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REPORT

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BY:

Hon. George Mungira
MP

OF
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THE AUDITOR-GENERAL

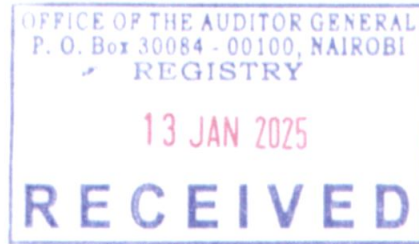
ON

KITUI TEACHERS TRAINING COLLEGE

FOR THE YEAR ENDED

30 JUNE, 2023

Revised Template: 30th June 2023



KITUI TEACHERS TRAINING COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2023**

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

Kitui Teacher Training College
Annual Report and Financial Statements for the year ended 30th June 2023

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1. Acronyms & Glossary of Terms

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
TTC	Teacher Training College
CBC	Competency Based Curriculum
CBTE	Competency Based Teacher Education
KNEC	Kenya National Examination Council.
FY	Financial Year.
KTTC	KITUI Teachers Training College
SCNA	Statement of Changes in Net Assets.
Fiduciary Management	Key management personnel who have financial responsibility in the entity

2. Key Entity Information and Management

(a) Background information

Kitui Teachers College is located in Township Location, Manyengo sub - location, Kitui central Sub-county, Kitui County. The college is situated in Kitui town, along Mbusyani road, opposite Kitui School.

It occupies an area of approximately 25 acres. The college lacks many of the essential facilities such as tuition facilities, library, laboratories to equipment such as printers and photocopiers that make work easier in any institution of such a magnitude. Kitui county is semi - arid, thus little farming can be practiced.

Kitui Teachers Training College is a Public National Teacher Training facility established in 2010. It was conceptualized in the Kitui District Development Committee meeting held in January 2009. The idea was muted because of the increasing demand for Primary school teachers in the region. The college was initially started in 1970's before it was converted to St. Angela's Girls Secondary School. The conversion was as a result of low demand for teacher training then.

Kitui District Development Committee requested Kitui School to hive off some land for the College. As such, the College got twenty (20) acres on which it currently stands. Kitui County is a gazetted semi – arid region characterized by high temperatures, little and unreliable rainfall and poor soils. Therefore, the College will depend mostly on funds from the Government of Kenya (GOK) and fee collections from students. However, well-wishers and support from other partners such as CDF will also be sought.

The College received a provisional registration certificate no. P/PC421/10 on the 8th July 2010 which authorized its operations. The first group of 264 teacher trainees (108 males and 156 females) selected through the quota system by the Ministry of Education was admitted on 25th October 2010. The College enjoys a national outlook, since the students come from all over the country. The College was registered to train P1 Teachers, whose entry behavior was C Plain and above. The Primary Teacher Education Course duration used to take two years.

The first cohort was admitted at Syongila Youth Polytechnic, which housed the College for some time before it relocated to its current premises. This was facilitated through a Memorandum of Understanding with ACK Syongila and Syongila Youth Polytechnic where the College was allowed to use their facilities (hostels, classrooms, kitchen, playgrounds, furniture etc). Eventually, the College was able to relocate to its current site by the time of admitting the second batch of first years on the 25th of October 2011 although construction was still in progress.

In 2018, the Government of Kenya abolished the training of P1 teachers and laid down plans to start Diploma in Teacher Education (DPTE) program me.

Kitui Teacher Training College

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Consequently, the college applied for re-registration and this was done in 2020. The College was re-registered; Reg. no 15S40000866.

The College strives to be a center of excellence academically and in co-curricular activities in line with her core mandate.

Kitui Teachers College is managed by a Board of Management (BOM) under the direction of the Ministry of Education. It operates under the Basic Education Act (2013) of the Laws of Kenya as well as the Constitution of Kenya 2010, KNEC Act, policy guidelines among others.

(b) **Principal Activities**

Vision

To be a Centre of Excellence for Primary Teacher Education, Training and Human Resource Development.

Mission

To provide and maintain quality Education and Training of Primary School Teachers, offer Human Resource Skills, Knowledge and Attitudes responsive to the challenges of a dynamic society.

The Core Mandate

The Core Mandate of Kitui Teachers College is to train Diploma in Primary Teacher Education (DPTE) and Diploma in Early Childhood Teacher Education (DECTE) teachers as provided in the Basic Education Act, 2013.

(c) **Key Management**

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

- Board of Management
- Principal (Accounting Officer)
- Deputy Principal
- Dean of Curriculum
- Dean of Students,
- Heads of Departments
- Heads of Sections

(d) **Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1	Chief Principal	Catherine Irungu
2	Dean of Students	Martha Mbuvi

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3	College Finance Officer	Edward Musau
4	Procurement Officer	Martin Katuku

(e) Fiduciary Oversight Arrangements

S/No	Name of the Committee	Members
1.	BOM Executive Committee	1. Harrison Nyumu - Chairperson 2. Joseph Wambua - Vice -chairperson 3. Catherine Irungu - Chief Principal/secretary 4. Michael V. Syuki - Member
2.	BOM Finance, Human Resource	1. Maurice Munywoki - Chairperson 2. Catherine Irungu - Chief Principal/ Secretary 3. Mwendu Mwendwa - Member 4. Michael Syuki - Member
3.	BOM Human Resource Committee	1. Joseph Wambua - Chairperson 2. Gerald Mutegi - Chief principal/Secretary 3. Dr. Rose Mwanga - Member 4. Florence Munyasya - member
4.	BOM General Purpose Committee	1. Catherine Irungu - Chief principal/ Secretary 2. Dr. Kiema Mwandia - Member 3. Justica Mwikali - Member

(f) Kitui Teachers Training College Headquarters

P O Box 1427 - 90200
 Kitui
 Kitui - Mbusyani road
 Kitui County,
 Kenya.

