |
| Net cash flows from operating activities | | 30,899,445 | |
| Cash flows from investing activities | | | |
| Purchase of property, plant, equipment | | (47,845,885.29) | |
| Purchase of intangible assets | | (1,392,000) | |
| Proceeds from sale of property, plant and Equipment | | | |
| Decrease in non-current receivables | | - | |
| Increase in investments | | - | |
| Net cash flows used in investing activities | | (49,237,885.00) | |
| Cash flows from financing activities | | | |
| Grants for Mentor institutions (5No.) | | 74,546,913 | |
| Development Grants (Food & Beverage Complex) | | 2,547,250 | |
| Proceeds from borrowings | | - | |
| Repayment of borrowings | | - | |
| Increase in deposits | | - | |
| Net cash flow used in financing activities | | 77,094,163 | |
| Net increase/(decrease)in cash and cash equivalents | | - | |
| Cash and cash equivalents at 1 July 2018 | | - | |
| Cash and cash equivalents at 30th June, 2019 | | 71,775,438 | |

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2019

VIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE, 2019

| | Original budget | | Adjustments | | Final budget | | Actual on comparable basis | | Performance difference | |
|--|-------------------|-----------|-------------|-------------------|----------------------|-------------------|----------------------------|-----------|------------------------|-----------|
| | 2018-2019 | 2018-2019 | 2018-2019 | 2018-2019 | 2018-2019 | 2018-2019 | 2018-2019 | 2018-2019 | 2018-2019 | 2018-2019 |
| Revenue | Kshs | | Kshs | | Kshs | | Kshs | | Kshs | |
| Transfers from other Govt entities | 24,000,000 | - | - | 24,000,000 | 25,726,090 | 1,726,090 | | | | |
| Govt grants | - | - | - | - | - | - | | | | |
| Public contribution and donations | 57,548,800 | - | - | 57,548,800 | 67,534,654 | 9,985,854 | | | | |
| Rendering of services - Fees from students | - | - | - | - | - | - | | | | |
| Sale of goods | - | - | - | - | - | - | | | | |
| Finance Income | - | - | - | - | - | - | | | | |
| Consultancy Income | - | - | - | - | - | - | | | | |
| Gains on disposal, rental income and agency fees | - | - | - | - | - | - | | | | |
| Total income | 81,548,800 | - | - | 81,548,800 | 93,260,744 | 11,711,944 | | | | |
| Expenses | | | | | | | | | | |
| Compensation of employees | 11,048,919 | - | - | 11,048,919 | 10,000,689 | 1,048,230 | | | | |
| Use of Goods and services | 2,460,000 | - | - | 2,460,000 | 3,585,494 | (1,125,494) | | | | |
| Finance costs | - | - | - | - | - | - | | | | |
| Rent paid | - | - | - | - | - | - | | | | |
| Remuneration of directors | 1,070,000 | - | - | 1,070,000 | 920,000 | (150,000) | | | | |
| General expenses | 43,024,001 | - | - | 43,024,001 | 40,139,655.80 | (2,884,345) | | | | |
| Total expenditure | 57,252,920 | - | - | 57,252,920 | 54,645,838.80 | 2,607,081 | | | | |
| Surplus for the period | 24,295,880 | - | - | 24,295,880 | 38,614,904.80 | 14,319,025 | | | | |

Budget Notes

The changes between original and actual budget was due to an increase in student's enrolment following the government capitation which was not forecasted in the original budget.

IX. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Matili Technical Training Institute is established by and derives its authority and accountability from TVET Act No. TVETA/PUBLIC/TVC/0020/2016. Matili Technical Training Institute is wholly owned by the Government of Kenya and is domiciled in Kenya. Matili Technical Training Institute's principal activity is to provide technical skills training services to trainees.

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 Matili Technical Training Institute 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.

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

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 30th June, 2019

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for Financial Year 2018/2019 was approved by the Board of Governors on 1st July 2018. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations on the Financial Year 2018/2019 budget following the Board's approval.

