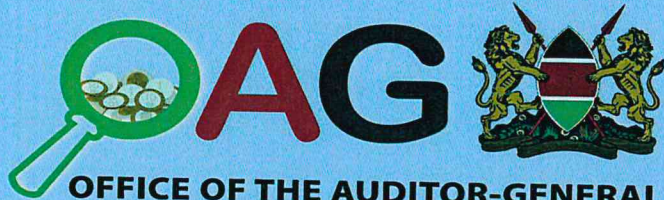


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY

DATE: 12 MAY 2022

TABLED
BY:

LOM

CLERK-AT
THE-TABLE:

C. Ndimitu

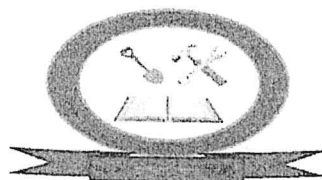
THE AUDITOR-GENERAL

ON

**KONON TECHNICAL TRAINING
INSTITUTE**

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

1



KONOIN TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2019**

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



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

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

(a) Principal Activities

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

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

Vision:

“To be a catalyst in engaging partners to bring innovative educational solutions to individuals, employers, and communities - transforming challenges into opportunities.”

Mission:

“To provide relevant technical education and training to support student goals, a skilled workforce, and the economic vitality of our communities.”

Core Objectives:

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

Management

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

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

(b) Governance and 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(Accounting Officer)	Haron Maosa Onguso
2.	Head of Finance	Janeth Chepkirui
3.	Head of Procurement	Aron Cheruiyot
4.	B.O.G Chairlady	Caroline Cherotich
5.	Finance Committee Chair	Salome Kemunto Nyakundi

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KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

(c) Fiduciary oversight Arrangements

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

(d) Entity Headquarters

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

(e) Contacts

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

(f) Bankers

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



(g) Independent Auditor

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


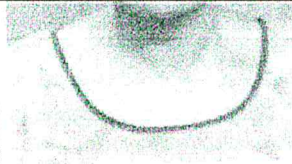

(h) Principal Legal Adviser

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

THE BOARD OF GOVERNORS


 <p>1. Caroline Cherotich.</p> <ul style="list-style-type: none"> • M.BA Strategic Management Option • Bachelor of Business Administration (Human Resource Management option) 	<ul style="list-style-type: none"> • D.O.B:1982 • (2016 to date): Founder and director The Royal Stars Academy • (2013 to date): Founder and director Blue league Consulting limited. • (2013 to 2016):Deputy Manager, Education \$ Training(KUSCO). • (2011 – 2013): Equity Bank Limited: Deputy Credit Manager. • (July - Sept 2012): Equity Bank Limited: Acting Credit Manager. • (July 2016 to date): Vice chairperson KUSCCO staff Provident Fund • (July 2010 - Oct 2011): Financial Education Trainer at Equity Group Foundation • (2006 – 2010): Branch Manager at SISDO Microfinance.
 <p>2.Haron Maosa</p> <ul style="list-style-type: none"> • M.BA • B.Ed 	<ul style="list-style-type: none"> • D.O.B:1964 • Principal Konoin Technical Training Institute • Deputy Principal Keroka Technical Training Institute. • HOD Social Sciences - Migori Techers College. • Author - PTE Social Studies OUP

KONON TECHNICAL TRAINING INSTITUTE
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 <p>3.Salome Kemunto</p> <ul style="list-style-type: none"> • Jomo kenyatta university of agriculture & technology • Year: September 2016- on-going : Doctor of Philosophy (B.A) Finance • MBA Finance • B.Com • CPA-K 	<ul style="list-style-type: none"> • D.O.B:1969 • (July 1988- Date):Gusii Mwalimu Savings and Credit Society Ltd. • 2015 to date: Credit Manager. • Accountant Year 2008 – 2014 December. • Clerk.
 <p>4.Harry Kibet Rono</p> <ul style="list-style-type: none"> • B.A Agricultural Extension and Economics 	<ul style="list-style-type: none"> • D.O.B:1969. • Factory Unit Manager Boito Tea Factory Co.Ltd. • Ag. FUM Gathuthi Tea Factory. <p>Production manager at: 2008-2008: Kapkoros Tea Factory, 2008-2010: Toror Tea Factory, 2006-2007: Kebirigo Tea Factory, Production assistant: 2004-2006: Rukuriri Tea Factory, 2002-2005: kionyo Tea Factory, 2000-2002: Nyamache Tea Factory, 1998-2000: Tombe Tea Factory, Njunu Tea Factory,1996-1997: Kambaa Tea Factory; management Trainee.</p>

 <p>5. Caroline Chepngetich</p> <ul style="list-style-type: none"> • (2016-2017) Post graduate diploma in law(Expected) • (2010-2014) Bachelor of law 	<ul style="list-style-type: none"> • D.O.B:1992 • 2016 to date: Sang and Sang Advocates. • July 2015- Dec 2015: Obondo Koko& Co. Advocates • April 2015-June 2015: Adoption Officer (Kenya Children's Homes A • 2014 (May-September) Ministry of Labour, Social Security and Services-Children's Department (Volunteer) adoption Society) • 2014 (May-September) Ministry of Labour, Social Security and Services-Children's Department (Volunteer) • 2013(June-August) Kenya Tea Development Agency (Intern)
<p>6. Benard Wafula Nalyanya Bachelor of Technology :Electrical and Communications Engineering</p> 	<ul style="list-style-type: none"> • D.O.B:1966. • 26 Years' experience in various institutions. • (Dec 1990 – June 1996) Panafrican Paper Mills. Assistant Electrical Plant Engineer • Central Glass Industries, Electrical and instrumentation Engineer <p>Electrical engineer Kenya Tea Development Agency: Responsible for all works pertaining to electrical works in the 65 factories across the country and several subsidiaries</p> <ul style="list-style-type: none"> • Abymat Services, projects include:- <p>(i)Nairobi Technical Training Institute Electrical works for New workshop and expansion of offices at the Nairobi collage</p> <p>(ii)Masai Technical Training Institute- Electrical works design and supervision for New workshops at the Kajiado collage.</p> <p>(iii)Sotit tea factory- Electrical works design and supervision for New tea factory still under construction costing Ksh 24,000,000.00</p> <p>(iv)sisibo tea factory- Electrical works design and supervision for New Tea factory currently under test runs costing ksh 25,000,000.00</p> <p>(v)Mushubi and gatara tea factory- Electrical works design and drawings for New Tea factory in Rwanda in 2008/ 2009</p> <p>(vi)Research and Development factory for KALRO -TRI-</p>