(g) Kitui Teachers Training College Contacts

Telephone: (254)
 E-mail: kituicollege@yahoo.com/kituicollege@gmail.com Website: xxx.go.ke

(h) Kitui Teachers Training College Bankers

Kenya Commercial Bank
P.O Box 683 - 90200 - Kitui
Kitui branch

National Bank
P.O Box 166 - 90200 - Kitui
Kitui Branch

Family Bank
P.O Box 74145 - 00100 - Nairobi
Kitui Branch

Equity Bank
P.O Box 1453 - 90200 - Kitui
Kitui Branch

(i) Independent Auditors




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

Key Entity Information and Management (Continued)




(j) Principal Legal Adviser

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

3.The Council/Board of Governors

 <p>Harrison Nyumu - Chairman of the Board</p>	<p>Date of birth: 23rd August 1960 Qualifications: B.Ed</p>
 <p>Joseph Wambua - Vice – chairman of the Board</p>	<p>Date of birth: 23rd July 1958 Qualifications: MBA Strategic Management</p>
 <p>Mrs. Irungu, Catherine K. Principal/Secretary of the Board</p>	<p>Date of birth: 3rd July 1963 Qualifications: M. Ed in administration and strategic Management.</p>

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 <p>Michael V. Syuki - Board Member</p>	<p>Date of Birth: 30th November 1956</p> <p>Qualifications: Diploma in Physiotherapy</p>
 <p>Kiema Mwandia BOM Member</p>	<p>Date of birth: 23rd April 1973</p> <p>Qualifications: Masters in project planning and Management</p>
 <p>Maurice Munyoki BOM - member</p>	<p>Date of birth: 1/1/1961</p> <p>Qualifications: Diploma in Banking</p>

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4. Key Management Team

No.		Designation
1	Mrs. Catherine Irungu	Chief Principal Holds M.ed Education Administration and strategic Management
2	Rev. Manaseh Nguu	Deputy Principal
3	Dr. Samson Murithi	Dean of Curriculum Holds Ph.d, Education.
4	Martha Mbuvi	Dean of Students Holds M.ed, Education
5	Edward Musau	Finance Officer Holds Degree in Bachelor of Commerce
6	Martin Katuku	Procurement Officer

5. Chairman's Statement

I am pleased to present the annual report and financial statement of Kitui Teachers Training College for the year ended 30th June 2023. Over this financial year, the college experienced a myriad of challenges emanating from low enrolment which resulted from the entry requirements of mean grade of C plain and C in five subjects namely; English, Kiswahili, Mathematics, one science subject and one art subject. This low enrolment translated to low income to the college making it almost impossible to operate.

However, Kitui Teachers Training College has continued to execute its mandate as expected by the Ministry of education. The objective of the board is to position the college programmes within the context of its mandate, cost rationalization, equity and customer satisfaction.


During the 2022/23 financial year, the College maintained the following:

- Continued collaboration and liaison with local primary schools where the college students go for their attachment.
- Collaboration with other Teachers Training Colleges and other stakeholders.
- Ensured a conducive environment which leading to excellent performance in exams and curriculum activities.
- Maintained the College grounds and aesthetics.
- Rationalized College workforce in the face of lack of finances from the student fees and government grants.
- Enhanced agricultural production in the College farm to meet College food demands.

The aim of Kitui Teachers Training College is to produce skilled globally competitive employable and self-reliant human resource. To achieve this, our highly committed staff and trainees aimed even higher and worked tirelessly to remain at the pinnacle of success.

I thank the Government for its financial support so far that has made it possible to implement the Core mandate of the College. I also thank the Board of Management for its commitment in providing visionary leadership and taking the College to the next level.

The Board of Management is committed to enhance resource mobilization and aims to transforming the current status of the College in line with the Strategic Plan 2021-2026.

Chairman HARRISON NYOMU sign  Date

6. Report of the Principal

Kitui Teachers Training College hereby presents the annual report and financial statement for the year ended 30th June, 2023 as per requirements of the Public Finance Management Act of 2012, section 83 which requires all National Government entities to prepare and submit quarterly financial statements within 15 days after the end of each quarter. Further, section 81 of the PFM act 2012 requires all National Government Entities to prepare and submit annual financial statements three (3) months after the end of the financial year. This statement is also prepared in accordance with the Public Audit Act, 2015.

Non-financial information

(a) Student Population

During the 2022/2023 financial year the College had two groups of students whose number was far below the College capacity. This group consisted of 16 Upgrade students taking the one year course and 42 Diploma in Early Childhood Teacher Education DECTE students (3 year course) making a total of 58 students against the College capacity of 1,200.

The low enrolment was occasioned by the entry requirement of a mean grade of C plain, with a cluster of C in Mathematics, English, Kiswahili, one Science subject and one art subject.

(b) Academic Performance

The College presented 16 DECTE upgrade candidates. This group performed well in the KNEC exam and attained the following results.

- Distinction - 00
- Credit - 15
- Pass - 00
- Referred - 01
- CRNM - 00
- Fail - 00
- Absent - 00

(a) Staffing/Human Resource

Teaching staff

In the Financial year 2022/23, Kitui teacher's college had 44 members of teaching staff

Non-teaching Staff (NTS)

In the Financial year 2022/2023, Kitui teacher's college had 21 members of non - teaching staff.

(b) Projects

i. Farm

- The College has a vegetable farm that provides vegetables to the college population cheaply and conveniently.

ii. **Hosting**

Over the 2022/2023 FY, the College hosted training and workshops of various groups; CBC training, Music festivals, wings to fly, as well as ball games. Hosting of various activities in the college is aimed at generating some income for the College.