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

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

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

c) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

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

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

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

e) Property, plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leases

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

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

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

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

g) Intangible assets

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

h) Research and development costs

Matili Technical Training Institute expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity can demonstrate:

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

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

for impairment annually with any impairment losses recognized immediately in surplus or deficit.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) Inventories

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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

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

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

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

n) Foreign currency transactions

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

o) Borrowing costs

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Related parties

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

q) Service concession arrangements

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

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

5 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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

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6 TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

| Description | 2018-2019 | 2017-2018 |
|--|--------------------|-----------|
| | Kshs | Kshs |
| Unconditional grants | | |
| Recurrent grant | 4,500,000 | - |
| Other grants (capitation) | 15,315,000 | - |
| Capitation (NYS) | 644,800 | - |
| Capitation (NYS) | 5,266,290 | - |
| Total unconditional grants | 25,726,090 | - |
| Conditional grants | | |
| Food & beverage complex | 14,837,854 | |
| Development grants (mentor institutions) | 296,452,243 | |
| Total conditional grants | 311,290,097 | |
| Total government grants and subsidies | 337,016,187 | |

6b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

| Name of the Entity sending the grant | Amount recognized to Statement of Comprehensive Income Kshs | Amount deferred under deferred income Kshs | Amount recognised in capital fund Kshs | Total grant income during the year Kshs | 2018-2019 Kshs |
|--------------------------------------|---|--|--|---|----------------|
| | | | | | |

GRANTS FROM DONORS AND DEVELOPMENT PARTNERS

| Description | 2018-2019 | 2017-2018 |
|-------------|-----------|-----------|
| | Kshs | Kshs |
| | | |

Reconciliations of grants from donors and development partners

| Description | 2018-2019 | 2017-2018 |
|-------------|-----------|-----------|
| | Kshs | Kshs |
| | | |

TRANSFERS FROM OTHER LEVELS OF GOVERNMENT

| Description | 2018-2019 | 2017-2018 |
|-------------|-----------|-----------|
| | Kshs | Kshs |
| | | |

MATILI TECHNICAL TRAINING INSTITUTE
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PUBLIC CONTRIBUTIONS AND DONATIONS

| Description | 2018-2019 | 2017-2018 |
|-------------|-----------|-----------|
| | KShs | KShs |

7 RENDERING OF SERVICES

| Description | 2018-2019 | 2017-2018 |
|---|----------------------|-----------|
| | KShs | KShs |
| Tuition Fees | 15,367,108 | - |
| Activity Fees | 1,899,802 | - |
| Examination Fees | 5,049,317 | - |
| Library Fees | 3,182,821 | - |
| Facilities and Materials | - | - |
| Registration Fees | 440,111 | - |
| Personal Emolument | 16,451,953 | - |
| Administration | 4,802,686 | - |
| Electricity, Water & Conservancies (EWC) | 2,740,536 | - |
| Medical | 1,084,883 | - |
| Insurance | 1,621,124.55 | - |
| Repair, Maintenance & Improvement (RMI) | 1,813,094 | - |
| Local Travel & Travel (LT & T) | 3,656,843 | - |
| Computer | 885,814 | - |
| Student ID | 409,840 | - |
| Student Union | 889,905 | - |
| Bus | 3,569,705 | - |
| Arrears | 421,061 | - |
| Attachment | 1,618,729 | - |
| Caution | 751,950 | - |
| Prepayment | 877,371 | - |
| Total revenue from there rendering of services | 67,534,653.60 | - |

(These are revenues received as fees from trainees)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SALE OF GOODS

| Description | 2018-2019 | 2017-2018 |
|-------------|-----------|-----------|
| | KShs | KShs |

8 RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

| Description | 2018-2019 | 2017-2018 |
|--------------------------|------------------|-----------|
| | KShs | KShs |
| Rent (staff) | 87,600 | - |
| Accommodation (students) | 1,470,491 | - |
| Total rentals | 1,558,091 | - |

(Revenue received from staff quarters and student's hostels)

FINANCE INCOME

| Description | 2018-2019 | 2017-2018 |
|-------------|-----------|-----------|
| | KShs | KShs |