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	<p>design and supervise Electrical installation for machinery consultancy services for commercial line and R&D line machinery</p> <p>(vii) Design and design of the modification of the church hall at St. Pauls church</p> <p>(viii) Electrical work design for Divine Mercy Catholic Church in Kariobangi</p>
<p>7. Arch Raymond Ngeno</p> <ul style="list-style-type: none"> • Bachelor of Science in Architecture 	<ul style="list-style-type: none"> • D.O.B; 13/11/1956 • Experience in various institutions.
 <p>8. Mary Mwikali</p> <ul style="list-style-type: none"> • Bachelor of Arts 	<ul style="list-style-type: none"> • D.O.B; 27/02/1987

CHAIRMAN'S STATEMENT

➤ **ACTIVITIES- FINANCIAL YEAR 2018/19**

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

➤ **CONSOLIDATED SUCCESSES**

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

➤ **CHALLENGES**

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

➤ **WAY FORWARD**

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

KONON TECHNICAL TRAINING INSTITUTE
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REPORT OF THE PRINCIPAL

Konoin Technical Training Institute is located in Koiwa Location, Konoin Division, Kapken Sub-County of Bomet County. Its construction was completed in October 2016 and the first batch of students reported in March 2017. The current Principal reported on 20th February 2017 and by then there were only eleven (29) students but has since short up to 1900 students currently. This has been made possible due to cooperation between the Board of Governors, stakeholders and the community.

Konoin Technical Training Institute as a Technical Vocational Educational Training institution currently offers 45 programmes/courses accredited by Technical and Vocational Educational Training Authority.

The Institute has been registered by Kenya National Examination Council as an examination Centre for both Business and Technical Examinations. Candidates have sat for examinations in November 2018 and July 2019. There are also 311 candidates who have registered for November 2019 series.

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

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

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

- Our serious challenge is lack of adequate government trainers, enough classrooms and workshops.
- The college was selected to host AVA Training which commenced on 30th July 2019 and ended on 20th December 2019.
- The training provided a better forum for preparedness in AVA production.
- The college is on waiting certification from KEBS in order to start producing packed drinking water, yogurt, sausages and a variety of juice products.

KONON TECHNICAL TRAINING INSTITUTE
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CORPORATE GOVERNANCE STATEMENT

During FY 2018/19, there was 98% eligible attendance at all meetings of the Board and Committees. The following table shows the number of meetings held during 2018/2019, the attendance of each Member;

Caroline Cherotich (BOG Chairperson)	5/5
Haron Maosa (Principal)	5/5
Salome Kemunto (Chair Finance Committee)	4/5
Arch.Raymond Ngeno (Chair Dev't Committee)	4/5
Harry Kibet Rono (Member)	4/5
Benard Wafula Nalyanya (Member)	2/5
Caroline Chepngetich (Member)	4/5
Mary Mwikali (Member)	4/5

Note:

- 1) There was 3 full board meetings and 2 Executive board meetings held.
- 2) No board charter exists at the moment.
- 3) Succession plan is after 3 years.
- 4) No board remuneration.

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

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

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

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

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

The Role and Functioning of the Board

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

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

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

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

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

Board performance

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Konoin Technical Training Institute operational and financial performance

The Institution started operations March 2017 with only 29 students. In the first financial year of operations, the institution reported a surplus of Shs. 1.25 M which increased to Shs. 13.45 m in year 2018/2019 excluding the depreciation expense. The increase represents 969% which is attributed to increase in the number of students and increase in the government funding.

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

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

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

i. Government Funding

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

ii. Constituency Development Fund (CDF)

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

iii. National Science Technology & Innovation Fund

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

KONAIN TECHNICAL TRAINING INSTITUTE
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FOR THE YEAR ENDED 30 JUNE 2019

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

iv. Donors (Development Partners)

The Institute currently has a working relationship with development partners across the country and will continuously seek collaborations with like-minded institutions within and outside the country.

The Institution as part of its national linkages will engage the support of development partners to fill in the resource gap between the resources allocated by the government through recurrent and development allocations as well as grants.

v. County Government of Bomet

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

Konoin Technical Training Institute compliance with statutory requirements

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

Projects and investment decisions

The Institution is quite new and has not yet carried out any key project.

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

The essential characteristic of social responsibility is the willingness of an organisation to incorporate social and environmental considerations in its decision making and be accountable for all impacts of its decisions and activities on society and the environment. This implies both transparent and ethical behavior that contributes to sustainable development of the institute.

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

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

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

Corporate responsibility and sustainability (CR&S) is inherent in every aspect of Institute's operations. We strive to go beyond our statutory obligations to be a good neighbor, care for our stakeholders and minimize our impact on the environment.