(c) Maintenance

During the 2022/2023 Financial year, the College was able to maintain its grounds and aesthetics by doing the following: -

- Routine slashing of grass and bushes.
- Maintaining of flowers and flower beds.
- Cleaning and maintenance of all buildings.
- Collection of rubbish in the compound.

(d) Corporate Social Responsibility

The College embarked on the following CSR activities within the year:

- Hiring some community members on casual basis.
- Management of Technical school for provision of necessary skills to members of the community.

(e) Capacity Building

During the FY 2022/2023 the College undertook several workshops and seminars to empower its tutors in preparation for the implementation of the Competency Based Curriculum (CBC). The staff was taken through: -

- Curriculum designs for DPTE and DECTE by the Ministry of education and TSC staff.
- ICT integration in teaching and learning by the Ministry of education and TSC staff.
- New teaching pedagogies
- CBC assessment approaches
- Basic education curriculum framework (BECF) and teacher education framework among others

(f) Financial information.

During the 2022/2023 financial year, the College financial status dropped compared to FY 2021/22.

This was as a result of low enrolment and also substantially reduced quarterly grants from MOE.

Challenges.

Kitui Teacher Training College

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The College experienced unprecedented challenges during the financial year. The number of students had drastically declined to a level that finances realized were not adequate to run College operations. Moreover, the government support in form of quarterly grants went down and was late in most cases, which made it very difficult to pay workers' salaries.

On behalf of the management and staff of the College, I take this opportunity to thank the Board of Management for the support accorded to the fiduciary management and for their visionary direction in the running of the College.

I appreciate the support from the Ministry of Education and TSC throughout the year under review though we appeal for more support especially for infrastructure development and staffing required in enabling the College to be a College of choice to both trainers and trainees in Kenya and beyond. There is still high demand for the College principal activities, despite the challenges it faces at the moment. We commit ourselves to ensuring prudence and professionalism in the management of this Institution, However Kitui Teachers Training College is committed to ensuring that it increases student's enrolment in a bid to support the Government of Kenya in realization of Vision 2030 through the big four agenda.

I thank all the staff and trainees of the College for their continued cooperation in this challenging but noble task of building the College and ensuring the achievement of its core mandate.



Gerald Mutegi

Principal/Secretary to the Board.

7. 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 College’s performance against predetermined objectives.

Kitui Teachers Training College has 6 strategic objectives as per the current Strategic Plan 2021-2026. The Strategic objectives are as highlighted below:

1. To provide quality and relevant Teacher Education and Training Programs.
2. To mobilize resources for infrastructure and capacity building of human resources.
3. To establish, strengthen and integrate ICT in management and training programs.
4. To develop an efficient and effective Financial Management System.
5. To improve Customer Service Delivery.
6. To make the College friendly to persons with special needs.

The College develops its annual work plans based on the above 6 strategic objectives. Assessment of the Board’s performance against its annual work plan is done on a quarterly basis. The College achieved its performance targets set for the FY 2022/2023 period for the six strategic objectives, as indicated in the diagram below:

Pillar	Strategic Objective	Key Performance Indicators	Achievements
Pillar 1: Training and Development of effective teachers.	1. To provide quality and relevant Teacher Education and Training Programs.	<ul style="list-style-type: none"> • Prepared schemes of work. • Training Materials • Updated records of work covered • Filled Class attendance registers • Examination results analyzed • Result slips/certificates 	• Achieved

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<p>Pillar 2: Infrastructure development.</p>	<p>To renovate and maintain existing facilities. To improve and sustain environment.</p>	<ul style="list-style-type: none"> • Renovated and maintained Facilities • Improved and sustained environment. 	<ul style="list-style-type: none"> • Achieved
<p>Pillar 3: ICT integration.</p>	<p>3. To establish, strengthen and integrate ICT in management and training programs.</p>	<ul style="list-style-type: none"> • ICT equipment. • Internet connectivity 	<ul style="list-style-type: none"> • In progress.
<p>Pillar 4: Strengthening financial Management</p>	<p>To develop an efficient and effective Financial Management System.</p>	<ul style="list-style-type: none"> • Increased enrolment. • Enhanced income generating projects. • Audit reports. • Approved budget for each year. • standard operating procedures for procurement. 	<ul style="list-style-type: none"> • Achieved
<p>Pillar 5: Customer Service Delivery.</p>	<p>5. To improve Customer Service Delivery.</p>	<ul style="list-style-type: none"> • A service Delivery Charter • Level of customer satisfaction • Computerized systems in some service points • Field registers 	<ul style="list-style-type: none"> • Achieved
<p>Pillar 6: Inclusivity</p>	<p>To make the College friendly to persons with special needs</p>	<ul style="list-style-type: none"> • An action plan • A more friendly work environment 	<ul style="list-style-type: none"> • In progress

8. Corporate Governance Statement

The Board of Management (BOM) of the College has been very supportive to the fiduciary management and has fully performed its oversight role in whole and through the BOM committees. Kitui Teachers Training College is committed to good corporate governance, which promotes the long-term interests of the Government of Kenya and any other stakeholder, strengthens Board and management accountability and helps build public trust in the College.

The Board of management is appointed by the Government of Kenya through the Cabinet Secretary, Ministry of Education, Science and Technology to oversee their interest in the long-term performance and the overall success of the College and its financial strength in order to discharge its mandate in training. The Board serves as the ultimate decision-making body of the College, except for those matters reserved to or shared with the Government of Kenya.

The Board has established Corporate Governance Guidelines which provide a framework for the effective governance of the College. The guidelines address matters such as the College Vision and mission, Board members' responsibilities, BOM committee structure, Over-sighting the performance and evaluation of management.