OTHER INCOME

| Description | 2018-2019 | 2017-2018 |
|---|----------------|-----------|
| | KShs | KShs |
| Insurance recoveries | - | - |
| Income from sale of tender | 104,900 | - |
| Production unit | 5,000 | - |
| National Industrial Training Authority (NITA) | 39,790 | - |
| Bus hire | 99,200 | - |
| Total other income | 248,890 | - |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. USE OF GOODS AND SERVICES

| Description | 2018-2019 | 2017-2018 |
|--------------------------------|------------------|-----------|
| | KShs | KShs |
| Electricity | 1,398,425 | - |
| Water | 318,319 | - |
| Security | 1,868,750 | - |
| Professional services | - | - |
| Subscriptions | - | - |
| Total good and services | 3,585,494 | - |

11. EMPLOYEE COSTS

| | 2018-2019 | 2017-2018 |
|---------------------------------|-------------------|-----------|
| | KShs | KShs |
| Salaries and wages | 8,860,312 | - |
| NSSF | 801,795 | - |
| NHIF | 273,700 | - |
| PAYE | 46,882 | - |
| HELB | 18,000 | - |
| Housing benefits and allowances | - | - |
| Overtime payments | - | - |
| Performance and other bonuses | - | - |
| Social contributions | - | - |
| Employee costs | 10,000,689 | - |

12. REMUNERATION OF DIRECTORS

| Description | 2018-2019 | 2017-2018 |
|----------------------------------|----------------|-----------|
| | KShs | KShs |
| Chairman's Honoraria | 135,000 | - |
| Directors' emoluments | 785,000 | - |
| Other allowances | 0 | - |
| Total director emoluments | 920,000 | - |

DEPRECIATION AND AMORTIZATION EXPENSE

| Description | 2018-2019 | 2017-2018 |
|-------------|-----------|-----------|
| | KShs | KShs |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

MATILI TECHNICAL TRAINING INSTITUTE
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13. REPAIRS AND MAINTENANCE

| Description | 2018-2019 | 2017-2018 |
|---------------------------------------|------------------|-----------|
| | KShs | KShs |
| Property | 6,400,554 | - |
| Investment property – earning rentals | - | - |
| Equipment and machinery | 1,092,143 | - |
| Vehicles | 800,444 | - |
| Furniture and fittings | 770,510 | - |
| Computers and accessories | 458,790 | - |
| Other | - | - |
| Total repairs and maintenance | 9,522,441 | - |

CONTRACTED SERVICES

| Description | 2018-2019 | 2017-2018 |
|-------------|-----------|-----------|
| | KShs | KShs |

14. GRANTS AND SUBSIDIES

| Description | 2018-2019 | 2017-2018 |
|--|----------------------|-----------|
| | KShs | KShs |
| Turkana North Technical and Vocational College | 9,604,719.00 | - |
| Loima Technical and Vocational College | 6,770,698.70 | - |
| Kimini Technical and Vocational College | 14,580,088 | - |
| Bungoma North Technical and Vocational College | 6,118,284.00 | - |
| Webuye West Technical and Vocational College | 10,772,091.15 | - |
| Total grants and subsidies | 47,845,885.29 | - |

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

15. GENERAL EXPENSES

| Description | 2018-2019 KShs | 2017-2018 KShs |
|--|----------------------|-------------------|
| Advertising | 299,140 | - |
| Administration Fees | 10,065,389 | - |
| Bank Charges | 311,435.40 | - |
| Conference and Delegations | 142,000 | - |
| Consulting Fees | 30,000 | - |
| Consumables | 2,607,302 | - |
| Fuel and Oil | 824,790 | - |
| Insurance | 356,974 | - |
| Postage | 25,875 | - |
| Printing and Stationery | 131,111 | - |
| Hire Charges | 57,100 | - |
| Rent Expenses (Accommodation & Facilities) | 415,000 | - |
| Telecommunication | 622,217 | - |
| Training Expenses | 10,430,004.40 | - |
| Library | 516,867 | - |
| Activity | 1,756,162 | - |
| Exams | 6,045,980 | - |
| Student Union | 627,785 | - |
| Bus | 295,578 | - |
| Performance Contracting | 588,080 | - |
| Attachment | 260,500 | - |
| Refunds | 99,600 | - |
| Local, Traveling & Transport | 2,911,430 | - |
| Medical | 686,836 | - |
| Tender | 32,500 | - |
| Total general expenses | 40,139,655.80 | - |

