REPORT OF THE AUDITOR-GENERAL ON KIIRUA TECHNICAL TRAINING INSTITUTE FOR THE YEAR ENDED 30 JUNE, 2019

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Kiirua Technical Training Institute set out on pages 1 to 45, which comprise the statement of financial position as at 30 June, 2019, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actuals amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

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

Basis for Adverse Opinion

1.0 Presentation of the Financial Statements

The financial statements for the year under review contains anomalies which are not in line with the template issued in June, 2019 by the Public Sector Accounting Standards Board (PSASB). The Insitutte did not include passport-size photos and key professional/academic qualifications for each of the key management staff and did not indicate on the financial statements the ICPAK number for the Finance Officer.

Consequently, the Institute’s financial statements for the year under review are not prepared in accordance with the PSASB prescribed reporting format.

2.0 Variance between the Financial Statements balances and the Ledgers

The financial statements for the year under review reflects balances of seven (7) components that were at variance with the respective ledger balances as follows:

Component	Note	Amount as per Financial Statements (Kshs.)	Amount as per Ledger (Kshs.)	Variance (Kshs.)
Revenue				
Income (Rendering Services)	10	27,929,511	27,818,652	(110,860)
Rental revenue from facilities	11	12,143,588	12,056,268	(87,320)

Expenses				
Use of goods and services	15	1,214,283	1,259,753	45,470
General expenses	22	23,399,630	23,079,951	(319,679)
Assets				
Cash and Cash Equivalent	27a	89,537,322	85,983,386	(3,553,936)
Receivables from Non-Exchange Transactions	29	1,448,639	3,414,640	1,966,001
Liabilities				
Refundable deposits from customers	36	440,361	135,500	304,861

Management did not provide explanations or reconciliations for the variances. In view of the foregoing, the accuracy of the financial statements for the year ended 30 June, 2019 could not ascertained.

3.0 Cash and Cash Equivalents

3.1 Cash-in-Hand

The statement of financial position and as disclosed under Note 27(a) to the financial statements reflects a cash and cash equivalents balance of Kshs.89,537,322. This includes Kshs.83,635 in respect to cash-in-hand. However, the cash-in-hand balance was not supported with a petty cash book and a board of survey report as at 30 June, 2019.

3.2 Receipts in Bank Statement not in Cash Book

The statement of financial position and as disclosed under Note 27(a) to the financial statements reflects a cash and cash equivalents balance of Kshs.89,537,322. This includes Kshs.7,284,508 held in an account at Equity Bank. Review of the respective bank reconciliation statement revealed a reconciling item of Kshs.1,790,221 in respect to school fees receipts in the bank not in cashbook. This reconciling item resulted in understatement of the cash and cash equivalents balance by the same amount. Further, detailed schedules of the receipts were not provided for audit.

3.3 Unpresented Cheques

The statement of financial position and as disclosed under Note 27(a) to the financial statements reflects a cash and cash equivalents balance of Kshs.89,537,322. This includes Kshs.7,284,508.00 in respect to the Equity Bank (Institute Fund Account). The bank reconciliation statement for this account reflects an amount of Kshs.3,562,465 in unpresented cheques. However, it was observed that the schedule of unpresented cheques did not indicate the date the cheques were drawn. Also, the Institute Management did not maintain a cheque issuance register. It was therefore not possible to confirm when the cheques were issued to the payees. Further, the bank statements for the period July to December, 2019 were not provided for audit verification.

3.4 Overstatement of Cash and Cash Equivalents Balance

The statement of financial position and as disclosed under Note 27(a) to the financial statements reflects a cash and cash equivalents balance of Kshs.89,537,322. This includes Kshs.31,433,608 being bank balance from two of the Institute's bank accounts. However, the respective bank reconciliations reflect a reconciled cashbook balance of Kshs.27,878,632 resulting to an unexplained variance of Kshs.3,554,976. as follows:

Account	Account No.	Reported Balance (Bank Statement Balance) (Kshs.)	Reconciled Cashbook Balance (Kshs.)	Variance (Kshs.)
Co-op Bank – Development Account	1139020668100	24,149,100	24,156,590	(7,490)
Equity Bank – Institute Fund Account	1040298395060	7,284,508	3,722,042	3,562,466

3.5 Unsupported Balance

The statement of financial position and as disclosed under Note 27(a) to the financial statements reflects a cash and cash equivalents balance of Kshs.89,537,322. This includes Kshs.10,000,000 held in Equity Bank account. However, the respective cash book and bank statement were not submitted for audit review.