Konoin Technical Training Institute is developing a Strategic Plan, a visual representation of the Institute's long-term goals and planned actions up to 2024. The Strategic Plan incorporate all the Institution's activities as link the plan to the Kenya's Vision 2030 and MoE's Strategic Plan (2013-2017)

Konoin Technical Training Institute is committed to promoting sustainability in all areas of our Institute by;

KONON TECHNICAL TRAINING INSTITUTE
ANNUAL REPORT AND FINANCIAL STATEMENTS
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- i) Undertaking risks assessments, reacting and adapting to climate change, minimizing the environmental impact of all aspects of our Institute's operations.
 - ii) Recycling office and project waste materials where practicable and cost-effective.
 - iii) Minimizing business-related travel and promoting the use of public transport and shared travel/commuting wherever practicable and cost-effective.
 - iv) Communicating the requirements and needs of our environmental management system.
-
- v) Rendering ourselves accountable to all our stakeholders through annual sustainability reports documenting our most important environmental, social and economic impacts.
 - vi) Supporting the communities in which we operate through charitable donations and environmental education.
 - vii) Using local suppliers.

The Board of Management will at least annually,

- i) Review this policy to ensure it is effective.
- ii) Review responsibilities and procedures for CR&S management
- iii) Set clear objectives and targets, monitor and measure performance and communicate the results of the Corporate Social Responsibility and Sustainability.
- iv) Ensure adequate resources are made available to implement the policy.

KONON TECHNICAL TRAINING INSTITUTE
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REPORT OF THE BOARD OF GOVERNORS

The Board of Governors submit their report together with the audited financial statements for the year ended June 30, 2019 which show the state of the *Konoin TTI's* affairs.

Principal activities

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

Results

The results of the entity for the year ended June 30, 2019 are set out on page 16

Board of Governors

The members of the Board of Governors who served during the year are shown on page 3 to 5. During the year no director retired/ resigned and no one was appointed.

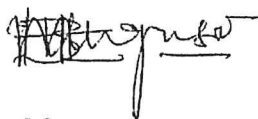
Dividends/Surplus remission

There was no dividends/surplus remitted.

Auditors

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

By Order of the Board

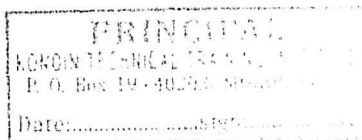


Haron Maosa

Board Secretary

Konoin TTI

Date... 9/07/2020



KONON TECHNICAL TRAINING INSTITUTE
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STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and the TVET Act No. 29 of 2013 require the Board of Governors to prepare financial statements which give a true and fair view of the state of affairs of the *Konoin Technical Training Institute* at the end of the financial year 2018/19 and the operating results of the *Konoin TTI* for FY 2018/19. The Board of Governors are also required to ensure that the *Konoin TTI* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Konoin TTI*. The Board of Governors are also responsible for safeguarding the assets of the *Konoin TTI*.

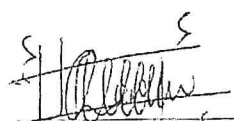
The Board of Governors are responsible for the preparation and presentation of the *Konoin TTI's* financial statements, which give a true and fair view of the state of affairs of the *Konoin TTI* for and as at the end of the financial year 2018/19 ended on June 30, 2019. This responsibility includes: (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 *Konoin TTI*; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *Konoin TTI*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

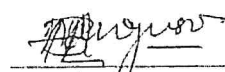
The Board of Governors accept responsibility for the *Konoin TTI's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act No. 29 of 2013. The Board of Governors are of the opinion that the *Konoin TTI's* financial statements give a true and fair view of the state of *Konoin TTI's* transactions during the financial year ended June 30, 2019, and of the *Konoin TTI's* financial position as at that date. The Board of Governors further confirm the completeness of the accounting records maintained for the *Konoin Technical Training Institute*, which have been relied upon in the preparation of the *Konoin TTI's* financial statements as well as the adequacy of the systems of internal financial control.

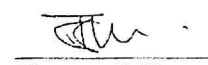
Nothing has come to the attention of the Board of Governors to indicate that *Konoin Technical Training Institute* will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The *Konoin TTI's* financial statements were approved by the Board on 9TH JULY 2019 and signed on its behalf by:

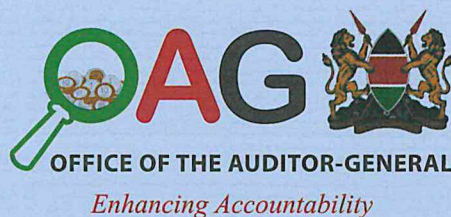

B.O.G Chairperson


Principal


Finance Officer

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 KONAIN 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 Konoin Technical Training Institute set out on pages 1 to 17, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Adverse Opinion

1. Presentation of the Financial Statements

Note 15 to the financial statements on cash and cash equivalents reflects an overdraft of Kshs.290,718 which has been offset against other bank balances contrary to the requirement of Section 48 of International Public Sector Accounting Standard (IPSAS) No.1 which prohibits offsetting of assets and liabilities and revenue and expenses unless required or permitted by an IPSAS.

Consequently, the financial statements do not comply with the requirements of International Public Sector Accounting Standards No.1 on presentation of financial statements.

2. Variances Between Financial Statements Figures and Support Schedules

The following variances were noted between figures reflected in the financial statements and those reflected in the ledger/support schedule.

Item	Note to the Financial Statements	Financial Statement Figure (Kshs)	Ledger Schedule Figures (Kshs)	Variances (Kshs)
Employee Cost	10	7,813,771	7,325,560	488,211
General Expenses	14	3,076,746	2,902,296	174,450
Fees from Students	7	30,443,735	33,443,737	(3,000,002)
Other Income	8	8,719,640	7,328,860	1,390,780
Trade Payables	19	4,894,485	4,792,665	101,820
Receivables	16	14,460,653	45,245,054	(30,784,401)
Total		69,409,030	101,038,172	(31,629,142)

Consequently, the accuracy and completeness of the financial statements for the year ended 30 June, 2019 could not be confirmed.

