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REPORT

TABLED
BY:

The Leader of the Majority
Party (LOM)

CLERK-AT
THE TABLE:

Inzofu Mwale

OF

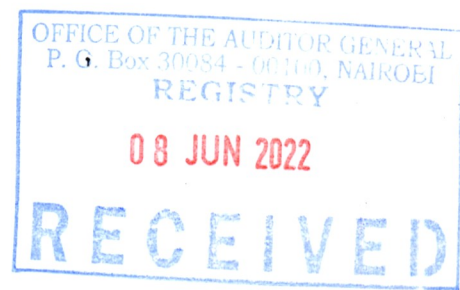
THE AUDITOR-GENERAL

ON

**KAREN TECHNICAL TRAINING
INSTITUTE FOR THE DEAF**

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





MINISTRY OF EDUCATION
STATE DEPARTMENT OF VOCATIONAL EDUCATION AND TECHNICAL TRAINING
KAREN TECHNICAL TRAINING INSTITUTE FOR THE DEAF

P.O. BOX 24785-00502 Nairobi, Kenya. Tel. 0722677859
E-mail: kttid2007@yahoo.com Website: www.kttideaf.ac.ke



VISION: *To be a Centre of Excellence in Integrated Technical and Vocational Education and Training for the Hearing Challenged and the Hearing*



International Public Sector Accounting Standards (IPSAS)
Annual Financial Reporting Template for
*Technical Vocational Education Training (TVET) Institutions, National Polytechnics and
Teacher Training Colleges*

KAREN TECHNICAL TRAINING INSTITUTE FOR THE DEAF

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2021**

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

KAREN TECHNICAL TRAINING INSTITUTE FOR THE DEAF
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I. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background Information

Karen Technical Training Institute for the Deaf was founded in the Year 1990 with the mandate to offer Technical and Vocational Education and Training to Students with Special Needs in Kenya (the Deaf). Since 2015 the Institution operates under the State Department of Vocational and Technical Training. From inception the Institute had been under the State Department of Basic Education; Ministry of Education.

At Cabinet level Karen Technical Training Institute for the Deaf is represented by the Cabinet Secretary for Ministry of Education who is responsible for the general policy and strategic direction of the Institute.

(b) Principal Activities - the provision of technical, vocational education and training to deaf students with special needs in Kenya.

(c) Key Management

The entity's day-to-day management is under the following key organs:

- Board of Governors
- Principal and Secretary BoG
- Members of Key Management

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Tecla M. Chemobo
2.	Deputy principal Administration	Norah Joy Ananda
3.	Deputy principal Academics	Japheth N. Onyimbo
4.	Finance Officer	Wilfred Kimathi
5.	Registrar	Joseph Wanjohi
6.	Dean of Students	Lorraine Koros
7.	Rebecca Kemuma	Stores-In-Charge

(e) Fiduciary Oversight Arrangements

The entity's key fiduciary oversight arrangements include:

- Executive Committee
- Planning, Finance and Resource Mobilization Committee
- Education/Academic Affairs Committee

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(f) Entity Headquarters

Karen Technical Training Institute for the Deaf
P.O. Box 24785-0050
Karen Road
Nairobi, KENYA

(g) Entity Contacts

Telephone: (254) 0722-261453 (Principal's no.)
E-mail: kttid2007@yahoo.com
Website: www.kttideaf.ac.ke

(h) Entity Bankers

1. National Bank of Kenya
Harambee Avenue
P.O. Box 41862-00100
NAIROBI
2. ABSA Bank of Kenya
P.O. Box 24180-00502
NAIROBI
3. Kenya Commercial Bank
P.O. Box 224410-00502
NAIROBI

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

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II. THE BOARD OF GOVERNORS

BOARD MEMBERS OF KAREN TECHNICAL TRAINING INSTITUTE FOR THE DEAF



LINDSEY ROUND-TURNER
BOG Chairperson
Date of Birth: 30th Oct 1980

A vivacious, positive and highly motivated Senior Manager, creative thinker and Team player with over 15 years' experience from hands on youth work, teaching and coaching to Programme Management and Consultancy having developed strategic interest in developing young people and supporting staff teams, both in and out of the Classroom having led various Youth Programs in Africa and Europe including The Challenge and Middlesmoor in the United Kingdom, Jeremy Steere Architects in South Africa, Inspire Worldwide in Uganda and Tanzania as well as Rhizomestudio and Bawa Designs in Kenya. She holds a Master's Degree in Humanitarian and Development Practice from the Oxford Brookes University in the United Kingdom as well as a Bachelor's Degree in Architecture and Diploma in Architecture. She was awarded the Hunter Johnston Doric Prize in recognition of her stellar contribution to the life and spirit to the Department of Architecture. She has exemplary volunteer experience having held different positions offering Architectural Advice and Fundraising Support at Lwala Community Alliance in the United States and Quest Overseas Youth Centre in Tanzania, Community Development Facilitation at Blackbird Leys Community Centre in the United Kingdom and Student Partnerships as an Environmental Teacher in Nepal, India.



TECLA M. CHEMOBO
Principal & Secretary BOG
Date of Birth: 8th Oct 1965

She is a scintillating, successful, spiritual and highly skilled professionally Trained Educationist with 34 years of experience as a Teacher that elevated her to the current position. She currently holds as the Principal of Karen Technical Training Institute for the Deaf in Nairobi, Kenya. She holds a Bachelor's Degree in Education (Upper 2nd Class Honors) from Kenyatta University, a Higher Diploma in Counselling Psychology from Kenya Institute of Professional Counselling [KIPC] as well as a Diploma in Education from Maseno-Siriba Diploma Teachers Training College. In the course of her working life, she has held various positions rising from a Class Teacher at Chepareria Girls High School in West Pokot, Kapsabet Girls High School, Kaaga Girls High School in Meru, Nairobi School and then to her promotion as a Lecturer, Head of Department, Dean of Students, Registrar and later Deputy Principal In-charge of Academic Affairs at Nairobi Technical Training Institute up to 2015 when she was appointed by the Teachers Service Commission to her current position as Principal TVET. She also serves as the Secretary to the Board of Governors at Karen Technical Training Institute for the Deaf. She has over 28 years' experience in inspiring and shaping policy within the TVET Sector having attended and participated in various Policy and Governance Workshops and Training for TVET Principals and Managers especially with the Government of Kenya and Ministry of Education as well as other Stakeholders such as Commonwealth Association of Technical Universities and Polytechnics in Africa {CAPA} and {KATTU}.

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Maryann Abdi
County Director TVET
Nairobi County
 Date of Birth: 12th Dec 1977

A fully qualified, experienced and dynamic professional with 18 years teaching experience, 11 years' managerial responsibilities, 1 ½ years humanitarian and relief work experience. A Dynamic leader, resourceful, adaptable and able to work in all conditions. Strong conflict resolution skills and effective negotiator. A result-oriented, creative and reliable team player who strives for excellence in all tasks assigned. She holds a Master of Education (Educational Planning & Administration) from Catholic University of East Africa, a Diploma in Education Management from Kenya Education Management Institute, Bachelor of Education – Science from Kenyatta University, Diploma in Education (Science) from Kagumo Teachers College did her O'level Education at Moi Forces Academy-Lanet. Other Professional Qualifications – August, 2003 Mathematics mentoring group held at Kagumo Teachers College. 17th-28th April, 2006 Capacity building training program for NEPAD e-schools and ICT in Education-CEMASTE. 19th -24th July, 2009 Free Secondary Education and governance workshop for Principals of Public Secondary Schools at KESI. August, 2018 Senior Management Course (SMC) Kenya School of Government. Key Skills; she has skills in Computer Applications, Planning/Organization, Communication, Administration and Interpersonal skills. Her work experience; from Feb 2008-Sept 2013 worked as a Principal, Kutulo Girls Secondary School. Sept 2013- Dec 2017 Principal Wajir Girls Secondary School. Jan 2018-Sept 2018 Nep Girls High School, Garissa. Oct 2018-Dec 2018 Senior Asst. Director of Education TVET. Jan 2019 to Date SADE- TVET County Director, Nairobi.