3.6 Failure to Open a Separate Retentions Account

The statement of financial position and as disclosed under Note 27(a) to the financial statements reflects a Cash and Cash Equivalents balance of Kshs.89,537,322. Included in the cash and cash equivalents balance of Kshs.89,537,322 is Kshs.24,149,100 and Kshs.4,617,717 relating to balances in Co-operative Bank – Development account and Co-operative Bank-Merti Technical Training Institute (TTI) respectively.

However, review of records and discussion with the Management revealed that part of the Kshs.24,149,100 in Co-operative Bank – Development Account was Kshs.17,672,859 in respect of 10% retentions for three (3) projects; namely Igembe West Technical Training Institute (TTI), Library Complex and Laikipia West Technical Training Institute (TTI). Similarly, the Kshs.4,617,717 in the Co-operative Bank-Merti Technical Training Institute (TTI) was retention money. However, the retention monies were erroneously reported as an asset to the Institute instead of a liability. In addition, a separate bank account for the retention funds had not been opened. This resulted in overstatement of cash and cash equivalents balance by Kshs.17,672,859 and Kshs.4,617,717 both totaling to Kshs.22,290,576 and an understatement of the liabilities by the same amount.

In the circumstances, the accuracy, validity and completeness of the cash and cash equivalents balance of Kshs.89,537,322 as at 30 June, 2019 could not be ascertained.

4.0 Statement of Cash Flows

The statement of cash flows reflects cash and cash equivalents balance of Kshs.89,537,322 as at 30 June, 2019. This includes an opening balance of Kshs.79,863,835 in respect to cash and cash equivalents. However, the same statement reflects a comparative 2017/2018 cash and cash equivalents balance of Kshs.55,986,325 as at 30 June, 2018 resulting to an unexplained variance of Kshs.23,877,510.

In addition, the statement of cash flows for the year under review reflects Kshs.89,537,322 in respect to cash and cash equivalents balance as at 30 June, 2019. However, re-casting of the respective balances resulted in a balance of Kshs.70,190,348 resulting to an unexplained and unreconciled variance of Kshs.19,346,974.

5.0 Unsupported Current Liabilities

The statement of financial position reflects current liabilities totaling Kshs.7,555,928 as at 30 June, 2019. This includes Kshs.503,218 in respect to development fund. However, the nature and authenticity of the liability could not be confirmed as the respective ledgers and other supporting documents were not provided for audit review.

In circumstances, the accuracy and authenticity of the Kshs.503,218 balance as at 30 June, 2019 could not be confirmed.

6.0 Retained Earnings

As reported in the previous year, the statement of changes in net assets for the year under review reflects Kshs.107,101,711 in respect to retained earnings as at 30 June, 2019 which includes Kshs.31,887,531 in respect to retained earnings as at 1 July, 2017. However, the reported retaining earnings could not be confirmed as the audited financial statements for the financial year 2016/2017 were not submitted for audit.

In the circumstances, the retained earnings of Kshs.107,101,711 for the year ended 30 June, 2019 could not be confirmed.

7.0 Variances Between the Ministry of Education's and the Institute's Balances on Transfer from National Government

The statement of changes in net asset for the year under review reflects Kshs.42,822,231 in respect to development grants from the Ministry of Education. However, records from the Ministry of Education reflects Kshs.5,094,500 on the same items resulting in an unexplained and unreconciled variance of Kshs.37,727,731.

In the circumstances, the accuracy of the Kshs.42,822,231 development grants transfer from the Ministry of Education for the year ended 30 June 2019 could not be ascertained.

8.0 Revenue from Facilities and Equipment

The statement of financial performance and as disclosed under Note 11 to the financial statements reflects an amount of Kshs.12,143,588 in respect to rental revenue from facilities and equipment. This includes Kshs.397,800 in respect to receipts from bus hire. However, documents including Board Minutes authorizing the prices for hire, rental requests, Board approvals of requests, payment acknowledgement receipts, banking slips and work tickets were not provided for audit review.

In the circumstances, the accuracy of the Kshs.397,800 receipts from bus hire for the year ended 30 June 2019 could not be ascertained.

9.0 Budgeting

9.1 Unbalanced Budget

The statement of comparison of budget and actuals amounts reflects Kshs.56,596,412 and Kshs.54,340,976 in respect to approved receipts and expenditure respectively resulting to Kshs.2,255,436 budgeted receipts surplus contrary to Section 31(c) of the Public Finance Management (National Government) Regulations, 2015 which provides that the budget shall be balanced.

9.2 Approval of the Supplementary Budget

The statement of comparison of budget and actual amounts for the year under review reflects a final budgeted expenditure of Kshs.54,340,976 and actual expenditure of Kshs.57,878,552. The budget had an over expenditure of Kshs.4,437,463 on four items. Management did not provide evidence of the approval for the over expenditure Kshs,4,437,463 contrary to Section 40(5) of the Public Finance Management (National Government) Regulations, 2015 which states that Accounting Officers may seek supplementary budget if the expenditure cannot be met by budget reallocation under Section 43 of the Act.