BOM meeting attendance for the 2022/23 FY

Attendance of board meetings

NAME/DESIGNATION	EXECUTIVE BOG	FULL BOG	FULL BOG	EXECUTIVE BOG	EXECUTIVE BOG	TOTAL PRESENT
	14/7/2022	5/10/2022	3/12/2022	17/2/2023	9/5/2023	
Harrison Nyumu	P	P	P	P	P	5
Joseph Wambua	P	P	P	P	P	5
Catherine Irungu	P	P	P	P	P	5
Michael Syuki	A	P	P	P	A	3
Mary Shano	P	A	P	P	P	4
Maurice Munyoki	A	P	A	P	A	2
Mwende Mwendwa	P	A	A	P	A	2
Dr. Rose Mwanga	P	A	A	A	A	1
Florence Munyasya	A	P	P	P	P	3
Dr. Kiema Mwandia	A	P	P	A	P	3
Justica Mwikali	P	A	A	A	A	1

During FY 2022/2023, there was 62% eligible attendance at all meetings of the Board and Committees.

Note:

- 1) There were 2 full board and 3 executive board meetings held during the year.
- 2) No board charter exists at the moment.

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3) The Board is replaced every 3 years.

4) There is no board remuneration.

All BOM members participate in decisions required to implement actions to progress towards meeting the objectives of Kitui Teachers Training College.

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

The Principal's Primary role is to deal with the running of the College. He advises the Board and reports directly to the Chair on College Governance matters. He also advises the Board on legal matters, helping to ensure that Board procedures and applicable rules and regulations are observed.

The Board of Management strive to provide the highest quality of training to our students by;

- i) Ensuring they get value for their money.
- ii) Being positive and helpful.
- iii) Responding to enquiries or requests accurately and in a timely manner.
- iv) Treating our staff, Contractors and Suppliers honestly and with respect.
- v) Keeping the Institution clean, tidy and free from any damage.

The College also has a management team. The management team is well constituted with the Principal being the team leader, Deputy Principal, the Dean of Curriculum (DOC), Dean of Students (DOS), Head of Department (HODs) and Heads of Sections (HOSs). The College has a robust team of professional non-academic staff with a qualified Finance Officer and Procurement Officer among others. During the financial year, the management had endeavored to satisfy both legal and regulatory requirement as per the jurisdiction in its mandate under the Basic Education Act 2013, PFM Act 2012 and its regulations among others. Though the College operations resumed, the number of trainees still remained very low hence affecting financial base.

9. Management Discussion and Analysis

The Board of Management (BOM) of the College has been very supportive to the fiduciary management and has fully performed its oversight role in whole and through the BOM committees. The management team is also well constituted with the Principal being the team leader, Deputy Principal, the Dean of Curriculum (DOC), Dean of Students (DOS), Head of Department (HODs) and Heads of Sections (HOSs).

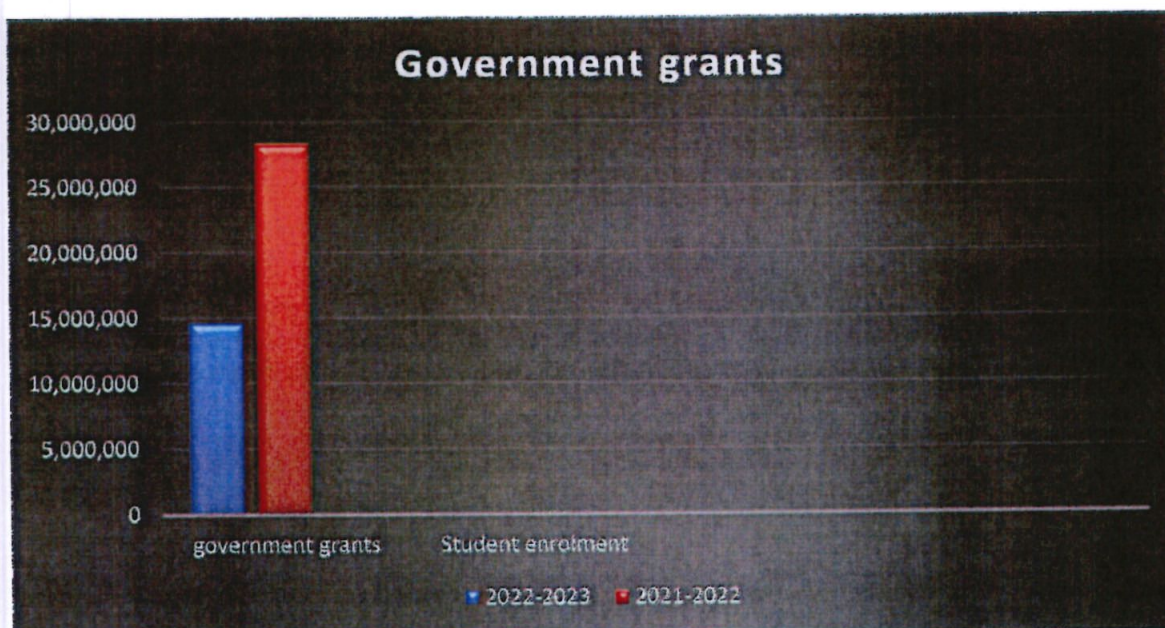
The College has a robust team of professional non-academic staff with a qualified Finance Officer and Procurement Officer among others. During the financial year, the management had endeavored to satisfy both legal and regulatory requirement as per the jurisdiction in its mandate under the Basic Education Act 2013, PFM Act 2012 and its regulations among others. Though the College operations resumed, the number of trainees remained low hence affecting its financial base.