FRANCIS J.Y. ALLOO
Chairman Finance
Committee of the Board
 Date of Birth: 25th Nov 1946

He has had a stellar banking career spanning 32 years with different banks in East Africa. He holds a General Certificate of Education [GCE] from the University of Cambridge and certified by the East African Examinations Council and a Banking Diploma from the Institute of Bankers in the United Kingdom and followed by his appointment by the same institute as a Certified Associate of the Institute. In 2012; he went on to be appointed by the Council of the Kenya Institute of Bankers as a Fellow {FKIB} which he hold to date. He has served in various capacities in the financial and banking industry serving at different managerial positions at Barclays Bank of Kenya for 20 years and retired in 1998 as a Senior Risk Manager. He went on to be appointed Deputy Managing Director at Transnational Bank Limited and Head of Credit, a position he held for four years before moving on to Delphis Bank Limited as Head of Credit and Risk Management for a year. Akiba Commercial Bank Limited then appointed him General Manager of Operations based in Tanzania for two years. He went on to now become a Training Consultant with Family Bank Limited Credit Division as well as Banking Trainer with the Kenya Institute of Bankers {KIB}. Currently a Consultant with the {ICPAK} Finance. He has also previously served as the Treasurer for the Kenyan Branch of the London-based Institute of Bankers and a Member of the Agricultural Society of Kenya {ASK} rising to the Chairmanship of the Nanyuki ASK Branch and later the National Financial Advisor of the ASK.

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**GEORGE H. GACHANJA
 MAHUGU**
**Chairman Academic
 Affairs of the Board**
 Date of Birth: 6th Oct 1974

He holds a Bachelor of Science Degree in Microfinance from the Kenya Methodist University, a Diploma from the Kenya Institute of Management and a Certificate from the Catholic University of Eastern Africa in Management of Child Centered Organizations, Child Rights and Paralegal Studies. He has over 19 years working experience with NGOs primarily within the PWD {Persons With Disabilities} sector especially with the deaf. He currently holds the position of Program Coordinator at the Kenya Society for Deaf Children {KSDC}. He has previously worked as a Program Consultant with the Kenya Association of Parents of the Deaf and coordinating programs of network and funding organizations including Stichting Operation Eardrop and Vitaal based in Netherlands as well as in education and rehabilitation of hearing loss in children with the Department for International Development [DFID] and in mobilisation and training of parents in Kenyan Sign Language for the U.S. Peace Corps. He has also been a trainer for the National Police Service of Kenya in Sign Language. He sits on the Board of Governors at Karen Technical Training Institute for the Deaf as a representative of KSDC. He has also previously been a Board Member of Mobil Oil.



NICKSON O. KAKIRI
BOG Member (Deaf)
 Date of Birth: 29th July 1976

He holds a Bachelor of Arts Degree in Governmental and International Development from Gallaudet University in Washington D.C., in the United States where he received numerous awards including the Edward Miner Gallaudet Presidential Scholarship Award, The Nippon Foundation Scholarship Award and the pioneer recipient of this award in 2003, The Olaf Hanson Service Award and the Graduate Student Association Commitment Award. His stellar recognition was mainly in the area of Persons With Disability [PWDs] especially the deaf. He has equally presented various internationally acclaimed papers and presentations around the needs, issues, human rights, women empowerment, collaborations and equality and inclusivity among the deaf in society at Dong Nai University in Vietnam, Mahatma Gandhi University in India, at the World Bank Tokyo Information Session in Tokyo, Japan (2008), at the Tokyo University of Foreign Studies Research Institute for Languages and Cultures of Asia and Africa, at Swarthmore College, Pennsylvania, USA at The Deaf around the World Conference among others facilitated by the Kenyan Government. He has also held positions in a similar capacity among them being the current National Chairman/C.E.O of the Kenya National Association of the Deaf [KNAD].



JAQUELINE MEBUR
BOG Member
 Date of Birth: 3rd July 1984

She is a passionate individual with a blend of experience in engineering project management and operations. She has an exemplary track record of successfully managing small to large projects in leading Women in Technology Academy and various Mobile Core Network Optimization and Implementation Projects at Safaricom Limited in various positions starting off as a Specialist Engineer for Network Operations to a Senior Core Networks Engineer then rose to a Program Coordinator for the Women in Technology Academy and currently holds the position of Product Officer for Technology for Development. She holds a Bachelor of Science Degree in Electrical and Electronic Engineering from Jomo Kenyatta University of Agriculture and Technology [JKUAT]. She is also accomplished as a Fellow of the Mandela Washington Young Africa Leadership Initiative [YALI] and the international Visitors Leadership Program in Science and Technology Education at the United States Department of State as well as the Women in Leadership Program at Strathmore University.

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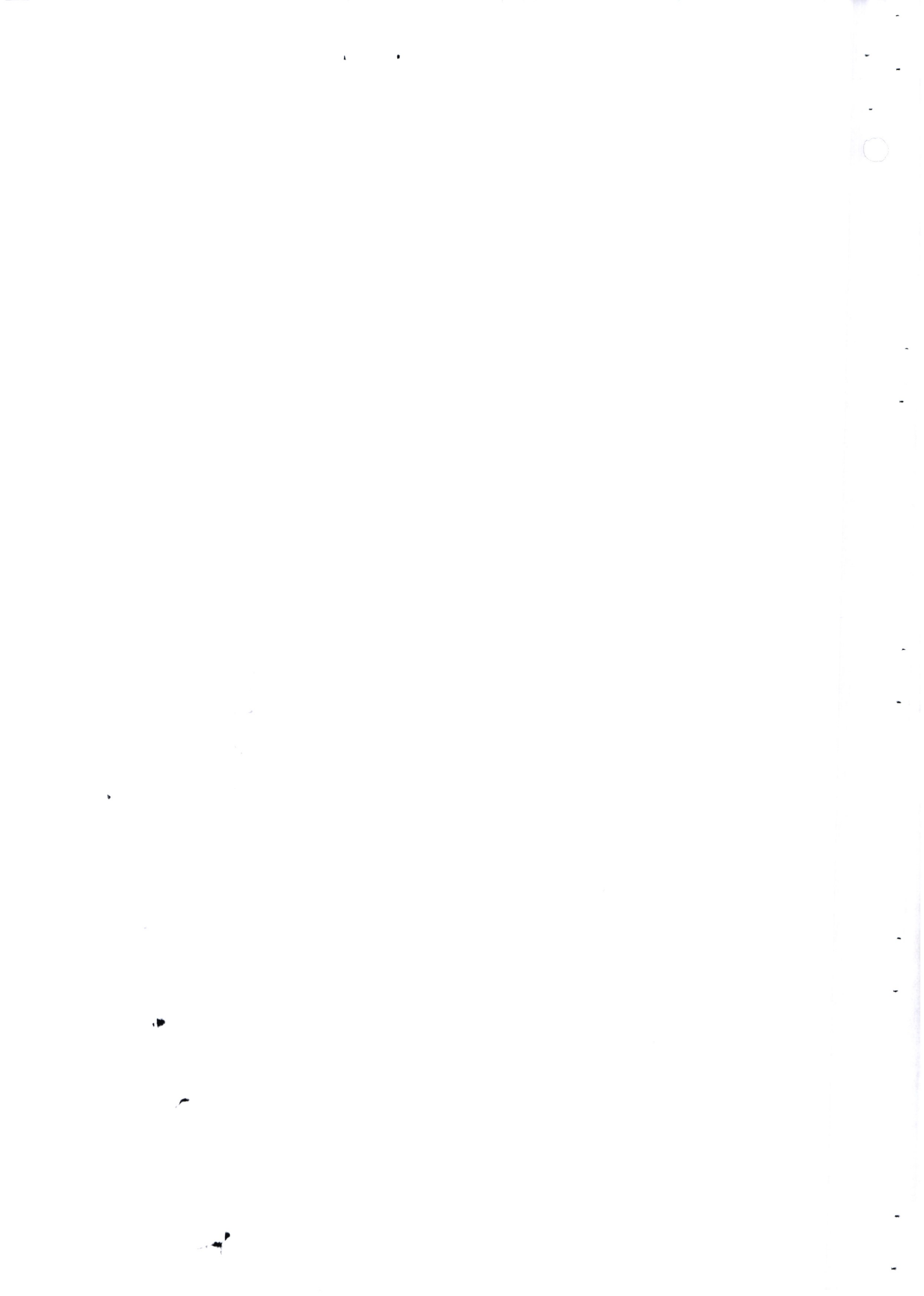
HILARY J.W. LUKHAFWA
BOG Member
Date of Birth: 10th Jan 1957