10.0 Unaccounted for Expenditure

10.1 Unsupported Expenditure

The statement of financial performance and as disclosed under Notes 17 and 22 to the financial statements for the year under review reflects an expenditure of Kshs.1,945,032 and Kshs.23,399,630 in respect to remuneration of Directors and general expenses respectively totalling Kshs.25,344,662. However, included in the Kshs.25,344,662 is Kshs.1,437,120 in respect to six (6) expenditure items which was not supported by the relevant documents including payment vouchers contrary to Section 99(3) of the Public Finance Management (National Government) Regulations, 2015 which states that every entry in the accounts shall be supported by a voucher or other approved documents.

In the circumstances, the accuracy and propriety of the Kshs.1,437,120 expenditure for the year ended 30 June, 2019 could not be ascertained.

10.2 Un-Accounted for Expenditure on Induction Training

The statement of financial performance and as disclosed under Note 17 to the financial statements reflects an amount of Kshs.1,945,032 in respect to Directors' emoluments. This further includes Kshs.215,000 in respect of payment of facilitation costs and conference fees during an induction training for Directors. This was not supported with invoices and receipts acknowledging the payment. Further, the payment was classified under the wrong class of account.

In the circumstances, the accuracy and completeness of the Kshs.215,000 expenditure for induction trainng for Directors could not be confirmed.

11.0 Property, Plant and Equipment (PPE)

The statement of financial position and as disclosed under Note 32 to the financial statements reflects a property, plant and equipment balance of Kshs.47,628,617. However, while Note 4(e) to the financial statements states that "All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses", the property, plant and equipment schedule at Note 32 did not have values for depreciation of the assets. Further, the property, plant and equipment had not included land (of unknown value where the Institute is located) and buildings (of unknown value which were physically verified - lecture halls and administration block).

In addition, the Institution lacked a depreciation policy to guide on how the assets would be depreciated. This is contrary to paragraph 88 of International Public Sector Accounting Standards (IPSAS) No. 17 which states that the financial statements shall disclose, for each class of property, plant and equipment recognized in the financial statements; the measurement bases used for determining the gross carrying amount; the depreciation methods used; the useful lives or the depreciation rates used; the gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the period; and a reconciliation of the carrying amount at the beginning and end of the period showing depreciation''.

Further, the fixed assets register which was provided for audit review lacked the information on the cost, date purchased, asset coding and serial number of the assets. In addition, asset ownership documents such as title deeds and motor vehicle log books were not provided for audit review.

In the circumstances, the accuracy, completeness and valuation of the property plant and equipment balance of Kshs.47,628,617 as at 30 June, 2019 could not be ascertained.

12.0 Non-Provision of Audit Fees

The statement of financial performance for the year under review reflects Kshs.40,872,122 in respect to total expenses. However, the expenses for the year do not include provision for audit fee of Kshs.1,179,856 for the financial years 2017/2018 and 2018/2019 which is payable to the Office of the Auditor–General.

In the circumstances, for the accuracy and completeness of the statement of financial performance for the year under review could not be confirmed.

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

Key Audit Matters

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

Other Matter

1.0 Budgetary Control and Performance

The statement of comparison of budget and actual amounts for the year ended 30 June, 2019 reflects final budgeted receipts Kshs.56,596,412 and an actual receipt of Kshs.92,217,609 resulting to over collection of revenue by Kshs.35,621,197 or 63% comprising of transfers from other government entities (Government Grants) and revenue from facilities and equipments. The Institute also had an under collection of Kshs.11,104,622 from rendering of services (students fees). Further it was noted that the Institute collected revenue amounting to Kshs.12,143,588 from revenue from facilities and equipments which had not been included in the final budget.

In addition, the statement of comparison of budget and actual amounts for the year under review reflect a final budgeted expenditure of Kshs.54,340,976 and actual expenditure of Kshs.57,878,552 resulting to an over expenditure of Kshs.3,537,576. However, a recast of the respective balances gave a budgeted expenditure of Kshs.52,592,866 and an actual expenditure of Kshs.54,547,984 resulting to a net over expenditure of Kshs.1,955,118. This comprised an over expenditure of Kshs,4,437,463 on four items and under expenditure of Kshs.2,482,345 on nine items. This was an indication of unrealistic budgeting process.