The College's Operational and Financial Performance:

During the year ended 30th June 2023, the College had 42 students compared to 530 in year 2021/2022.

Chart I demonstrate grants from Government in year 2022/2023 as compared to year 2021/2022.

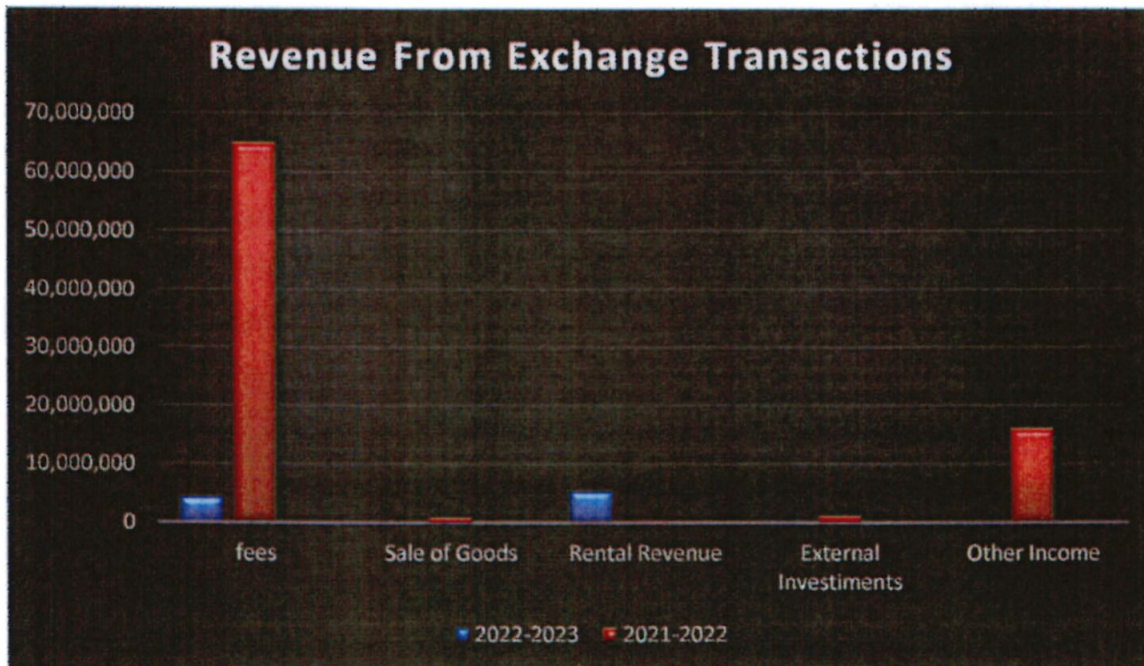
CHART I: Government Grants



Kitui Teacher Training College
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Government grants went down in the 2022-2023 Financial Year compared to the 2021-2022 Financial Year. This can be attributed to the decreased number of students. However, rendering of services – fees from students also drastically reduced owing to the small number of students enrolled in the reporting year.

This is further illustrated in Chart II.



This shows that during the 2022-2023 FY, there was very little income compared to the previous year. Again, this was as a result of low enrolment. Little income to the College meant that the College was finance starved and thus it was not practically possible to run College operations adequately as required.

Expenses

Most of the expenses decreased in 2022/2023 FY compared to 2021/2022 FY due to decrease in the student numbers which caused a decrease in the operation cost. This is further illustrated in Chart III.

CHART III: Expenses.

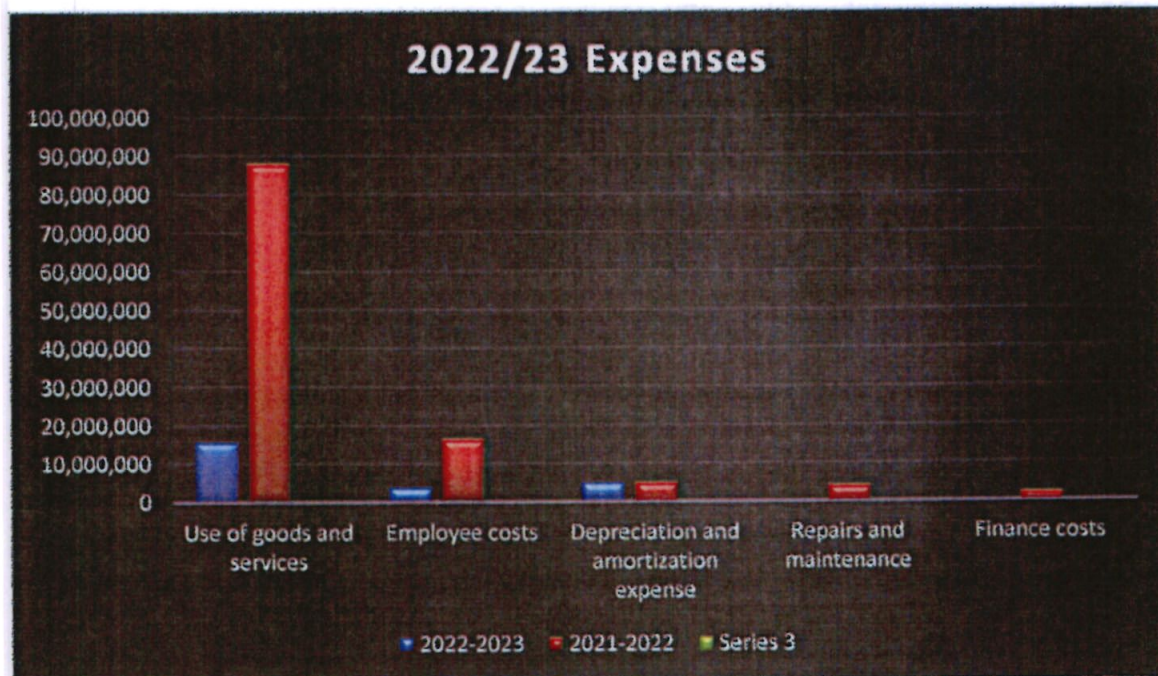


Chart III shows that expenditure in FY 2022/23 was significantly low compared to the 2021/22 FY. This is because the small number of students was consuming less than the previous year.