He is a self-motivated individual with a strong personality in Leadership and Management having served in different key capacities rising from a Graduate Teacher at Bunyore Girls High School to an Education Officer at the Ministry of Education up to his retirement in 2017 having been promoted to the position of Acting Senior Deputy Director of Education. He went on to serve as a Member of the Committee of Vetting Expatriate Teachers, a Member of the Technical Teams for the Kenya Education Development [PRIEDE] Project and also a Member of the Special Committee on Students Unrest. He is an accomplished achiever in the standardization of admission requirements to Teacher Education Institutions which affected Primary Teacher Education [P1], Diploma in Education and Bachelor of Education Graduates to ensure professionalism in the teaching service, Implementation of registration of Early Childhood Development and Education [ECDE] , Facilitated online registration of Teachers and Enforced requirement for Teacher Registration before any person is employed as a teacher as provided for the in Constitution of the Republic of Kenya and Teachers Service Commission Act of 2012.

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III. MANAGEMENT TEAM

S/No.	Name of the Staff Responsibility/Designation	Profile Summary
1.	 <p>TECLA M. CHEMOBO Principal & Secretary BOG</p>	<p>She is a scintillating, successful, spiritual and highly skilled professionally Trained Educationist with 34 years of experience as a Teacher that elevated her to the current position. She currently holds as the Principal of Karen Technical Training Institute for the Deaf in Nairobi, Kenya. She holds a Bachelor's Degree in Education (Upper 2nd Class Honors) from Kenyatta University, a Higher Diploma in Counselling Psychology from Kenya Institute of Professional Counselling [KIPC] as well as a Diploma in Education from Maseno-Siriba Diploma Teachers Training College. In the course of her working life, she has held various positions rising from a Class Teacher at Chepareria Girls High School in West Pokot, Kapsabet Girls High School, Kaaga Girls High School in Meru, Nairobi School and then to her promotion as a Lecturer, Head of Department, Dean of Students, Registrar and later Deputy Principal In-charge of Academic Affairs at Nairobi Technical Training Institute up to 2015 when she was appointed by the Teachers Service Commission to her current position as Principal TVET. She also serves as the Secretary to the Board of Governors at Karen Technical Training Institute for the Deaf. She has over 28 years' experience in inspiring and shaping policy within the TVET Sector having attended and participated in various Policy and Governance Workshops and Training for TVET Principals and Managers especially with the Government of Kenya and Ministry of Education as well as other Stakeholders such as Commonwealth Association of Technical Universities and Polytechnics in Africa {CAPA} and {KATTI}.</p>
3.	 <p>JAPHETH N. ONYIMBO Deputy Principal - Academics</p>	<p>He started teaching in 1995 at Karen Technical Training Institute for the Deaf. In 2000 he was transferred to Sunshine Secondary School to teach Drawing and Design and Mathematics and was the Head of Examinations for two years.</p> <p>In 2004 he was transferred back to Karen Technical Training Institute for the Deaf and in 2005 he was appointed to chair the Institution's Tuition Time-table Committee and thereafter in 2008 appointed Deputy Registrar.</p> <p>In 2009 he was appointed Registrar and his Office is in-charge of Admission and Registration of Students in the Institution and Administration of both Internal and External National Examinations among other responsibilities. He has attended various Kenya Association of Technical Training Institute (KATTI) Trainings and Technical Vocational Education Training Workshops organized by the Ministry of Education State Department of Vocational and Technical Training.</p>



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<p>4.</p>	 <p>NORAH JOY ANANDA Deputy Principal - Administration</p>	<p>She started teaching in 1988 in Mukumu Girls Boarding Primary School till 1993 when she took study leave to further her studies. She studied Diploma in Special Education at Kenya Institute of Special Education and was awarded Diploma Special Education 1st Class Honours in 1995 with another special Award of Best Citizen. She was posted to Agakhan Primary School Deaf Unit in May 1995. She taught in this school till 1997 where she took another study leave to further her education and enrolled in Kenyatta University in 1997 September for Bachelor of Education (Special Education) and successfully completed in the Year 2000 and was awarded B.E D Special Education with 2nd Class Honours – Upper Division. She was posted to Karen Technical Training Institute for the Deaf in 2001. In 2001 was appointed as a Sign Language facilitator. In 2005 was appointed as Head of Department of Audiology Department and Assistant Dean of Students. She was also appointed in 2006 as Head of Performing Arts. In 2015 she was promoted as Dean of Students till to Date. She is also in-charge of two targets in the Performance Contract namely Service Delivery and Resolution of Public Complaints respectively.</p>
<p>5.</p>	 <p>WILFRED KIMATHI Finance Officer</p>	<p>He is a Resilience Character holds a Bachelor of Business Administration (Accounting and Finance option) from Kenya Methodist University (Kenya), a Diploma in Business Management, University of Nairobi (DBM). Certified Public Accountant (CPA II) KSNEB studied at Meru Technical Training Institute know Meru National Polytechnic, a Certificate of Accounts Clerk National Certificate (ACNC) (I & II) (KASNEB). Secondary Education, Gikumene Secondary School Meru, Primary Education, Michogomone Primary School Meru. He is currently the Finance Officer Karen Technical Training Institute for the Deaf. He has attended various capacity building workshop organized Nairobi County School /Tertiary Institution Audit (Nyayo House Educations) attended Training Workshops Organized by TVET the State Department of Vocational and Technical Training Institutions, attended Trainings by National Treasury on Public Sector Accounting Standards Board (PSASB) Training accordance with the Basis of accounting method under the International Public Sector Accounting Standards (IPSAS). Sits in various Board Committee Treasurer Macho SACCO Ltd. He is a member Procurement Committee, Treasurer Ngong Methodist Church and Secretary Meban Self Help Group. He has 26 years working experience on the Finance field to date.</p>



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IV. CHAIRPERSON'S STATEMENT

Introduction

It is my pleasure to present the Annual Report and Financial Statements for Karen Technical Training Institute for the Deaf for the year ended 30 June 2021.

Financial Performance

In the year under review, the Institution reported a total income of Kshs. **71,685,849** compared to Kshs. **71,049,128** for the FY 2019/2020 financial year. The Institution was affected by closure in the month of March 2020 due to the ongoing COVID-19 Pandemic. The Board and Management is however hopeful that Institution's activity will improve in the coming financial year 2021/2022.

The Board of Governors

The Board is committed to ensure prosperity of the Institution by collectively directing its affairs whilst meeting the diverse interests of its stakeholders. The Board charter guides the operation of the Board while defining the functions and responsibilities of the Board of Governors and that of Management. The Board strives to maintain the highest standards of corporate governance and ethics in providing the policy and strategy of the Institution.

Achievements and Challenges

In addition to increased student's enrolment, Karen Technical Training Institute for the Deaf has had notable improvement in general service delivery and in corporate social image. Over the last 5 years to date there has been gradual increase in enrolment of students. However, the increase in the number of students does not commensurate Government funding. This poses a great challenge in financing the programs and activities hence the need for increased Budgetary allocation. The board managed to oversee the successful completion of (Four) 4 classrooms which were also commissioned by the PS, Ministry of Education, State Department of Vocational and Technical Training, Dr. Margaret W. Mwakima on Wednesday, 22 September 2021.