3. Cash and Cash Equivalents

The statement of financial position and Note 15 to the financial statements reflect cash and cash equivalents balance of Kshs.371,379 as at 30 June, 2019. However, the bank reconciliation statement for the month of June, 2019 reflects cash and cash equivalents balance of Kshs.3,379,206 resulting in an unexplained variance of Kshs.3,007,827. In addition, board of survey report and certificate of bank balance were not provided for audit purposes.

In the circumstance, the accuracy and validity of cash and cash equivalents balance of Kshs.371,379 as at 30 June, 2019 could not be confirmed.

3. Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance net book value of Kshs.138,641,639 as at 30 June, 2019 as detailed in Note 18 to the financial statements. However, and as previously reported, the Institute did not maintain an asset register detailing all the assets owned, their values, serial/title numbers and location. Further, appendix II attached to the financial statements at pages 19, 20 and 21 includes donated equipment whose values were not indicated and therefore not included in the property plant and equipment balance of Kshs.138,641,639 as at 30 June, 2019.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.138,641,639 as at 30 June, 2019 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Konoin Technical Training Institute Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other

ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

During the year under review, the Institute's revenue budget amounted to Kshs.87,540,118 against actual collections of Kshs.56,443,375 resulting to a shortfall of Kshs.31,096,743 or 36% of the budget. Similarly, the Institute's expenditure budget amounted to Kshs.87,540,118 against an actual expenditure of Kshs.43,503,612 resulting to an under expenditure of Kshs.44,036,506 or 50% of the budget.

In addition, the budget had nil provision for remuneration of directors and general expenses against actual of Kshs.1,222,000 and 3,582,616 respectively. No explanation was provided for expenditures incurred for which there was no budgetary provision.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

Late Submission of the Financial Statements

The financial statements for the year ended 30 June, 2019 were submitted for audit on 5 January, 2020, three (3) months after the deadline of 30 September, 2019. This is contrary to Section 47 of the Public Audit Act, 2015 which requires financial statements

be submitted to the Auditor-General within three months after the end of the fiscal year to which the accounts relate.

The Management was therefore in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for conclusion

1. Lack of Audit Committee and Internal Audit Function

As previously reported, the Institute did not have in place a functional internal audit department and an audit committee. In view of the above, the management may lack complete and objective insight into the effectiveness of their risk management, internal control and governance processes as well as their evaluation and improvement thereof. Failure to have in place Internal audit function is contrary to the Public Finance Management Act, 2012 section 73 sub-sections 4 and 5 which states that a national government entity shall ensure that internal audits in respect of the entity are conducted in accordance with international best practices and every national government public entity shall establish an audit committee whose composition and functions shall be as prescribed by the regulations

No explanation has been given for failure to have an internal audit function and audit committee in place.

2. Weak Information Technology (IT) Controls

During the audit exercise and as previously reported, the following IT issues were noted;

- i. The Institute does not have approved policies on information communication technology including disaster recovery plan and IT continuity plan. Consequently, critical data/information may not be recovered in case a disaster occurs.

- ii. The Institute does not have IT strategic or steering committees which could result in none implementation of IT governance, as part of enterprise governance.
- iii. The Institute lacked security policy, an indication that there is no clear direction to maintain information security and to properly safeguard its assets.
- iv. The Institute did not have fire suppression systems therefore information may be lost in case of a fire outbreak.

Consequently, the Institute did not have strong Information Communication Technology (ICT) controls despite operating in IT enabled environment like use of Management Information System software for registration and reporting.

3. Lack of Human Resource Policy

As previously reported, the Institute did not have a staff establishment and a human resource policy to guide in the management of its human resource issues.

It was therefore difficult to confirm the status of staff establishment and the policy guidelines in place.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

21 March, 2022

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

	Notes	2018/2019	2017/2018
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	17,280,000	7,595,694
Total Revenue from non-exchange transactions		17,280,000	7,595,694
Revenue from exchange transactions			
Rendering of services- Fees from students	7	30,443,735	3,158,360
Other income	8	8,719,640	1,050,660
Revenue from exchange transactions		39,163,375	4,209,020
Total revenue		56,443,375	11,804,714
Expenses			
Use of goods and services	9	30,379,355	8,731,228
Employee costs	10	7,813,771	970,610
Board allowances	11	1,222,000	-
Depreciation and Amortization Expense	12	15,074,046	931,241
Repairs and maintenance	13	505,870	499,188
General expenses	14	3,076,746	345,655
Total expenses		58,071,788	10,546,681
Net Deficit for the year		(1,628,413)	326,973

The notes set out on pages 21 to 30 form an integral part of the Annual Financial Statements.

KONON TECHNICAL TRAINING INSTITUTE
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V. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

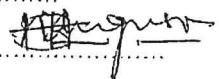
	Notes	2018/2019 Kshs	2017/2018 Kshs
Assets			
Current assets			
Cash and cash equivalents	15	371,379	1,258,034
Receivables from exchange transactions	16	14,460,653	-
Total Current Assets		14,832,032	1,258,034
Non-current assets			
Property, plant and equipment	18	138,641,639	45,630,811
Intangible assets	17	484,096	-
Total Non-current Assets		139,125,735	45,630,811
Total assets		153,957,767	46,888,845
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	19	4,894,485	-
Total Current Liabilities		4,894,485	-
Total liabilities		4,894,485	-
Capital and Reserves			
Accumulated surplus		13,619,413	1,258,034
Capital Fund		135,545,689	45,630,811
Total Capital and Reserves		140,338,354	46,888,845
Total Liabilities and Capital & Reserves		153,957,767	46,888,845

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

Principal/Secretary to BOG

Name: Haron Maosa

ID NO. 4410872

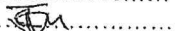
Sign. 

Date. 9/07/2020

Head of Finance

Name: Janeth Chepirui

ID NO. 30818006

Sign. 

Date. 9/07/2020

Chairperson of the Board

Name: Caroline Cherotich

ID NO. 22718047

Sign. 