FINANCE COSTS

| Description | 2018-2019 KShs | 2017-2018 KShs |
|-------------|-------------------|-------------------|
| | | |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

GAIN ON SALE OF ASSETS

| Description | 2018-2019 KShs | 2017-2018 KShs |
|-------------|-------------------|-------------------|
| | | |

MATILI TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 2019

UNREALIZED GAIN ON FAIR VALUE INVESTMENTS

| Description | 2018-2019 | 2017-2018 |
|-------------|-----------|-----------|
| | KShs | KShs |

IMPAIRMENT LOSS

| Description | 2018-2019 | 2017-2018 |
|-------------|-----------|-----------|
| | KShs | KShs |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. CASH AND CASH EQUIVALENTS

| Description | 2018-2019 | 2017-2018 |
|--|----------------------|-----------|
| | KShs | KShs |
| Current account | 71,775,437.66 | - |
| On - call deposits | - | - |
| Fixed deposits account | - | - |
| Staff car loan/ mortgage | - | - |
| Others(specify) | - | - |
| Total cash and cash equivalents | 71,775,437.66 | - |

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

| Financial institution | Account number | 2018-2019 | 2017-2018 |
|------------------------------------|----------------|----------------------|-----------|
| | | KShs | KShs |
| a) Current account | | | |
| Matili Main Account | 1107228476 | 31,392,867.67 | - |
| Development Account | 1121314678 | 9,930,991.65 | - |
| Savings Account | 1198427175 | 12,303,965.00 | - |
| Kiminini Institute | 1183517963 | 2,020,142.00 | - |
| Webuye West | 1182610463 | 4,264,711.35 | - |
| Bungoma North | 1234394391 | 2,369,850.00 | - |
| Turkana North | 1183517610 | 4,765,255.56 | - |
| Loima Institute | 1183518218 | 4,727,654.43 | - |
| Sub- total | | 71,775,437.66 | - |
| b) On - call deposits | | | |
| Kenya Commercial bank | | - | - |
| Equity Bank - etc | | - | - |
| Sub- total | | - | - |
| c) Fixed deposits account | | | |
| Kenya Commercial bank | | - | - |
| Bank B | | - | - |
| Sub- total | | - | - |
| d) Staff car loan/ mortgage | | | |
| Kenya Commercial bank | | - | - |
| Bank B | | - | - |
| Sub- total | | - | - |
| e) Others(specify) | | | |
| Cash in transit | | - | - |
| Cash in hand | | (2,401) | - |
| Mpesa | | - | - |
| Sub- total | | - | - |
| Grand total | | - | - |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. RECEIVABLES FROM EXCHANGE TRANSACTIONS

| Description | 2018-2019 | 2017-2018 |
|--|-------------------|-----------|
| | KShs | KShs |
| Current receivables | | |
| Student debtors | 40,310,776 | - |
| Rent debtors | - | - |
| Consultancy debtors | - | - |
| Other exchange debtors | - | - |
| Less: impairment allowance | | |
| Total current receivables | 40,310,776 | - |
| Non-current receivables | | |
| Refundable deposits | 751,950 | - |
| Advance payments | 877,371 | - |
| Public organizations | - | - |
| Less: impairment allowance | | |
| Total | 41,940,097 | - |
| Current portion transferred to current receivables | | |
| Total non-current receivables | - | - |
| Total receivables | 41,940,097 | - |

RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

| Description | 2017-2018 | 20xx-20xx |
|-------------|-----------|-----------|
| | KShs | KShs |