Appreciation

On behalf of the Board of Governors, I wish to thank all the Stakeholders for the confidence placed on the Board during the entire period and look forward to serving even better. In a special way, I thank the Ministry of Education, State Department of Vocational and Technical Training that have stood with us during the entire financial year. Your continued support is highly appreciated. Further, I thank Members of Management, Staff and Students for their dedication and commitment towards the growth of the Institution.


for **LINDSEY ROUND-TURNER**

Board Chairperson

Francis Joseph Yoga Alloo
x

8/6/2022

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V. REPORT OF THE PRINCIPAL

Introduction and Background

It is my great pleasure to present the Annual Report and Financial Statements for Karen Technical Training Institute for the Deaf for the year ended 30 June 2021. Karen Technical Training Institute for the Deaf is a Public Tertiary Institution under the State Department of Vocational and Technical Training that started in 1990 to offer Technical Training to the Deaf Youth in Kenya. The Institute trains students mainly at the level of Artisan, Craft and in Diploma courses based on the minimal number of Deaf Youth who successfully complete the Kenya Certificate of Primary Education (KCPE) and the very few who even proceed to the Kenya Certificate of Secondary Education (KCSE) Level. Effective January 2015, the Institute moved from the Department of Basic Education to the State Department of Vocational and Technical Training, Directorate of TVET and assumed new status with a higher profile.

Academics

The Institution has continued to provide quality Technical Vocational and Educational Training under the newly approved Competence Based Education and Training (CBET) Curriculum. The Government posted additional 6 newly recruited trainers during the year.

Overview of the Financial Performance

In the year under review, the Institution reported a total income of Kshs. **71,685,849** compared to Kshs. **71,049,128** for the FY 2019/2020 financial year. The Institution however was affected by school closure in the month of March 2020 as a result of the Government's Directive due to the ongoing COVID-19 Pandemic. This saw a significant decrease in revenue from Tuition and Other Student fees by 36% in FY 2020/21 of Kshs. 25,144,747 compared to the FY 2019/2020 Kshs. 38,858,454.

Infrastructure

To cater for the increased population of both Staff and Students, the Institution, in the year under review, continued to grow its infrastructure. The Institution Utilised Development Grant received in the FY 2018/19 from the Government in the Construction of Four (4) classrooms now completed and commissioned by the PS, Ministry of Education, State Department of Vocational and Technical Training, Dr. Margaret W. Mwakima on Wednesday, 22 September 2021.

Compliance with Statutory Guidelines

In the year under review, Karen Technical Training Institute for the Deaf diligently fulfilled its entire statutory obligation and guidelines set by government agencies and commissions. The Institution signed Performance Contracting with the Ministry of Education and the same was cascaded to relevant officers and Staff of the Institution with continuous monitoring and evaluation.

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Challenges

Over the last 5 years, the Institution has been increasing enrolment of students gradually. However, the increase in the number of students does not commensurate with Government funding. This poses a great challenge to finance the growth of the Institution.

Appreciation

I note with appreciation that the Government of Kenya through the Ministry of Education, our collaborators, and other institutions that have rendered their support during the entire financial year under review. Further, I would like to appreciate the support accorded to me by Staff and Students in ensuring smooth running of the Karen Technical Training Institute for the Deaf. The Institution acknowledges the guidance of the Board of Governors in ensuring the Management is kept on the move towards attainment of the set targets.


TECLA M. CHEMOBO

Principal



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VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

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

Karen Technical Training Institute for the Deaf has Five (5) Pillars and objectives within the current Strategic plan for the year 2019 to 2023. These strategic objectives are as follows:

- (i) Political
- (ii) Economic
- (iii) Social
- (iv) Technological
- (v) Environmental

Karen Technical Training Institute for the Deaf develops its Annual Work plans based on Five (5) pillars. Assessment of the Board's performance against its Annual Work plan is done on quarterly basis. The Karen Technical Training Institute for the Deaf achieved its Performance Targets set for the F/Y 2020/2021 period for its five (5) pillars as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Political	<ul style="list-style-type: none"> • Provide market driven and relevant training 	<ul style="list-style-type: none"> • Relevant training material available • Number of workshops with modern equipment 	<ul style="list-style-type: none"> • Provide modern equipment in the workshops • Provide timely and relevant teaching materials 	<ul style="list-style-type: none"> • Clothing Technology and Electrical Departments new Laboratories and Equipment
Economic	<ul style="list-style-type: none"> • Enhance financial stability 	<ul style="list-style-type: none"> • Timely annual budgets and audits • Number of trainees accessing HELB and Government grants 	<ul style="list-style-type: none"> • Ensure timely preparation of annual budgets and audits • Seek sponsorship for Trainees from sponsors such as HELB and Government Subsidies/grants 	<ul style="list-style-type: none"> • Budget prepared and submitted within the prescribed period
Technological	<ul style="list-style-type: none"> • Improve access to and use of ICT in education and training 	<ul style="list-style-type: none"> • Installed WIFI in the Institute • Introduce interactive screens 	<ul style="list-style-type: none"> • Install WIFI in the Institute • Number of interactive screens 	<ul style="list-style-type: none"> • Availability of internet, smartboard and overhead projectors in the Institute
Social	<ul style="list-style-type: none"> • Improve corporate image 	<ul style="list-style-type: none"> • Semester magazine developed • Active presence in different forums 	<ul style="list-style-type: none"> • Establish semester magazine • Use forums such social media and KATTI to market the institute 	<ul style="list-style-type: none"> • Regular updating of courses offered through the institutes website
Environmental	<ul style="list-style-type: none"> • Improve physical facilities for People with Disabilities 	<ul style="list-style-type: none"> • Ramps at various doors for ease access 	<ul style="list-style-type: none"> • Construct ramps at various doors for ease access of the physically challenged Persona 	<ul style="list-style-type: none"> • Ramps constructed at the doors of various rooms in the Institute

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VII. CORPORATE GOVERNANCE STATEMENT

The Board of Governors is responsible for providing overall leadership through oversight, review and guidance in addition to the setting the strategic and policy direction of the institution.

During the year under review, the Board of Governors comprised of 8 Members, all appointed by the Cabinet Secretary in the Ministry of Education and the Principal who is secretary to the Board of Governors. The Board is responsible for ensuring that Institution complies with the law and best practices in corporate governance.

Functions of the Board of Governors

The functions and powers of the Board Governors are as stipulated as indicated below:

- Determining the Institution's vision, mission, purpose and core values.
- Setting and overseeing the overall strategy.
- Approve significant policies of the institution.
- Ensuring that the Institution's strategy is aligned with its purpose, legitimate interests and expectations of the stakeholders.
- Monitoring the Institution's performance and ensuring sustainability.

Board Meetings Attendance and Members' Participation

The Board holds regular meetings to transact planned business of the Institution. Special meetings may also be called when there is significant business to discuss. During the year under review, the Board held mandatory meetings attended by all members. Board members receive adequate notices and detailed issues for discussion in order to for them to prepare for the meetings in advance.

Board Remuneration

Members of the Board are paid taxable sitting allowances for meetings attended as well as travel allowances while carrying out duties on behalf of the Institution as per the guidelines provided by Salaries and Remuneration Commission and approval by the Cabinet Secretary for Education.

Board committees

During the 2021/2020 financial year, the following were the committees in place:

- Executive Committee comprised of 3 members of the Board.
- Planning, Finance and Resource Mobilization Committee comprised of 4 members of the Board and 1 member of key management.
- Education/Academic Affairs Committee comprised of 4 members of the Board and 3 members of key management.