Date. 9/07/2020

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VI. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2019

	Accumulated Reserves	Capital/ Development Grants/Fund	Total
	Shs	Shs	Shs.
Balance b/f at July 1 2017	-	46,562,052	46,562,052
Total comprehensive income	1,258,034		1,258,034
Depreciation charge		(931,241)	(931,241)
Balance c/d as at June 30, 2018	1,258,034	45,630,811	46,888,845
Balance b/f as at July 1, 2018	1,258,034	45,630,811	46,888,845
Total comprehensive income	- 1,628,413		- 1,628,413
Development grants received during the year	-	103,802,850	103,802,850
Transfer of depreciation/amortisation from capital fund to retained earnings	13,887,972	(13,887,972)	-
Balance c/d as at June 30, 2019	13,517,593	135,545,689	149,063,282

Note:

1. For items that are not common in the financial statements, the entity should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
2. Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.

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VII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2018/2019 Kshs	2017/2018 Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	6	17,280,000	7,595,694
Rendering of services- Fees from students	7	15,983,082	3,158,360
Other income, rentals and agency fees	8	8,719,640	1,050,660
Total Receipts		41,982,722	11,804,714
Payments			
Use of goods and services	9	25,484,870	8,731,228
Compensation of employees	10	7,813,771	970,610
Board allowances	11	1,222,000	-
RMI	12	505,870	499,188
Other payments	14	3,076,746	345,655
Total Payments		38,103,257	10,546,681
Net cash flows from operating activities	18	3,879,465	1,258,034
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(4,766,120)	-
Net cash flows used in investing activities		(4,766,120)	-
Cash flows from financing activities			
Increase in development deposits		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(886,655)	1,258,034
Cash and cash equivalents at 1 July 2018		1,258,034	-
Cash and cash equivalents at 30 June 2019	15	371,379	1,258,034
Cash flows from operating activities			
Receipts			

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Percentage	Variance Explanation
	2018-2019	2018-2019	2018-2019	2018-2019	2018-2019		
	Kshs	Kshs	Kshs	Kshs	Kshs		
Revenue							
Transfers from other Govt entities Govt grants	48,192,618		48,192,618	17,280,000	30,912,618	64%	
Rendering of services- Fees from students	39,347,500		39,347,500	30,443,735	8,903,765	23%	
Other income	-		-	8,719,640	(8,719,640)	-100%	
Total income	87,540,118	-	87,540,118	56,443,375	31,096,743	36%	
Expenses							
Compensation of employees	13,824,000		13,824,000	7,813,771	6,010,229	43%	
Use of Goods and services	73,716,118		73,716,118	30,885,225	42,830,893	58%	
Remuneration of directors			-	1,222,000	(1,222,000)	-100%	
General expenses	-		-	3,582,616	(3,582,616)	-100%	
Total expenditure	87,540,118	-	87,540,118	43,503,612	44,036,506		
Surplus for the period	-	-	-	12,939,763	(12,939,763)		

Budget notes

1. The difference was because of the delay of disbursement of capitation.
2. The budget was prepared using cash basis of accounting basis i.e. budget is cash basis yet statement of financial performance is accrual).

IX. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

The financial statements have been prepared in accordance with the PFM Act, the 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. Early adoption of standards

Konoin Technical Training Institute is a newly established institution and therefore did not early-adopt any new or amended standards in year 2018/2019.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees

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

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

Transfers from other government entities

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

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

ii) Revenue from exchange transactions

Rendering of services

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

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

b) Budget information

The original budget for FY 2018-2019 was approved by the Board of Governors on 9th September 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 Konoin TTI upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of 9/01/2019 on the 2018-2019 budget following the governing body's approval.

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
b) Budget information (continued)

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

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

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

c) Property, plant and equipment

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

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

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d) Intangible assets

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

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

Computer software

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

e) Nature and purpose of reserves

a. Accumulated surpluses

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

b. Capital reserves

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

f) Changes in accounting policies and estimates

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

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

g) Employee benefits

Retirement benefit plans

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

which they relate.

h) Related parties

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

4) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Cash and cash equivalents

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

j) Biological assets

The biological assets have been stated at their fair values less estimated point-of-sale costs. The fair value is determined based on market prices.

k) Comparative figures

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

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

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

Useful lives and residual values

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For the year ended June 30, 2019

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
-

KONON TECHNICAL TRAINING INSTITUTE
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For the year ended June 30, 2019

6. TRANSFERS FROM OTHER GOVERNMENTS

Description	2018-2019	2017-2018
	KShs	KShs
Unconditional grants		
Capitation grant	14,280,000.00	-
Other grant	3,000,000	7,595,694
	17,280,000.00	7,595,6940
Total government grants and subsidies	17,280,000.00	7,595,694

7. RENDERING OF SERVICES

Description	2018-2019	2017-2018
	KShs	KShs
Tuition fees	26,728,070	2,528,890
Activity fees	2,118,135	177,850
Attachment	421,030	232,520
Insurance	40,500	32,700
Registration fees	1,136,000	186,400
Total revenue from the rendering of services	30,443,735	3,158,360

(These are fees paid in by students within the financial period)

- ❖ The statement of cashflows revenue from rendering services is exclusive of receivables from exchange transactions under note 16 of Ksh. 14,460,653.