The College must aggressively market the course offered it offers so as to increase student enrolment.

SECTION B: Institution’s compliance with statutory requirements

Kitui Teachers Training College has fully complied with all the statutory requirements e.g. Statutory deductions from employees’ Salaries i.e. NHIF, NSSF, PAYE etc.

SECTION C

Key projects and investment decisions the Institution is planning.
The College did not undertake any major projects during the financial year.

SECTION D: Major risks facing Kitui Teachers Training College.

Some of the major risks facing the College are as follows;

- i. Credit and Liquidity risks which pose serious threats from suppliers.
- ii. Delayed fees payment by students; and
- iii. Over reliance on Government grants.

SECTION E: Material arrears in statutory/financial obligations

During the 2022/23 FY, the College did not have no material arrears in statutory and financial obligations. The College has been able to comply with all the statutory requirements and there are no dues in all material respect.

SECTION F: College financial probity and serious governance issues

During the 2022/23 FY, the College did not have serious governance issues reported by the External Auditors, and any other Government Authority providing oversight and that there is no conflict of Interest from any of our Board Members.

10. Environmental And Sustainability Reporting Statement

Sustainability strategy and profile

Kitui Teachers Training College is mandated by the Ministry of Education to train and produce quality primary school teachers of a developing nation. To fulfill this mandate the College aspires to provide a conducive training environment. In doing so we are guided by the constitution of Kenya, 2010, various Acts of parliament, policies and circulars developed by the government.

The College endeavors to achieve its mandate by adhering to government policy on students' admission to teacher training colleges as well as positioning itself as a College of choice in teacher training through marketing itself to the local community.

The College has purposely and aggressively carried out farming as an income generating activities by embracing professionalism and modern farming methods.

Everyone in the institution is committed to work together as one unit to contribute to the sustainability of the institution. Students, staff and even the community in general is committed to their responsibilities that will ensure the continuity of the institution.

Environmental performance

The College is conveniently located in Kitui town. The academic atmosphere is relatively affected by the hustle and bustle of the town but the training is quite appropriate as it blends the rural life with the town life, thus bringing out an all rounded trainee.

The College draws a lot of pride in its well-kept compound which boast of neat lawns and flower beds. The environmental consciousness of the management ensures annual tree planting programs which have led into a College well covered with various species of trees and shrubs.

The College engaged in environmental sustainability as shown in figure 1 below;



Figure I: Students and Lecturers participate in tree growing sensitization campaign in the community.

Employee welfare

The College has a Human Resource Policy Manual which guides on hiring, job description, Skill development, appraisal/rewards and sanctions processes among others. During the FY, the College appropriately followed the Government statutory requirements and gave room to implement any statutory change that may in time to time be effective.

Market place practices-

During the Financial Year 2022/2023, the College maintained good business practice by complying with the government policy and Section 227 of The Constitution of Kenya.

All procurement activities were carried out in line with procurement procedures and regulations as per the procurement act of 2015. The organization has maintained and continuously updated a list of registered suppliers and contractors in various specific categories of goods, works or services according to its procurement needs.

Kitui Teachers Training College has at all-time ensured responsible treatment of the suppliers in various ways as featured below;

- a) Ensuring proper communication channels e.g. Telephone lines and emails are open so as to make sure information is passed across efficiently and effectively between the procurement department and the suppliers.
- b) Providing customer support when and where required. This entails listening keenly to suppliers and contractors and responding appropriately.

- c) When doing procurement planning the College has complied with preference and reservation requirements.
- d) Supply Chain function has ensured timely submission of the suppliers' invoices to facilitate payment process by the finance department after delivery of goods, services or works is completed. This helps in making sure that the payment process is not delayed. Timely payment of suppliers helps in maintaining a good relationship with the supplier and also avoiding of penalties that may arise from delayed payment.
- e) Supply Chain also makes follow ups of invoices issued to finance for payment process to ensure timely payments of suppliers.

Corporate Social Responsibility / Community Engagements

During the 2022/2023 Financial Year, the College engaged in Co-operate Social Responsibility by;

- a) Sending our students on teaching practices
- b) Offering attachment opportunities to practicing students from universities and other training institutions.
- c) Routinely engaging the local community in casual work during hosting.
- d) Offering College facilities for community activities.
- e) Sourcing of goods and services from local community during the process of procurement.
- f) Environmental sustainability activities in and outside the College

11. Report of the Board of Management

The Board of management submit its report together with the financial statements for the year ended 30th June 2023, which show the state of the Kitui Teachers College affairs.

Principal activities

The principal activities of the College are:

- a. Conduct training of teachers.
- b. Implementation of the co-curricular activities related to teacher training
- c. Foster linkages with MOE, TSC, Local community and other institutions for promotion of quality and relevant teacher training
- d. Promote and inculcate professionalism, responsible behavior and attitude to teacher trainees to enable them transform the communities they will serve.

Kitui Teacher Training College
Annual Report and Financial Statements for the year ended 30th June 2023

- e. Undertake income generating activities through agricultural production, hosting and hiring facilities to supplement government grants and students' fees.

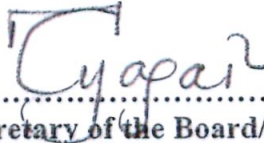
Council/Board of Governors

The members of the Board of management who served during the year are shown on page viii and ix.