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Conflict of Interest

The Institution has a conflict of interest policy which applies to all members of the Board, key management and other employees as per the requirements of section 29 of schedule 2 of the Technical and Vocational Education, TVET ACT 2013. They are obligated to disclose and remove themselves from discussion or decision making authority in matters which they may have material personal interest that could result in impairing their objectivity or interfere with the execution of their duties.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

1. Financial and Operational Performance

Income

The main source of income for the Institution is Grants from the Government of Kenya. Internally, the Institution generates Revenue in the form of Tuition Fees and other income from Rental of Facilities and Equipment. During the financial year 2020/21 the Institution's approved budget was Kenya Shillings 155,250,000 (2019/20: Kshs. 137,700,000).

The below is the breakdown of the income for the year:

Recurrent Grant –In the Approved Budget for the Financial Year 2020/2021, the Institute expected an Enhanced Budgetary Allocation of KShs. 84,016,000 for the Recurrent Expenditure, however only KShs. 39,612,764 was disbursed by GoK as Recurrent Grant.

Development Grant – In the approved Budget, the Institution allocated Kshs. 24,000,000 (2019/20: Kshs. 13,000,000) for construction of (Four) 4 classrooms. During the year Kshs. 5,681,555 was utilised towards completion of the same.

Tuition Fees – Budgeted amount of Kshs. 45,636,000 (2019/20: Kshs. 41,152,500) against actual fees collected of Kshs. 25,144,747 (2019/20: Kshs. 38,858,454) during the year. The decrease in Tuition fees represented 35% from 2019/2020.

Other Income – This comprises Rental of facilities and Equipment and other Miscellaneous income budgeted at Kshs. 1,598,000 (2019/20: Kshs. 1,598,000) against actual income of Kshs. 910,984 (2019/20: Kshs. 1,201,367).

Expenditure

Actual total expenditure for the year was Kshs. 79,850,124 (2019/20: Kshs. 76,502,326). Major expenditure related to Boarding Equipment and Stores (BES) - Kshs. 16,119,277 (2019/20: Kshs. 21,392,563) and School Equipment Store (SES) Kshs. 9,965,757 (2019/20: Kshs. 17,503,723). Other major expenditure related to Repairs and Maintenance Kshs. 8,528,585 (2019/20: Kshs. 1,280,740), implementation of MOH Covid -19 Protocols Kshs. 4,943,137 (2019/20: Nil).

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2. Key projects or investments decision implemented or ongoing

The Institution had the following ongoing projects:

- i) **GOK/AfDB TVET PHASE II PROJECT** which is fully financed by the African Development Bank and the Government of Kenya (AfDB). The project involves the construction of ICT, Electrical and Electronics Engineering Departments and two hostel blocks for both male and female Students with a capacity of 100 Students. The project was successfully completed on 12 August 2021.
- ii) The construction of Four (4) Classrooms fully funded by the Government of Kenya through Development Grant was also completed on 9 July 2021 and Commissioned by the PS, Ministry of Education, State Department of Vocational and Technical Training, Dr. Margaret W. Mwakima on Wednesday, 22 September 2021.

3. Compliance with Statutory Requirements

Karen Technical Training Institute for the Deaf as a public entity has a duty to ensure that all the relevant laws and regulations are adhered to and complied with. In addition, the Institution does acknowledge its obligation to have all statutory dues such PAYE, NHIF, NSSF, withholding tax and NITA levies processed and remitted before the set timelines. There are no non-compliance issues that may expose the institution to potential contingent liabilities neither are there ongoing or potential court cases and defaults that could expose the institution to adverse liability.

4. Major Risks facing the Organisation

The institution's activities expose it to a variety of strategic, operational, liquidity and financial risks:

- i. **Strategy Risk** – The risk associated with an institution's inability to formulate and/or execute a successful strategy. The risk has been mitigated by having a Board in place whose members are professional and well versed with the requirements of running a special needs tertiary institution. The education programmes at Karen Technical Training Institute for the Deaf are carefully selected and formulated to ensure its mandate is achieved in a sustainable manner
- ii. **Operational Risk** - The risk of failure or loss resulting from inadequate or failed processes, people, or systems failure. This risk has been managed through defining and embedding

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internal controls in all the processes. These internal controls include but not limited to obtaining authorizations for all transactions and ensuring compliance with laws and regulations.

- iii. **Liquidity Risk** – The risk that an entity will be unable to meet its obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash balances to cover anticipated expenditures through a consultative budgeting process with the parent ministry.

5. Material arrears in Statutory and other Financial Obligations

Karen Technical Training Institute for the Deaf has material financial obligations relating to pending audit fees amounting to KShs. 3,900,000 as at the year end.

6. Financial Probity and serious Governance issues

There has been no financial improbity reported by the external auditors or other oversight bodies. The institution has a duly constituted Board of Governors that is supported by Board Committees.

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IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Karen Technical Training Institute for the Deaf exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, improving physical facilities for People with Disabilities and improving operational excellence.

Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

Sustainability strategy and profile

The Board and management of Karen Technical Training Institute for the Deaf is committed to ensuring prosperity of the Institution by collectively directing its affairs whilst meeting the diverse interests of its stakeholders.

The Board strives to maintain the highest standards of corporate governance and ethics in providing the policy and strategy of the Institution.

The Institution develops its Annual Work Plan based on the 5 strategic pillars and derives its objectives, activities and performance indicators from the same. Assessment of the Board and Key Management is based on the Annual Work Plan.

Employee Welfare

To enhance performance the Institute considers Staff Training as a critical component towards improving work performance.

The Institute is an equal opportunity Employer. The hiring process of Employees is guided by factors such as gender ratio and consideration of Persons Living With Disabilities as a priority.

The Institution has a Conflict of Interest Policy which applies to all Members of the Board, Key Management and other Employees as per the requirements of Section 29 of Schedule 2 of the Technical and Vocational Education, TVET ACT 2013.

The Institute ensures full compliance with Occupational Safety and Health Act of 2007, (OSHA).

Corporate Social Responsibility / Community Engagements

During the year under review, Karen Technical Training Institute for the Deaf did not carry out any Corporate Social Responsibility activities.

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X. REPORT OF THE MEMBERS OF THE BOARD

The Board members submit their report together with the audited financial statements for the year ended June 30, 2021 which show the state of affairs of Karen Technical Training Institute for the Deaf.

Principal activities

The principal activities of the entity are the provision of technical, vocational education and training to deaf students with special needs in Kenya.

Results

The results of the entity for the year ended June 30, 2021 are set out on page I.

MEMBERS OF THE BOARD

The Members of the Board of Governors who served during the year are shown on page IV.

Auditors

The Auditor General is responsible for the statutory audit of Karen Technical Training Institute for the Deaf in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 for the year ended June 30, 2021 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



TECLA M. CHEMOBO

Corporate Secretary

Nairobi

Date: 8/6/2022

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XI. STATEMENT OF BOARD OF GOVERNORS RESPONSIBILITIES

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

The Board members are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) Maintaining Adequate Financial Management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining Proper Accounting Records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) Designing, Implementing and Maintaining Internal Controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the Assets of the entity; (v) selecting and applying appropriate Accounting Policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act. The Board members are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2021, and of the entity's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Board members to indicate that the entity 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 *entity's* financial statements were approved by the Board on 27TH SEPT, 2021 and signed on its behalf by:



Board Member

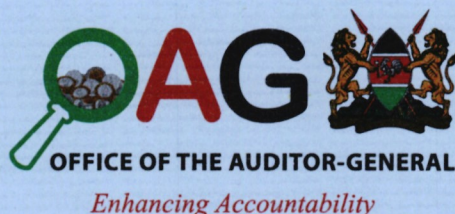


Board Member

Board Member

8/6/2022

REPUBLIC OF KENYA



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

REPORT OF THE AUDITOR-GENERAL ON KAREN TECHNICAL TRAINING INSTITUTE FOR THE DEAF FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report, when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Karen Technical Training Institute for the Deaf set out on pages 1 to 26, which comprise of the statement of financial position as at 30 June, 2021, 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, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Karen Technical Training Institute for the Deaf as at 30 June, 2021, 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 comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

Unconfirmed Property, Plant and Equipment Balance

The statement of financial position, as disclosed in Note 16 to the financial statements, reflects property, plant and equipment balance of Kshs.3,407,761,203. Review of records provided revealed that the Institute was in possession of a parcel of land with an estimated market value of Kshs.3,200,000,000. However, ownership documents with respect to the piece of land were in the name three trustees and not in the Institute's name. In addition, the value reported in the financial statements for the land and building of Kshs.3,200,000,000 and Kshs.206,412,306 respectively, were not supported with a valuation certificate or report.