8. OTHER INCOME

Description	2018-2019	2017-2018
	KShs	KShs
Smart card Income	16,000	-
Student Identity Card	66,960	45,900
Examination	3,374,280	150,610
Boarding	5,120,000	442,950
Computer Packages	42,400	115,300
Food and Catering	7,000	295,900
Tender fee	93,000	-
Total other income	8,719,640	1,050,660

9. USE OF GOODS AND SERVICES

Description	2018-2019	2017-2018
	KShs	KShs

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Tuition expenses	21,037,345	5,771,997
Boarding expenses	5,655,047	185,480
Activities	1,647,028	369,170
Electricity and water	993,885	1,891,995
Insurance	35,300	-
Attachment	186,850	273,586
Registration	823,900	239,000
Total good and services	30,379,355	8,731,228

10. EMPLOYEE COSTS

	2018-2019	2017-2018
	KShs	KShs
Salaries and wages	6,836,099	746,110
Travel, motor car, accommodation, subsistence and other allowances	977,672	224,500
Employee costs	7,813,771	970,610

11. BOARD ALLOWANCES

Description	2018-2019	2017-2018
	KShs	KShs
Board Honoraria	200,000	-
Other allowances	1,022,000	-
Total depreciation and amortization	1,222,000	-

12. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2018-2019	2017-2018
	KShs	KShs
Property, plant and equipment	14,953,022	-
Intangible assets	121,024	-
Total depreciation and amortization	15,074,046	-

13. REPAIRS AND MAINTENANCE

Description	2018-2019	2017-2018
-------------	-----------	-----------

KONON TECHNICAL TRAINING INSTITUTE
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	KShs	KShs
Others	505,870	499,188
Total repairs and maintenance	505,870	499,188

14. GENERAL EXPENSES

Description	2018-2019	2017-2018
	KShs	KShs
Computer Packages	6,400	45,660
Food and catering	6,000	445,995
Student Identity Card	306,300	-
Examination	2,418,358	-
Tender fee	193,838	-
Helb refund	146,000	(146,000)
Miscellaneous expenses	(150)	-
Total general expenses	3,076,746	345,655

15. CASH AND CASH EQUIVALENTS

The carrying amounts of the institution's cash and cash equivalents are denominated in Kenya Shillings.

Description	2018-2019	2017-2018
	KShs	KShs
Current account	(290,718)	1,087,107.5
Others(Cash)	662,097	170,926
Total cash and cash equivalents	371,379	1,258,033.5

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

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

Financial institution	Account number	2018-2019	2017-2018
		KShs	KShs
a) Current account			

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Kenya Commercial bank- Tuition account	1217674810	(297,749)	471,461.5
Kenya Commercial bank-Operations Account	1217674535	2,976	611,476
Kenya Commercial bank – Development account	1217674683	4,055	4,170
Sub- total		(290,718)	1,087,107.5
cash on hand		662,097	170,926
Sub- total		662,097	170,926
Grand total		371,379	1,258,033.5

16. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2018-2019	2017-2018
	KShs	KShs
Current receivables		
Sundry debtors	14,460,653	-
Total receivables	14,460,653	-

These are receivables from students relating to the school fees payable for the year and it excludes Government capitation. During the year, there were no defaults from these debtors.

17. INTANGIBLE ASSETS

Description	2018-2019	2017-2018
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	605,120	-
Cost end of the year	605,120	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	121,024	-
Amortization at end of the year	121,024	-
NBV	484,096	-

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Annual Reports and Financial Statements
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18. PROPERTY, PLANT AND EQUIPMENT

The table below represents movement schedule of the institution's fixed assets.
The institution is registered and has title deed. It should be valued.

During the year, the institution received several computers, furniture and fittings from the parent ministry whose value was not issued at the time of donation. The board of governance is in the process of contracting a professional valuer who will revalue all the assets of the institution. The cost of the donated equipment has not yet been established and therefore, it's not included in the movement schedule below. A list of those assets has been provided under Appendix II.

	Buildings and Sheds	Furniture and Fittings	Computers and Peripherals	Plant and Equipment	Total
At 1 st July 2017	46,562,052	-	-	-	46,562,052
Additions					-
Disposals					-
At 30 th June 2018	46,562,052	-	-	-	46,562,052
Additions		3,665,000	496,000	103,802,850	107,963,850
At 30 th June 2019	46,562,052	3,665,000	496,000	103,802,850	154,525,902
Depreciation and impairment					-
At 1 st July 2017	-				-
Depreciation	931,241	-			931,241
At 30 th June 2018	931,241				931,241
Depreciation	916,516	916,250	148,800	12,975,356	14,956,922
At 30 th June 2019	1,847,757	916,250	148,800	12,975,356	15,888,163
Net book values					-
At 30 th June 2019	44,714,295	2,748,750	347,200	90,827,494	138,641,639
At 30 th June 2018	45,630,811	-	-	-	45,630,811

KONAIN TECHNICAL TRAINING INSTITUTE
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19. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2018-2019	20
	KShs	
Trade payables	4,894,485	
Payments received in advance	-	
Total trade and other payables	4,894,485	

20. RELATED PARTY BALANCES

Government of Kenya

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

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

21. EVENTS AFTER THE REPORTING PERIOD

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

22. ULTIMATE AND HOLDING ENTITY

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

23. CURRENCY

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

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APPENDIX I: INTER-ENTITY TRANSFERS

	KONOIN TTI			
	Break down of Transfers from the State Department of Vocational and Technical Training			
	FY 2018/19			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to w amounts relate</u>
	MOE	8/10/2018	3,000,000.00	FY 2018/19
	MOE	18/02/2019	14,280,000.00	FY 2018/19
		Total	17,280,000.00	

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

Finance Manager
Konon Technical Training Institute

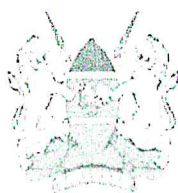
Sign 

Head of Accounting Unit
Ministry of Education

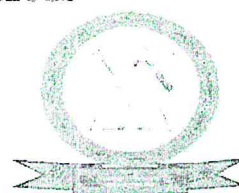
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KONON TECHNICAL TRAINING INSTITUTE
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APPENDIX II ASSETS DONATED BY GOVERNMENT WITHOUT VALUES