Auditors

The Auditor General is responsible for the statutory audit of Kitui Teachers College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Board



.....
Secretary of the Board/Council
Nairobi
Date:

12. Statement of Board of Management's Responsibilities

Section 81 of the Public Finance Management Act, 2012 and the Basic Education Act 2013; require the Board members to prepare financial statements in respect of the College, which give a true and fair view of the state of affairs of the institution, at the end of the financial year and the operating results of the College, for that year. The Board members are also required to ensure the College keeps proper accounting records which disclose with reasonable accuracy the financial position of the institution. The Board members are also responsible for safeguarding the assets of the College.

- i. The Board members are responsible for the preparation and presentation of the College's financial statements, which give a true and fair view of the state of affairs of the College, for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: 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 College;
- 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 College.
- 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 College'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 Basic Education Act - 2013. The Board members are of the opinion that the College's financial statements give a true and fair view of the state of College's transactions during the financial year ended June 30th, 2023, and of the College's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the College, which have been relied upon in the preparation of the College'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 Kitui Teachers Training College will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

Kitui Teacher Training College
Annual Report and Financial Statements for the year ended 30th June 2023

Kitui Teachers College financial statements were approved by the Board of Management on _____ 2023 and signed on its behalf by:

.....
Name
Chairperson of the Board/Council

.....
Name *Abdus Muttal*
Accounting Officer/Principal

REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON KITUI TEACHERS TRAINING COLLEGE FOR THE YEAR ENDED 30 JUNE, 2023

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 the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the 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, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

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 Kitui Teachers Training College set out on pages 1 to 57, which comprise the statement of financial position

Report of the Auditor-General on Kitui Teachers Training College for the year ended 30 June, 2023

as at 30 June, 2023 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kitui Teachers Training College as at 30 June, 2023 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 Basic Education Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The financial statements submitted for audit had the following inaccuracies;

- i) The statement of financial performance reflects a nil amount on grants and subsidies while Note 21 of the financial statements reflects Kshs.739,415;
- ii) The statement of financial position reflects refundable deposits from customers balance of Kshs.747,138 while Note 37 of the financial statements reflects a nil balance;
- iii) The statement of changes in net assets reflects transfer of depreciation/amortization from capital fund to retained earnings of Kshs.4,947,201 which was not explained or supported;
- iv) The statement of changes in net assets omits retained earnings opening balance of Kshs.679,398,621 reported in the prior year period of 2021/2022;
- v) The statement of cash flows reflects other revenue of Kshs.1,999,006 which was not supported and disclosed in the statement of financial performance;
- vi) The statement of cashflow reflects net cash flows from operating activities amount of Kshs.2,820,218 while Note 47 to the financial statements reflects Kshs.3,739,554 resulting to variance of Kshs.919,336;
- vii) The statement of cashflow reflects comparative net cash flows from operating activities amount of Kshs.727,900 while Note 47 to the financial statements reflects Kshs.1,663,624 resulting to variance of Kshs.935,724;

In the circumstances, the accuracy and completeness of the above amounts and balances reflected in the financial statements could not be confirmed.

2. Variance in Rendering of Services-Fees from Students

The statement of financial performance reflects an amount of Kshs.4,397,366 in respect to rendering of services-fees from students as disclosed in Note 10 to the financial statements. However, the students were invoiced Kshs.3,739,052 resulting to an unexplained variance of Kshs.658,314.

In the circumstances, the accuracy and completeness of rendering of services-fees from students amount of Kshs.4,397,366 could not be confirmed.

3. Use of Goods and Services

The statement of financial performance and Note 15 to the financial statements reflects use of goods and services amount of Kshs.15,691,282. However, the following unsatisfactory matters were observed;

3.1. Misclassification of Expenses

Use of goods and services expenditure includes transactions amounting to Kshs.4,628,290 which were misclassified as shown below:

Item	where Classified	Correct Classification	Amount Kshs
Board of management expenses	Local Travel	Board expenses	250,000
Sundries expenses, food stuff and cleaning materials	Hire of facilities	Administrative costs	2,552,490
Payment of allowances	Hire of facilities	Local travel and transport	189,000
Sundry creditor	Hire of facilities	Trade and other payables	1,001,100
Casual workers	Hire of facilities	Employee costs	429,500
Electricity bills	Hire of facilities	Electricity, water and conservancy	150,000
Supply of plumbing materials	Hire of facilities	Repair and maintenance	56,200
Total			4,628,290

In the circumstances, the accuracy and completeness of use of goods and services amount of Kshs.4,628,290 could not be confirmed.

3.2. Inaccuracies in Local Travel and Transport Expenditure

The amount includes Kshs.994,385 in respect to local travel and transport expenditure while the schedules reflect an amount of Kshs.1,158,385 resulting to unexplained variance of Kshs.164,000. Further, the amount includes Kshs.647,385 in respect to

fuel for motor vehicles but the fuel register was not maintained to control the consumption of fuel. In addition, the amount includes board of management expenses of Kshs.511,000 but there was no evidence to show that the rates applied to pay the allowances were approved by the Cabinet secretary in consultation with the Salaries and Remuneration Commission. Further, the minutes provided for audit were not signed by the chair of the board of management and the secretary to the board.

In the circumstances, the accuracy and completeness of focal travel and transport expenditure of Kshs.994,385 could not be confirmed.

4. Unsupported Borrowings

The statement of financial position reflects loan borrowings balance of Kshs.4,049,044 out of which Kshs.3,366,471 was amount borrowed from a local bank for the purchase of the school bus. However, the loan repayment schedule, authority to borrow the loan from the Ministry of Education, loan application and acceptance form and board approval were not provided for audit. Further, Note 44 to the financial statements reflects loan borrowing balance of Kshs.2,485,835 resulting to an unexplained variance of Kshs1,563,209.