Further, the land had not been well fenced off and had been encroached and the encroachers had started construction of buildings on it. Although the Institute's Principal had on several occasions written to the Principal Secretary for State Department for Vocational and Technical Training requesting for funds to erect a perimeter wall and to sought assistance to evict the encroachers, this has not been successful.

In the circumstances, the ownership, accuracy and existence of the property, plant and equipment balance of Kshs.3,407,761,203 could not be ascertained.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2021 reflects actual income of Kshs.71,685,849 against a budget amount of Kshs.155,250,000 resulting to an under collection of revenue by Kshs.83,564,151 or 54% of the budget. Further, the statement reflects budgeted total expenditure of Kshs.155,250,000 against actual expenditure of Kshs.79,850,124 resulting to a budget under absorption of Kshs.75,399,876 or 49% of the budget. In addition, the statement reflects budgeted capital expenditure of Kshs.11,000,000 which was not utilised during the year.

In the circumstances, the Institute was not able to implement all the approved programmes during the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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

1.0 Lack of Internal Audit Function and Audit Committee

Review of records provided for audit revealed that the Institute did not have an Internal Audit Function and an Audit Committee contrary to Section 73(5) of the Public Finance

Management Act, 2012 which requires every national government entity to establish an Audit Committee.

In the circumstances, the institute remains susceptible to risks.

2.0 Failure to Automate Operations

Review of the Institutes operation revealed that the Institute had not automated its operations. The recording of transactions such as revenue receipts, calculation of students' fees balances, procurement-related entries, personnel-related entries, accounting records and processing of payments are done manually. In the absence of automation, monitoring of fees receipts and determination of fees balances, real time confirmation of fee deposits by students, back-ups and disaster recovery plans may not be achieved.

In the circumstances, the operations of the Institute are prone to errors and fraud and may lead to inaccurate records and loss of public funds.

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

Responsibilities of Management and the Board of Governors

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

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

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

The Board of Governors is responsible for overseeing the financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant

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

Auditor-General's Responsibilities for the Audit

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal control in order to give an assurance on the effectiveness of internal controls, risk management and 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 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

27 July, 2022

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XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020-2021	2019-2020
		KShs	KShs
Revenue from non-exchange transactions			
Transfers from other government entities	6	45,630,118	30,989,307
Revenue from non-exchange transactions		45,630,118	30,989,307
Revenue from exchange transactions			
Rendering of services- Fees from students	7	25,144,747	38,858,454
Other income	8	910,984	1,201,367
Revenue from exchange transactions		26,055,731	40,059,821
Total Revenue		71,685,849	71,049,128
Expenses			
Use of goods and services	9	55,790,368	1,670,289
Employee costs	10	8,889,353	9,343,334
Remuneration of Board members	11	1,317,160	664,570
Depreciation expense	12	5,324,658	-
Repairs and maintenance	13	8,528,585	1,280,740
General Expenses		-	63,543,393
Total Expenses		79,850,124	76,502,326
(Deficit) for the year		(8,164,275)	(5,453,198)

The notes set out on pages 6 to 21 form an Integral part of the Annual Financial Statements.

Note:

Expenditure on General Expenses for the FY 2019/2020 (Kshs.63,543,393) has been correctly brought forward and for 2020/2021 (Kshs.52,533,045) re-classified and reflected in the Financial Statements as per the revised Template for the FY 2020/2021 under Note 9 Use of Goods and Services Kshs.55,790,368 (2019/2020: Kshs.1,670,289).

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XIV. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2020-2021	2019-2020
		KShs	KShs
Assets			
Current assets			
Cash and cash equivalents	14	28,354,813	43,640,428
Inventories	15	1,664,111	264,223
Total current assets		30,018,924	43,904,651
Non – current Assets			
Property, plant and equipment	16	3,407,761,203	-
Biological Assets	17	1,330,200	-
Total Non – current Assets		3,409,091,403	-
Total Assets		3,439,110,327	43,904,651
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	18	3,900,000	2,600,000
Total current liabilities		3,900,000	2,600,000
Non-current liabilities			
Deferred income	19	21,309,240	26,990,795
Total non-current liabilities		21,309,240	26,990,795
Total Liabilities		25,209,240	29,590,795
Net Assets			
Reserves		3,407,751,506	-
Accumulated surplus		6,149,581	14,313,856
Total Net Assets		3,413,901,087	14,313,856
Total Liabilities and Net Assets		3,439,110,327	43,904,651

The Financial Statements set out on pages 6 to 20 were signed on behalf of the members of the Board by:

[Signature]
 Board Chairperson

Date.....

8/6/2022

[Signature]
 Finance Officer
 ICPAK No

Date.....

8/6/2022

[Signature]
 Principal



KAREN TECHNICAL TRAINING INSTITUTE FOR THE DEAF
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XV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2021

	Reserves	Accumulated surplus	Total
At July 1, 2019	-	19,767,054	19,767,054
(Decrease)	-	(5,453,198)	(5,453,198)
At June 30, 2020	-	14,313,856	14,313,856
At July 1, 2020	3,200,000,000	14,313,856	3,214,313,856
Increase/(Decrease)	207,751,506	(8,164,275)	199,587,231
At June 30, 2021	3,407,751,506	6,149,581	3,413,901,087

Note:

Reserves relate to the value of balances for Property, Plant and Equipment and Biological Assets on note 16 and 17 adjusted in the financial statements for the year ended 30 June 2021 as per IPSAS 33 requirements.

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XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2020-2021	2019-2020
	Notes	KShs	KShs
Cash flows from operating activities			
Receipts			
Transfers from other government entities	6	45,630,116	50,130,434
Rendering of services- Fees from students	7	25,144,748	38,804,304
Other income	8	910,984	964,647
Total Receipts		71,685,848	89,899,385
Payments			
Use of goods and services	9	55,890,255	1,670,452
Compensation of employees	10	8,889,353	9,343,334
Remuneration of Board members	11	1,317,160	664,570
Repairs and maintenance	12	8,528,585	1,044,020
General Expenses		-	62,243,393
Total Payments		74,625,353	74,965,769
Net cash flows from operating activities		(2,939,505)	14,933,616
Cash flows used in investing activities			
Purchase of assets	16	(6,664,555)	-
Net cash flows used in investing activities		(6,664,555)	-
Cash flows from financing activities			
Development grant	18	(5,681,555)	(153,000)
Net cash flows used in financing activities		(5,681,555)	(153,000)
Net (decrease) in cash and cash equivalents		(15,285,616)	14,780,616
Cash and cash equivalents at 1 JULY	14	43,640,428	28,859,812
Cash and cash equivalents at 30 JUNE	14	28,354,813	43,640,428

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	2020-2021 Kshs	2020-2021 Kshs	2020-2021 Kshs	2020-2021 Kshs	2020-2021 Kshs	
Revenue						
Transfers from other government entities	108,016,000	-	108,016,000	45,630,118	62,385,882	58%
Fees from students	45,636,000	-	45,636,000	25,144,747	20,491,253	45%
Other income	1,598,000	-	1,598,000	910,984	687,016	43%
Total Income	155,250,000	-	155,250,000	71,685,849	83,564,151	54%
Expenses						
Use of Goods and services	105,750,000	-	105,750,000	55,790,368	49,959,632	47%
Compensation of employees	15,500,000	-	15,500,000	8,889,353	6,610,647	43%
Remuneration of Board members	2,000,000	-	2,000,000	1,317,160	682,840	34%
Depreciation expense	-	-	-	5,324,658		
Repairs and maintenance	8,000,000	-	8,000,000	8,528,585	(528,585)	-7%
Grants and subsidies	13,000,000	-	13,000,000	-	13,000,000	100%
Capital Expenditure	11,000,000	-	11,000,000	-	11,000,000	100%
Total Expenditure	155,250,000	-	155,250,000	79,850,124	80,724,534	
(Deficit) for the period	-	-	-	(8,164,275)	2,839,617	

Budget note:

Realisation of the budget incomes and expenditures during the year was not actualised due to school closure in the month of March 2020 due to the effect of COVID - 19 Pandemic.