MINISTRY OF EDUCATION
KONON TECHNICAL TRAINING INSTITUTE
TEL: 0725729806, P.O BOX 19 - 20403, MOGOGOSIEK
E-MAIL: konointechnical@gmail.com



LANCOM TECHNOLOGY
EQUIPMENTS SUPPLIED AND DELIVERED

S/NO.	DESCRIPTION	QUANTITY
	HP TFT MONITORS (SCREEN) S/NO.	20PCS
1.	3CQ7301LF6	
2.	3CQ730GQQ	
3.	3CQ73304NB	
4.	3CQ731LMO	
5.	3CQ73304Q3	
6.	3CQ6191907	
7.	3CQ61919535	
8.	3CQ6191964	
9.	3CQ6191825	
10.	3CQ6191916	
11.	3CQ619190K	
12.	3CQ619195G	
13.	3CQ6191974	
14.	3CQ6191974	
15.	3CQ619192F	
16.	3CQ6191914	
17.	3CQ6191915	
18.	3CQ6191924	
19.	3CQ6191920	
20.	3CQ7301MSB	

S/NO.	DESCRIPTION	QUANTITY
	HP DESKTOP COMPUTERS 290 (TOWERS) S/NO.	20PCS
1.	2UA5031845	
2.	2UA4271125	
3.	2UA50725FR	
4.	2UA6101558	
5.	2UA4152GF1	
6.	2UA61076CD	
7.	2UA538385	
8.	MXR510105	
9.	2UA6101258	
10.	2UA5131BCM	

KONON TECHNICAL TRAINING INSTITUTE
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11.	2UA4451K214	
12.	2UA5070TNX	
13.	2UA53218NG	
14.	2UA5402CCC	
15.	2UA5481TVH	
16.	2UA539350W	
17.	2UA6091G5B	
18.	2UA60819C5	
19.	2UA60819C7	
20.	2UA5232NHN	

S/NO.	DESCRIPTION	QUANTITY
	APC 700VA UPS S/NO.	20PCS
1.	3B1714X23032	
2.	3B11714X23060	
3.	3B11712X68087	
4.	3B1712X08076	
5.	3B1714X23176	
6.	3B1714X25402	
7.	3B1718X09047	
8.	3B1718X06328	
9.	3B1718X00939	
10.	3B1718X00943	
11.	3B1718X09103	
12.	3B17180X09130	
13.	3B1714X23008	
14.	3B1714X23028	
15.	3B1714X23178	
16.	3B1714X23033	
17.	3B1712X08290	
18.	3B1712X08332	
19.	3B171X19017	
20.	3B1717X18197	

S/NO.	DESCRIPTION	QUANTITY
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KONON TECHNICAL TRAINING INSTITUTE
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	HP LASERJET M506AN S/N	3PCS
1.	PHB8K7M8VS	
2.	PHB8KSZ0NW+3USB PRINTER CABLES	
3.	PHB8K5Z0PD	
	HP 15 CORE IS LAPTOPS S/NO.	3PCS
1.	CND721354F	
2.	CND72135WL	
3.	CND72135WK	
	EPSON EB-504 PROJECTOR +SCREEN	
1.	WCVK7102589 1.51707	
2.	WCVK6Z00051 2.01708	



REPUBLIC OF KENYA

MINISTRY OF EDUCATION

STATE DEPARTMENT OF VOCATIONAL AND TECHNICAL TRAINING

PROJECT: GOK TVET PROJECT

NAME OF SUPPLIER: CASHADI LOGISTICS

NAME OF INSTITUTION: KONGIN TTI

SUBJECT: EQUIPMENT INSPECTION FINAL REPORT

The Ministry's ad hoc Inspection and Acceptance Committee (I&AC) visited the above institution to carry out the final inspection and commissioning of furniture and fittings equipment supplied by M/s Cashadi Logistics under the above project. The team inspected and confirmed all equipment in terms of quality, quantity and specifications.

MINISTRY OF EDUCATION
STATE DEPARTMENT OF VOCATIONAL AND TECHNICAL TRAINING
GOK TVET PROJECT: EQUIPMENT ACCEPTANCE FORMS

LIST OF FURNITURE SUPPLIED

NAME OF INSTITUTION: _____

Code	Equipment	SPECIFICATIONS	QTY	REMARKS/ST.
IF1	Board room Tables	Specifications : I frame leg configuration with modesty panel W:4800mm by 1200mm by H725mm Seats up to 14 people Wood MFC Finishes for all Boardroom Furniture: colour walnut	1	
IF2	Board room chairs	Specification: <ul style="list-style-type: none"> Type: Office Furniture Style: Executive Chair, Lift Chair, Swivel Chair Size: 46W*48D*93-105cm height colour black material: mesh, PU or fabric sponge: high density sponge interior: high density fire prevention sponge filled inside mechanism: powder coating mul-function mechanism lifting: SGS lifting can be used 100,000 times 5-star base: nylon material 500kgs affordable 5-star base optional: polished aluminum can bearing above 1,000 kgs caster: pu casters noise free floor protection 	10	
IF3	Principals office desk	specifications: <ul style="list-style-type: none"> Radial Left Handed Desk With 3 Drawer Fixed Pedestal Size 1600x1200x830x720mm 	1	OK-1
IF4	Principals Executive seat	Specifications: <ul style="list-style-type: none"> 360 degree swivel manager chair. High quality luxury PU leather. Lumbar support. Good durable Easily cleaned Pu leather tilt mechanism, 350mm painting base, rubber casters. 	1	OK-1