18. INVENTORIES

| Description | 2018-2019 | 2017-2018 |
|--|------------------|-----------|
| | KShs | KShs |
| Consumable stores | 2,607,302 | - |
| Maintenance stores | - | - |
| Health Unit stores | 500,416 | - |
| Electrical stores | - | - |
| Cleaning materials stores | 186,420 | - |
| Catering stores | - | - |
| Total inventories at the lower of cost and net realizable value | 3,294,138 | - |

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. PROPERTY, PLANT AND EQUIPMENT

| | Land and Buildings Shs. | Plant and Equipment Shs. | Motor Vehicles Shs. | Office Assets Shs. | Capital Work in Progress Shs. | Other Assets Shs. | Total Shs. |
|-------------------------------|-------------------------------|-----------------------------------|---------------------------|--------------------------|--|-------------------------|---------------|
| At 1 July 2018 | 11,000,000 | 8,400,000 | 2,739,000 | 2,485,000 | - | 56,838,401 | 81,462,401 |
| Additions | - | - | - | - | - | - | 271,406,396 |
| Disposals | - | - | - | - | - | - | 271,406,396 |
| Transfers/adjustments | - | - | - | - | - | - | - |
| At 30 th June 2019 | 11,000,000 | 8,400,000 | 2,739,000 | 2,485,000 | - | 56,838,401 | 352,868,797 |
| Additions | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - |
| Transfer/adjustments | - | - | - | - | - | - | - |
| At 30 th June 2019 | - | - | - | - | - | - | - |
| Depreciation and impairment | - | - | - | - | - | - | - |
| At 1 July xxx | - | - | - | - | - | - | - |
| Depreciation | - | - | - | - | - | - | - |
| Impairment | - | - | - | - | - | - | - |
| At 30 June 2019 | - | - | - | - | - | - | - |
| Depreciation | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - |
| Impairment | - | - | - | - | - | - | - |
| Transfer/adjustment | - | - | - | - | - | - | - |
| At 30 th June 2019 | - | - | - | - | - | - | - |
| Net book values | - | - | - | - | - | - | - |
| At 30 th June 2019 | - | - | - | - | - | - | - |
| At 30 th June 2019 | - | - | - | - | - | - | - |

The above assets are at cost, no depreciation policies are in place. The work in progress is for the ongoing construction works for 5 mentoring institutions funded by the Government

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. INTANGIBLE ASSETS-SOFTWARE

| Description | 2018-2019 | 2017-2018 |
|------------------------------------|------------------|-----------|
| | KShs | KShs |
| Cost | | |
| At beginning of the year | 1,392,000 | - |
| Additions | - | - |
| At end of the year | 1,392,000 | - |
| Additions—internal development | - | - |
| At end of the year | 1,392,000 | - |
| Amortization and impairment | | |
| At beginning of the year | - | - |
| Amortization | - | - |
| At end of the year | - | - |
| Impairment loss | - | - |
| At end of the year | - | - |
| NBV | 1,392,000 | - |

INVESTMENT PROPERTY

| Description | 2018-2019 | 2017-2018 |
|-------------|-----------|-----------|
| | KShs | KShs |

21. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

| Description | 2018-2019 | 2017-2018 |
|---------------------------------------|------------------|-----------|
| | KShs | KShs |
| Trade payables | 339,100 | - |
| Fees paid in advance | 877,371 | - |
| Employee advances | 32,800 | - |
| Third-party payments | - | - |
| Other payables | - | - |
| Total trade and other payables | 1,249,271 | - |

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS

| Description | 2018-2019 | 2017-2018 |
|---------------------------|----------------|-----------|
| | KShs | KShs |
| Consumer deposits | - | - |
| Caution money | 751,950 | - |
| Other refundable deposits | - | - |
| Total deposits | 751,950 | - |

CURRENT PROVISIONS

| Description | Leave provision | Bonus provision | Other provision | Total |
|-------------|-----------------|-----------------|-----------------|-------|
| | KShs | KShs | KShs | KShs |
| | | | | |