* The variance computation is exclusive of depreciation since this is a non cash item and therefore not budgeted for.

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XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Karen Technical Training Institute for the Deaf is established by and derives its authority and accountability from the TVET Act of 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is the provision of Technical, Vocational Education and Training to Students with Special Needs (Deaf) in Kenya.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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.

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3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <ul style="list-style-type: none"> a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks. b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved. c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets. d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.

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

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> •Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; •Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and •Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>The entity is yet to adopt this standard hence no impact on the financial statements.</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general purpose financial reports assess:</p> <ul style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity’s financial performance, financial position and cash flows. <p><i>The entity is yet to adopt this standard hence no impact on the financial statements.</i></p>

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Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
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iii. Early adoption of standards

The entity did not early – adopt any new or amended Standards in year 2021.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

Recurrent grants are recognized in the statement of financial performance.

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

ii) Revenue from Exchange Transactions

Rendering of Services – Fees from Students

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

The Institute recognises Student Fees and Charges in the year in which the service is provided to the student. Students' fees and charges received that relate to the service rendered in the future period are treated as income in advance.

Other Income

Other income represents miscellaneous receipts not derived from the core business and it is recognised when earned.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Budget information

The original Budget for FY 2020/2021 was approved by the Board or Board on 10 July 2020. There were no subsequent revisions or additional appropriations made to the approved budget during the year.

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

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

c) Taxes

Current Income Tax

The entity is exempt from paying taxes as per the Income Tax Act.

d) 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. The Institute charges full depreciation on all its non-current assets in the year of purchase and no depreciation in the year of disposal.

The following depreciation rates are applied to Property, Plant and Equipment.

Description	Rate of Depreciation
• Land	Nil
• Building	2.5%
• Computers & Electronics	33.3%
• Furniture & Fittings	12.5%
• Plant, Property & Equipment	12.5%
• Motor Vehicles	25%

Work in Progress is only capitalized on completion or commissioning of the asset.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) 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. The Entity determines the classification of its financial assets at initial recognition.

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 an entity's 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:

Impairment of financial assets (continued)

- The debtors or an 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.

f) 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:

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories (continued)

- 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

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.

g) 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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

h) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. The entity maintains reserves in respect of accumulated surpluses at the end of every period.

i) 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.

j) 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.

k) 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 imprest and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

l) Comparative figures

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

m) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

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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.

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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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional grants		
Operational grant – MOE State Department for Vocational and Technical Training	39,612,764	29,709,570
Other grants - MOE	335,799	614,482
Prepaid Income b/f	-	665,255
Total Unconditional grants	39,948,563	30,989,307
Conditional grants		
Development grant	5,681,555	-
Total government grants and subsidies	45,630,118	30,989,307

6(b) 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.	Total grant income during the year	2019-2020
			KShs	KShs	KShs
State Department for Vocational and Technical Training	39,612,764	5,681,555	-	45,294,319	30,374,825
Total	39,612,764	5,681,555	-	45,294,319	30,374,825

7. RENDERING OF SERVICES - FEES FROM STUDENTS

Description	2020-2021	2019-2020
	KShs	KShs
SES Tuition	8,265,070	15,133,707
Boarding (BES)	8,612,572	12,874,586
Medical	286,290	390,760
Activities	1,205,430	1,756,710
Library	584,400	614,560
Contingencies	206,600	363,802
Student Identity Card	49,410	99,692
Industrial Attachment	3,000	140,000
PTA Development Projects	1,755,269	3,031,860
Practical Training Materials	2,532,670	4,099,210
Students Governing Board	121,515	285,917
Application Form	43,660	67,650
Local Transport and Travel	221,730	-
Electricity, Water and Conservancy	788,751	-
Repairs, Maintenance & Improvements	468,380	-
Total Revenue from the Rendering of Services	25,144,747	38,858,454

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. OTHER INCOME

Description	2020-2021	2019-2020
	KShs	KShs
Rental revenue from facilities	683,200	1,181,367
Development project - clothing technology workshop	-	20,000
Sale from the Farm	-	-
Miscellaneous (<i>Marketing activities</i>)	227,784	-
Total Other income	910,984	1,201,367

9. USE OF GOODS AND SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Electricity, water and conservancy	3,257,323	1,670,289
Advertising (marketing services)	1,496,924	170,295
SES Tuition	9,965,757	17,503,723
Boarding (BES)	16,119,277	21,392,563
Local transport & travel	4,831,035	2,666,432
Medical	1,656,164	1,054,020
Activities	28,440	3,331,862
Library	60,920	113,480
Contingencies	64,290	3,006,610
Student identity card	-	-
Industrial attachment	174,000	691,500
PTA development projects	2,391,345	1,896,030
Practical training materials	835,723	2,779,169
Students governing Board	-	25,300
Security reinforcements	2,403,450	2,375,830
Performance contract	3,411,864	2,115,348
Staff development, KATTI & CAPA events	2,133,324	2,137,680
Generator	11,400	6,620
ICT infrastructure developments	472,401	570,599
Ball Games and Athletics	-	-
Tender	31,860	-
Bank charges	201,734	406,332
Implementation of MOH Covid 19 Protocols	4,943,137	-
Audit fees	1,300,000	1,300,000
Total Use of Goods and Services	55,790,368	65,213,682

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. EMPLOYEE COSTS

	2020-2021	2019-2020
	KShs	KShs
Salaries and wages	8,889,353	9,343,334
Total Employee costs	8,889,353	9,343,334

11. REMUNERATION OF BOARD MEMBERS

Description	2020-2021	2019-2020
	KShs	KShs
BOG meetings	1,317,160	664,570
Board induction	-	-
Total Board remuneration	1,317,160	664,570

12. DEPRECIATION AMORTIZATION EXPENSE

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	5,324,658	-
Total Depreciation expense	5,324,658	-

13. REPAIRS AND MAINTENANCE

Description	2020-2021	2019-2020
	KShs	KShs
Property	8,528,585	1,280,740
Total repairs and maintenance	8,528,585	1,280,740

14. CASH AND CASH EQUIVALENTS

Description	2020-2021	2019-2020
	KShs	KShs
Current account	28,352,366	43,636,450
Others – cash in hand	2,447	3,978
Total cash and cash equivalents	28,354,813	43,640,428

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Financial institution	Account number	2020-2021 KShs	2019-2020 KShs
a) Current account			
National Bank of Kenya	01003002830300	5,071,278	9,929,778
National Bank of Kenya	01003002830301	20,473,171	25,060,021
ABSA Bank of Kenya	228336	2,807,916	8,646,651
Sub- total		28,352,366	43,636,450
b) Others(specify)			
Cash in hand		2,447	3,978
Sub- total		2,447	3,978
Grand total		28,354,813	43,640,428

15. INVENTORIES

Description	2020-2021 KShs	2019-2020 KShs
Consumable Stores	897,331	264,223
Cleaning Material Stores	378,290	-
Catering Stores	388,490	-
Total inventories at the lower of cost and net realizable value	1,664,111	264,223