JK

25/5/20

Code	Equipment	SPECIFICATIONS	QTY	REMARKS/STATUS
		<ul style="list-style-type: none"> chair size:D69*69*110-118cm 		
IF 5	Filing cabinet	Specifications: <ul style="list-style-type: none"> Specific Use: Filing Material: Metal Size: 900*450*1331 Name: Four drawer lateral metal drawer cabinet Surface: Powder coated Structure: Knock down Color: metallic grey 	1	OK
IF 6	Computer table	Specifications: <ul style="list-style-type: none"> -Material: Metal + MDF or good quality hardwood -Size (L*W*H): 120x55x74cm 	1	OK
IF 7	Fire proof compact safe	Specifications: <ul style="list-style-type: none"> Fire-Resistant A Class 350 four-hour fire-rated safe or better Protect disks, tapes, CDs, DVDs, microfilm, microfiche and other media. Anti-theft and fire- 	1	OK
IF 8	Bookshelf	Specifications: <ol style="list-style-type: none"> Three doors bookshelves ISO9001, 2008 approved. Made of MDF with paper or good quality hardwood Dimension(mm) 1350*440*2000mm Material: <ol style="list-style-type: none"> Teak Walnut MDF & teak wood veneer or hardwood 	1	OK
IF 9	Visitors chair	<ul style="list-style-type: none"> Specification: Material: Synthetic Leather Size: 53*51*87cm Upholstery:: PU and sponge Style: Executive Chair plastic armrest 	6	OK
IF 10	Staffroom writing tables trainer	Heavy Duty Table With Tie Bars Size: 1200X750X720mm	10	OK
IF 11	Chairs	Specifications:	10	OK

JK SW

Code	Equipment	SPECIFICATIONS	QTY	REMARKS
		<ul style="list-style-type: none"> Material: Synthetic Leather Size: 53*51*87cm Upholstery: PU and sponge Style: Executive Chair plastic armrest 		
IF 12	Teacher desk with drawer	Specifications: Fixed Pedestal 1200x700x720mm	10	Oke-
IF 13	Classrooms training chair with table	Specifications: <ul style="list-style-type: none"> Material: Wood Tablet: Plywood with Fireproof Seat: Plywood Back: Plywood Frame: Steel Finishing: Powder Coating Seat Size: 370*380mm Tube: 22mm Diameter Tube Thickness: 1.2mm Cbm: 0.045m³/Set 	80	Oke-

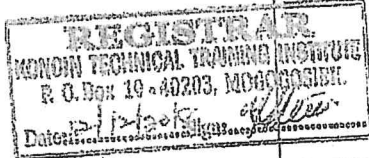
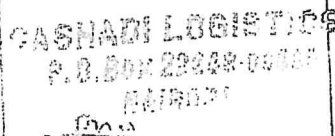
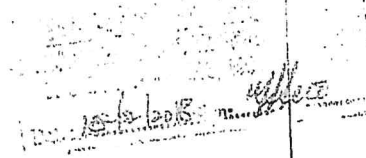
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This is to confirm that the information provided is complete accurate and the furniture and fittings :
officially accepted.

FORM A2

MEMBERS OF THE ACCEPTANCE COMMITTEE

S NO	NAME OF OFFICER	DESIGNATION	SIGNATURE	DATE
1.	Samuel Kweh	Chairman	<i>[Signature]</i>	12/02/18
2.	<i>[Signature]</i>	Secretary	<i>[Signature]</i>	12/02/18
3.	Ann Kweh	Member	<i>[Signature]</i>	12/02/2018
4.	JOHN KAGETE	Member	<i>[Signature]</i>	12/02/2018

	OFFICER	NAME OF OFFICER	SIGNATURE & STAMP	DATE
1.	RECEIVING PERSON(STORES)	Joseph Kweh		
3.	SUPPLIER/ REPRESENTATIVE			12/2/2018
4.	PRINCIPAL <i>for</i>	JOSEPH KWEH		

JK AW

FORM B

III




Figure 1. Schematic representation of the experimental design. The study was divided into two main parts: a pre-test and a main test. The pre-test was conducted with 10 participants to determine the optimal number of trials for each condition. The main test was conducted with 20 participants and consisted of two blocks of trials. The first block was a baseline condition (10 trials) and the second block was an experimental condition (10 trials). The experimental condition was divided into two sub-conditions: a control condition (5 trials) and a treatment condition (5 trials). The control condition consisted of trials with a neutral stimulus (e.g., a neutral face) and the treatment condition consisted of trials with a target stimulus (e.g., a target face). The participants were asked to respond to the target stimulus by pressing a button. The response time (RT) was recorded for each trial. The RT was calculated as the time interval between the presentation of the stimulus and the pressing of the button. The RT was then used to calculate the mean RT for each condition. The mean RT for the control condition was compared to the mean RT for the treatment condition. A significant difference between the two conditions would indicate that the treatment condition had a faster RT than the control condition.

[illegible]

This is to confirm that the information provided above is complete and accurate.

MEMBERS OF THE ACCEPTANCE COMMITTEE

S/NO	NAME OF OFFICER	DESIGNATION	SIGNATURE	DATE
1.	Seenaad adarson	Chairman	<i>Seenaad</i>	12/01/18
2.	Maria Mwangi Muriu	Secretary	<i>Maria</i>	12/21/2015
3.	Ann Wambui	Member	<i>Ann</i>	12/02/2012
4.	John Kariuki	Member	<i>John</i>	12/02/2012

OFFICER RECEIVING PERSON(S)	NAME OF OFFICER	SIGNATURE & STAMP	DATE
1.	JOSEPH KARIUKI		
3.	SUPPLIER/ REPRESENTATIVE		12/01/2017
4.	PRINCIPAL		

JK
JK
JK

THE INFORMATION IS ACCURATE AND CONFIRMED BY IAC

1. Chairman Scammel, Lisa SIGNATURE [Signature] DATE 12/02/18
2. Secretary Blair, Rebecca SIGNATURE [Signature] DATE 12/2/2018
3. Member Ann Warrington SIGNATURE [Signature] DATE 12/2/2018
4. Member Jane Knecht SIGNATURE [Signature] DATE 12/02/2018