FINANCE LEASE OBLIGATION

| Description | Minimum lease payments | Future finance charges | Present value of minimum lease payments | 2017-2018 |
|-------------|------------------------|------------------------|---|-----------|
| | KShs | KShs | KShs | KShs |
| | | | | |

DEFERRED INCOME

| Description | 2018-2019 | 2017-2018 |
|-------------|-----------|-----------|
| | KShs | KShs |
| | | |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

The deferred income movement is as follows:

| | National government | International funders/donors | Public contributions and donations | Total |
|--|---------------------|------------------------------|------------------------------------|-------|
| | | | | |

EMPLOYEE BENEFIT OBLIGATIONS

| Description | Defined benefit plan | Post-employment medical benefits | Other Provisions | 2018-2019 | 2017-2018 |
|-------------|----------------------|----------------------------------|------------------|-----------|-----------|
| | KShs | KShs | KShs | KShs | KShs |
| | | | | | |

The entity operates a defined benefit scheme for all full-time employees. The scheme is based on xxx percentage of salary of an employee at the time of retirement. The liability at the end of the year is as follows:

| | 2018-2019 | 2017-2018 |
|--|-----------|-----------|
| | KShs | KShs |
| | | |

The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NON-CURRENT PROVISIONS

| Description | Long service leave | Gratuity | Other Provisions | Total |
|-------------|--------------------|----------|------------------|-------|
| | KShs | KShs | KShs | KShs |
| | | | | |

BORROWINGS

| Description | 2018-2019 | 2017-2018 |
|-------------|-----------|-----------|
| | KShs | KShs |
| | | |

ANALYSIS OF EXTERNAL AND DOMESTIC BORROWINGS

| | 2018-2019 | 2017-2018 |
|--|-----------|-----------|
| | KShs | KShs |
| | | |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

BREAKDOWN OF LONG AND SHORT TERM BORROWINGS

| Description | 2018-2019 | 2017-2018 |
|-------------|-----------|-----------|
| | KShs | KShs |

SERVICE CONCESSION ARRANGEMENTS

| Description | 2018-2019 | 2017-2018 |
|-------------|-----------|-----------|
| | KShs | KShs |

CASH GENERATED FROM OPERATIONS

| Description | 2018-2019 | 2017-2018 |
|---------------------------------|-----------|-----------|
| Surplus for the year before tax | KShs | KShs |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

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

| | Total amount Kshs | Fully performing Kshs | Past due Kshs | Impaired Kshs |
|------------------------|----------------------|--------------------------|------------------|------------------|
| At 30 June 2019 | | | | |
| | | | | |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

(i) Credit risk (continued)

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

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

(ii) Liquidity risk management

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

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

| | Less than 1 month | Between 1-3 months | Over 5 months | Total |
|-------------------------------|----------------------|-----------------------|------------------|---------|
| | Kshs | Kshs | Kshs | Kshs |
| At 30 June 2019 | | | | |
| Trade payables | 339,100 | - | - | 339,100 |
| Current portion of borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Deferred income | - | - | - | - |
| Employee benefit obligation | - | - | - | - |
| Total | 339,100 | | | 339,100 |

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

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

| | Ksh | Other currencies | Total |
|---|-----------|---------------------|-----------|
| | Kshs | Kshs | Kshs |
| At 30 June 20xx | | | |
| Financial assets (investments, cash, debtors) | - | - | - |
| Liabilities | | | |
| Trade and other payables | 1,249,271 | - | 1,249,271 |
| Borrowings | - | - | - |
| Net foreign currency asset/(liability) | - | - | - |

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

a) Foreign currency risk (Continued)

| | Ksh | Other currencies | Total |
|---|-----------|---------------------|-----------|
| | Kshs | Kshs | Kshs |
| At 30 June 2019 | | | |
| Financial assets (investments, cash, debtors) | - | - | - |
| Liabilities | | | |
| Trade and other payables | 1,249,271 | - | 1,249,271 |
| Borrowings | - | - | - |
| Net foreign currency asset/(liability) | - | - | - |