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16. PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Work in Progress	Total
	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Dep rates at reducing balance method	40acres	2.5%	25%	12.5%	33.3%	12.5%	Nil	
At 1 Jul 2020	3,200,000,000	-	9,657,550	6,162,200	2,360,000	15,865,005		3,234,044,755
Additions	-	206,421,306	-	785,000	198,000	-	5,681,555	213,085,861
At 30 th June 2021	3,200,000,000	206,421,306	9,657,550	6,947,200	2,558,000	15,865,005	5,681,555	3,234,044,755
Accumulated Depreciation								
At 1 July 2020	-	-	9,657,550	6,162,200	2,360,000	15,865,005	-	34,044,755
Depreciation	-	5,160,533	-	98,125	66,000	-	-	5,324,658
At 30 June 2021	-	5,160,533	9,657,550	6,260,325	2,426,000	15,865,005	-	39,369,413
Net book values								
At 30 th June 2021	3,200,000,000	201,260,773	-	686,875	132,000	-	5,681,555	3,407,761,203
At 30 th June 2020	3,200,000,000	-	-	-	-	-	-	3,200,000,000

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

Notes:

- Land is not depreciated and is estimated at value of Kshs.80m per acre (40 acres at Kshs.3.2billion). The Institution is yet to obtain a professional valuer to ascertain the value of the land. Once the valuation is done then the exact market value shall be included in the subsequent financial years.
- Buildings are depreciated at 2.5% using estimated useful life of 40 years. During the financial year there were additional buildings constructed by the AfDB Bank & GOK TVET Project Phase II (Tuition Complex and 2 Hostels) at the cost of Kshs.206,421,306.
- Work-In-Progress related to the construction of Four (4) Classroom Block built by BOG at a cost of Kshs.5,681,555 as at 30 June 2021. The classrooms were commissioned on 22 September 2021.
- Computers and Equipment are depreciated at 33.3% at useful life of 3 years. All brought forward additions are fully depreciated and reflected in the financial statements.
- Motor Vehicles are depreciated at 25% at useful life of 4 years are fully depreciated and included in the financial statements.
- Furniture & Fittings, Plant and Equipment are depreciated at 12.5% using estimated useful life of 8 years. Although there were additional Equipment in form of a donation from AfDB Bank & GOK TVET Project Phase II in the year 2020 at a cost of Kshs.54,857,791.83 (Electrical Engineering Department), Kshs.45,186,123.73 (Clothing Technology Department) and Kshs.14,073,064.97 (Assistive Devices for Hearing Impaired). This Equipment were delivered while packed and the Institute could not utilize them until the year 2021 and 2022 when they were inspected, installed and then officially commissioned by the Principal Secretary Vocational and Technical Training in September 2021 and February 2022. These additions have not been recognised in the financial statements for the year ended 30 June 2021.

17. BIOLOGICAL ASSETS

Description	2020-2021	2019-2020
	KShs	KShs
Cows	1,120,000	-
Goats	80,000	-
Poultry	130,200	-
Total Biological Assets	1,330,200	-

Biological assets are stated at their market value as at the year ended 30 June 2021.

Prior year financial statements did not include biological assets although they were physically verified.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
Audit fees accrual	3,900,000	2,600,000
Total trade and other payables	3,900,000	2,600,000

*The amount relates to accrual for audit fees for the years 2018/2019, 2019/2020 and 2020/2021.

19. DEFERRED INCOME

Description	2020-2021	2019-2020
Development Grant – National Government	KShs	KShs
At start of the year	26,990,795	27,143,795
Addition	-	-
Amount utilized during the year	(5,681,555)	(153,000)
At end of the year	21,309,240	26,990,795

The amount relates to grants given by the National Government amounting to Kshs.13,719,788 for the year 2017/18 and Kshs.13,424,007 for the financial year 2018/19 respectively. During the year the Institution utilised Kshs.5,681,555 towards the Construction of Four (4) Classrooms which were completed in 2021.

20. FINANCIAL RISK MANAGEMENT

The entity's activities expose it to a variety of financial risks including credit, liquidity risks and market risk. The entity'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 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.

The entity's credit risk is primarily attributable to deposits with banks, however the risk is not significant since the entity's bank are reputable institutions.

The Board members set the entity's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

(ii) Liquidity risk management

Liquidity risk is the risk that the entity will not have sufficient financial resources to meet its obligations as they fall due or will have to do so at excessive costs. This arises due to the mismatching of the timing of cash flows from revenue and capital/operational outflows.

Ultimate responsibility for liquidity risk management rests with the entity's Board, 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 Institute is a government funded institution and faces the risk of delayed/inadequate funding.

The Institute 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 Kshs	Between 1-3 months Kshs	Over 5 months Kshs	Total Kshs
At 30 June 2021				
Trade and other payables from Exchange transactions - audit fees accrual	-	325,000	3,575,000	3,900,000
Deferred income – National Government	-	-	21,309,240	21,309,240
Total	-	325,000	24,884,240	25,209,240
At 30 June 2020				
Trade and other payables from Exchange transactions - audit fees accrual	-	-	2,600,000	2,600,000
Deferred income – National Government	-	-	26,990,790	26,990,790
Total	-	-	29,590,795	29,590,795

(iii) Market risk

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

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Market risk (Continued)

market risk exposures within acceptable parameters, while optimising the return. Interest rate risk is minimal since the entity does not have any borrowing. Foreign exchange risk is also minimal as cash and cash equivalents held with banks are denominated in Kenya Shillings.

21. 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 the *entity*, holding 100% of the *entity'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;
- iii) Key management;
- iv) Board members;

	2020-2021 KShs	2019-2020 KShs
Transactions with related parties		
a) Grants from the Government		
Grants from National Government	45,630,118	30,324,052
Total	45,630,118	30,324,052
b) Key management compensation		
Directors' emoluments	1,317,160	664,570
Total	1,317,160	664,570

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22. EVENTS AFTER THE REPORTING PERIOD

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

23. ULTIMATE AND HOLDING ENTITY

The entity is a Technical and Vocational Education and Training (TVET) under the Ministry of Education, State Department of Vocational Education and Technical Training. Its ultimate parent is the Government of Kenya.

24. 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)
	Statement of Financial position did not include the value of PPE and these were omitted from the financial statements although they were physically verified hence limitation of scope The Institute's land is not defined by exterior boundary	The Institute maintains an inventory of asset categorized per department and updated periodically, Some Assets are clearly tagged and HODs track asset movement. The Institute commits to undertake a comprehensive exercise of valuation of all assets including land once funds are available. The Principal has written to the Ministry of Education, State Department of Vocational and Technical Training requesting for funding to support construction of a perimeter wall along its boundary and incorporate the related security system	Board through the Principal and the PS, State Department of Vocational Training and Technical Training	Not resolved	Not conclusive

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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.

PRINCIPAL & SECRETARY BOG

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

Date.....

8/6/2022



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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)
TVET PHASE II PROJECT		GOK & AFDB	2019 - 2021	AFDB	No	No

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	TVET PHASE II PROJECT			100%			GOK
2	Construction of Four (4) Classrooms			100%			GOK

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APPENDIX III: INTER-ENTITY TRANSFERS

	ENTITY NAME:	Karen Technical Training Institute for the Deaf		
	Break down of Transfers from the State Department for Vocational and Technical Training			
	FY 2020/2021			
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		30.10.2020	19,806,382	2020 - 2021
		12.02.2021	19,806,382	2020 - 2021
		11.03.2021	335,799	2020 - 2021
		Total	39,948,563	
b.	Development Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		b/f	5,681,555	2018/2019
	Total Government Grants and Subsidies		45,630,118	

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

Finance Manager
 Karen Technical Training Institute for the Deaf

Head of Accounting Unit
 Ministry

Sign

In Oleno


Sign-----

CHILGI

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APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
	as per bank statement			Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	30.10.2020	Recurrent	19,806,382	19,806,382	-	-	-	-	19,806,382
Ministry of Education	12.02.2021	Recurrent	19,806,382	19,806,382	-	-	-	-	19,806,382
Ministry of Education	11.03.2021	Recurrent	335,799	335,799	-	-	-	-	335,799
Ministry of Education	2018/2019	Development Grant	-	5,681,555	-	-	5,681,555	-	5,681,555
Total			39,948,563	45,630,118	-	-	5,681,555	-	45,630,118