2.0 Submission of Financial Statements

2.1 Non-Submission of Financial Statements

As reported in the previous year, the Institute's Board of Governors and Management did not submit financial statements for audit by the Auditor-General for four (4) financial years ended 30 June, 2014 to 30 June, 2017. This was contrary to Section 29(2) of the Technical and Vocational Education and Training Act, 2013 which provides that a Board of Governors of a public institution shall within a period of four months from the end of each financial year, submit to the Auditor-General the accounts of the institution together with a statement of the income and expenditure of the institution during that year and balance sheet of the institution on the last day of that year.

2.2 Late Submission of the Financial Statements

The financial statements for the year under review were submitted to the Auditor- General on 7 January, 2020. This was contrary to Section 164(3) and (4)(a) of the Public Finance Management Act, 2012 requires accounting officers to prepare the financial statements and submit them to the Auditor-General within three months after the end of each financial year.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES.

Conclusion

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

Basis for Conclusion

1.0 Laikipia West Technical Training Institute

Management entered into a contract for the construction and completion of twin workshop, classrooms and offices at the Laikipia West Technical Training Institute on 17 May, 2016 which was expected to take 52 weeks at a contract sum of Kshs.55,471,853. Physical verification in January, 2020 revealed that the project was still incomplete, three (3) years after the expected completion date. Further, the Institute had not sought compensation in the form of liquidated damages in line with clause 27.1 of the contract which provides for liquidated damages in case of delay in completion of the project.

In addition, a total of Kshs.26,088,444 was paid to the contractor during the year under review. This included Kshs.3,862,173 for certificate number six (6) for which the valuation of the works completed was not provided for audit review.

In the circumstances, the value for money has not been realised from the project.

2.0 Proposed Renovation of Boardroom into Hostels

The Institute Management incurred expenditure of Kshs.1,952,500 on hostel renovation. This included Kshs.681,616 incurred in the conversion of the boardroom into student's hostel. Review of the procurement records indicated that quotations were received from three firms. However, the quotations did not contain engineering estimates. Further, the quotations did not include the name and address of the procuring entity nor did they indicate where and when the quotations were to be submitted.

In addition, only the winning bidder was in the register of suppliers while the other two were not contrary to Sections 95 (3) of the Public Procurement and Assets Disposal Act, 2015 which states that ~~a~~ procuring entity shall invite tenders from only the approved persons who have been pre-qualified.

In the circumstance, the Institute is in breach of the law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, because of the significance of the matters discussed in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, based on the audit procedures performed, I confirm that internal controls, risk management and governance were not effective.

Basis for Conclusion

1.0 Receipts from National Youth Service (NYS) Sponsored Students

The statement of financial performance and as disclosed under Note 10 to the financial statements reflects a total of Kshs.27,929,511 in respect to rendering of services. This includes Kshs.1,096,500 in respect to activity fees which further includes Kshs.530,000 received from the National Youth Service (NYS). However, the NYS sponsored students were not issued with individual receipts indicating how the lump-sum received from NYS was allocated to the students. As a result, the basis on which Kshs.530,000 was apportioned to activity fees could not be ascertained.

In the circumstance, control over the distribution of the fees for student sponsored under NYS are weak.

2.0 Lack of Internal Audit Department

The Institute had not established an Internal Audit Unit as at 30 June, 2019 as required by Section 73(1)(a) of the Public Finance Management Act, 2012 which stipulates that the entity should ensure that it has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board. The Internal Audit Unit would have performed various roles stipulated by Section 73(3) of the Public Finance Management Act, 2012 including risk assessment, putting in place a risk register, and assessment of the internal controls mechanism.

In the circumstances, the risks may have remained unidentified with no mitigation policies in place.

3.0 Non-Establishment of Audit Committee

The Institute had not established an Audit Committee as at 30 June, 2019 as required by Section 73(5) of Public Finance Management Act, 2012 which stipulates that every national government public entity shall establish an Audit Committee whose composition and functions shall be as prescribed by the Regulations. The Audit Committee would have performed various functions stipulated by Section 175 of Public Finance Management (National Government) Regulations, 2015 including supporting the Accounting Officer with regard to their responsibilities on issues of risk, control and governance and associated assurance and follow up on the implementation of the recommendations of internal and external auditors.

In the circumstance, it was not possible to confirm that the Institute had established an effective internal control mechanism in the absence of such an oversight committee.

4.0 Information, Communication and Technology (ICT) Environment

Review of the Institute's ICT environment revealed that there was no formal approved ICT policy including data security policy and disaster recovery plans. Further, the ICT structure was not provided for review.

In addition, during the year under review, the Technical Institute did not have an Information Technology (IT) Steering Committee or Strategic Committee for ensuring effective IT controls and strategies.

In the circumstance, the security and reliability of the Institute's data including its Management Information System could not be ascertained.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated and separate 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.

Nancy Gathungu
AUDITOR-GENERAL

Nairobi

23 August, 2021