Foreign currency sensitivity analysis

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

| | Change in currency rate | Effect on Profit before tax | Effect on equity |
|-------------|----------------------------|--------------------------------|---------------------|
| | Kshs | Kshs | Kshs |
| 2019 | | | |
| Euro | 10% | - | - |
| USD | 10% | - | - |
| 2020 | | | |
| Euro | 10% | - | - |
| USD | 10% | - | - |

b) Interest rate risk

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

Management of interest rate risk

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk (Continued)

b) Interest rate risk(continued)

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase.

iv) Capital Risk Management

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

| | 2018-2019 | 2017-2018 |
|---|-----------|-----------|
| | Kshs | Kshs |
| Revaluation reserve | - | - |
| Retained earnings | - | - |
| Capital reserve | - | - |
| Total funds | - | - |
| Total borrowings | - | - |
| Less: cash and bank balances | | |
| Net debt/(excess cash and cash equivalents) | - | - |
| Gearing | % | % |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) County government
- iv) TVETA
- v) KATTI
- vi) Key management;
- vii) Board of directors;

| | 2018-2019 | 2017-2018 |
|--|------------|-----------|
| | Kshs | Kshs |
| Transactions with related parties | | |
| a) Sales to related parties | | |
| Sales of goods | - | - |
| Sales of services | - | - |
| Total | - | - |
| b) Grants from the Government | | |
| Grants from National Govt | 77,094,163 | - |
| Grants from County Government | - | - |
| Donations in kind | - | - |
| Total | 77,094,163 | - |
| c) Expenses incurred on behalf of related party | | |
| Payments of salaries and wages for 76 employees | 10,000,689 | - |
| Payments for goods and services for electricity, water & security. | 3,585,484 | - |
| Total | 13,586,183 | - |
| d) Key management compensation | | |
| Directors' emoluments | 920,000 | - |
| Compensation to the CEO | - | - |
| Compensation to key management | - | - |
| Total | 920,000 | - |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

SEGMENT INFORMATION

CONTINGENT ASSETS AND CONTINGENT LIABILITIES

| Contingent liabilities | 2018-2019 | 2017-2018 |
|-------------------------------|------------------|------------------|
| | Kshs | Kshs |

CAPITAL COMMITMENTS

| Capital commitments | 2018-2019 | 2017-2018 |
|----------------------------|------------------|------------------|
| | Kshs | Kshs |

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

ULTIMATE AND HOLDING ENTITY

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

Currency

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

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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

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

Guidance Notes:

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

Director General/C.E. O/M. D (enter title of head of entity)
Chairman of the Board

Date.....

MATILI TECHNICAL TRAINING INSTITUTE
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APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

| Project title | Project Number | Donor | Period/duration | Donor commitment | Separate donor reporting required as per the donor agreement (Yes/No) | Consolidated in these financial statements (Yes/No) |
|---------------|----------------|-------|-----------------|------------------|---|---|
| 1 | | | | | | |
| 2 | | | | | | |

Status of Projects completion

| | Project | Total project Cost | Total expended to date | Completion % to date | Budget | Actual | Sources of funds |
|---|--|--------------------|------------------------|----------------------|--------|--------|------------------|
| 1 | Kimini Technical & Vocational College | 57,530,880.00 | 57,530,088.00 | 100 | - | - | GoK & CDF Kimini |
| 2 | Webuye West Technical & Vocational College | 57,635,435.00 | 52,215,967.93 | 100 | - | - | GoK & CDF Webuye |
| 3 | Bungoma North Technical & Vocational College | 60,657,153.00 | 55,049,885.40 | 100 | - | - | GoK & CDF |
| 4 | Turkana North Technical & Vocational College | 59,848,695.00 | 56,436,390.75 | 100 | - | - | GoK & CDF |
| 5 | Loima Technical & Vocational College | 60,780,080.00 | 50,174,064.00 | 100 | - | - | GoK & CDF |

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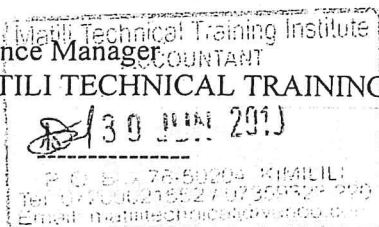
APPENDIX III: INTER-ENTITY TRANSFERS

| ENTITY NAME: | | MATILI TECHNICAL TRAINING INSTITUTE | | |
|--|--------------------|-------------------------------------|----------------------|--|
| Break down of Transfers from the State Department of vocational and technical training | | | | |
| FY 2018/2019 | | | | |
| a. | Recurrent Grants | | | |
| | | <u>Bank Statement Date</u> | <u>Amount (Kshs)</u> | <u>Indicate the FY to which the amounts relate</u> |
| | | 8/10/2018 | 4,500,000 | 2018/2019 |
| | Capitation | 18/02/19 | 15,315,000 | 2018/2019 |
| | NYS Grants | 19/02/2019 | 644,800 | 2018/2019 |
| | NYS Grants | 21/02/2019 | 5,266,290 | 2018/2019 |
| | | | | |
| | | Total | 25,726,090 | |
| b. | Development Grants | | | |
| | | <u>Bank Statement Date</u> | <u>Amount (Kshs)</u> | <u>Indicate the FY to which the amounts relate</u> |
| | F & B PROJECT | 14/12/2017 | 12,290,604 | 2016/2017 |
| | | 15/10/2018 | 1,273,625 | 2018/2019 |
| | | 12/3/2019 | 1,273,625 | 2018/2019 |
| | | | | |
| | Kiminini TVC | 11/10/2018 | 57,530,880.00 | 2016-2019 |
| | Loima TVC | 7/1/2018 | 60,780,080.00 | 2016-2019 |
| | Webuye West TVC | 7/1/2019 | 57,635,435.00 | 2016-2019 |
| | | | 59,848,695.00 | |
| | Turkana North TVC | 11/10/2018 | | 2016-2019 |
| | Bungoma North TVC | 7/3/2019S | 60,657,153.00 | 2016-2019 |
| | | Total | 311,290,097 | |
| c. | Direct Payments | | | |
| | | <u>Bank Statement Date</u> | <u>Amount (KShs)</u> | <u>Indicate the FY to which the amounts relate</u> |
| | | | - | - |
| d. | Donor Receipts | | | |
| | | <u>Bank Statement Date</u> | <u>Amount (KShs)</u> | <u>Indicate the FY to which the amounts relate</u> |
| | | | - | |

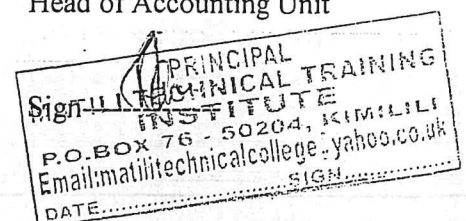
The above amounts have been communicated to and reconciled with the parent Ministry

Finance Manager
MATILI TECHNICAL TRAINING INSTITUTE

Sign



Head of Accounting Unit



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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

| Name of the MDA/Donor Transferring the funds | Date received as per bank statement | Nature: Recurrent/Development/Donor Fund/Direct Payment/Others | Total Amount - KES | Where Recorded/recognized | | | | | Total Transfers during the Year |
|--|-------------------------------------|--|--------------------|------------------------------------|------------------------|-----------------|----------------------|---------------------------|---------------------------------|
| | | | | Statement of Financial Performance | PPE (Work in progress) | Deferred Income | (Development grants) | Others - must be specific | |
| Ministry of Education | 21/02/2019 | Recurrent | 25,726,090 | 25,726,090 | - | - | - | - | 25,726,090 |
| Ministry of Education | 12/3/2019 | Development | 311,290,097 | - | 271,406,396 | - | 14,837,854 | - | 311,290,097 |
| USAID | - | Donor Fund | - | - | - | - | - | - | - |
| Ministry of Education | - | Direct Payment | - | - | - | - | - | - | - |
| Total | | | 337,016,187 | 25,726,090 | 271,406,396 | - | 14,837,854 | - | 337,016,187 |