In the circumstances, the accuracy and completeness of loan borrowing balance of Kshs.3,366,471 could not be confirmed.

5. Unsupported Receivables from Exchange Transactions

The statement of financial position and Note 27 to the financial statements reflects current receivables from exchange transactions balance of Kshs.33,535,086 being amounts owed by students in respect to outstanding fees. However, ledgers indicating details of each student balances and aging analysis were not provided for audit.

In the circumstances, the accuracy, completeness and recoverability of the receivable from exchange transactions balance of Kshs.33,535,086 could not be confirmed.

6. Lack of Ownership Documents

The statement of financial position and as disclosed in Note 31 to the financial statements reflects property, plant and equipment balance of Kshs.654,952,702. The amount includes land and building balance of Kshs.635,242,799 and motor vehicle balance of Kshs.8,466,000. However, the land title deed and the logbook for motor vehicle were not provided for audit.

In the circumstances, the ownership of land and building balance of Kshs.635,242,799 and motor vehicle balance of Kshs.8,466,000 could not be confirmed.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Kitui Teachers Training College Management in accordance with ISSAI 130 on the 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.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final income budget of Kshs.243,194,710 and actual on a comparable basis of Kshs.24,493,996 resulting to an under-collection of Kshs.218,700,714 or 90% of the budget. However, the College spent Kshs.19,456,313 against actual receipts of Kshs.24,493,996 resulting to an under-absorption of Kshs.5,037,683 or 21% of receipts.

The under-collection and under-absorption may affect the core mandate of training diplomas in primary teacher education.

2. Long Outstanding Trade Payables

The statement of financial position and Note 36 reflects a balance of Kshs.13,043,052 in respect to trade and other payables from exchange transactions. Included in the balance is Kshs.12,156,655 which has been outstanding for more than ninety (90) days. This was contrary to section 53 (8) of the Public Procurement and Disposal Act, 2015 which requires an accounting officer not to commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contract (s) are reflected in approved budget estimates and are available.

Failure to settle bills during the year to which they relate distorts the financial statements and adversely affects the budgetary provisions for the subsequent year as they form a first charge.

My report is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion, I have determined that there are no other key audit matters to communicate in my report.

Other Information

Conclusion

The Management are responsible for the other information set out on pages iii to xxvii which comprise of Key Information and Management, Board of Management, Management Team, Chairman's Statement, Report of the Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement,

Management Discussion and Analysis, Corporate Social Responsibility Statement and sustainability reporting, Report of the Board of Management and statement of Board of Management Responsibilities. The other information does not include the financial statements and my audit report thereon.

In connection with my audit on the College's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Unbalanced and Un-Approved Budget

The statement of comparison of budget and actual amounts reflects final income budget of Kshs.243,194,710 against budgeted expenditure of Kshs.34,671,300 resulting to an unbalanced budget of Kshs.208,523,410. This was contrary to Regulation 33(c) of the Public Finance Management (National Government) Regulations, 2015 which states that the budget should be balanced. Further, the budget estimates were not approved by the cabinet secretary contrary to Part I Section 16 (2) of the Basic Education Act 2013 which states that the Board of Management may incur expenditure for the purpose of the institution in accordance with estimates approved by the Cabinet Secretary,

In the circumstances, Management was in breach of the law.

2. Irregular Appointment of Board Members

Review of board members appointment letters revealed that only two (2) female members instead of the required four (4) were appointed and hence the gender equality requirements were not met. This was contrary to Section 57 (2) of the Basic

Education Act 2013, which states that in appointing persons as members of a board of management, the nominating and appointing authority shall observe and respect: (a) the ethnic and regional diversity of the people of Kenya; (b) impartiality and gender equity; and (c) Article 10 and Chapter Six of the Constitution. Further, the term limit of all board members appointed lapsed at the same time on 11 March, 2024 which hampered the continuity of the board.

In the circumstances, Management was in breach of the law.

3. Irregular Board Activities

Review of documents revealed that the chairman and two (2) other board members were introduced as bank signatories of the College's bank accounts indicative of involvement in day to day running of the College. This was contrary to Part I Section 16 (6) of the Basic Education Act, 2013 which states that the Secretary to the Board of Management of a public institution of basic education shall be responsible for the day-to-day management of the affairs of the institution, and shall present any account of such expenditure to the Board of Management.

In the circumstances, Management is in breach of the law

4. Stalled Multi-Purpose Hall

The statement of financial position reflects a balance of Kshs.654,952,702 in respect to property, plant and equipment as disclosed in Note 31 to the financial statements. Review of the contract documents revealed that the construction of the multi-purpose hall was awarded at a sum of Kshs.55,975,266 but subject to funding from the Ministry of Education in the financial years 2018 to 2029. Physical inspection in the month of January, 2025 revealed that the works were at the foundation level despite payment of two (2) certificates amounting to Kshs.9,104,833. In addition, this payment was not disclosed in the financial statements as work in under property, plant and equipment.

In the circumstances, the value for money of Kshs.9,104,833 paid for the construction of the multi-purpose hall could not be confirmed.

5. Operating Un Approved Bank Accounts

The statement of financial position and Note 26 reflects a balance of Kshs.3,893,348 in respect to cash and cash equivalent held in the College's four (4) bank accounts. However, Management did not provide for audit the bank opening approvals from the National Treasury and approvals from the board of management. This was contrary to Section 28 (1) of the Public Finance Management Act, 2012 states that the National Treasury shall authorise the opening, operating and closing of bank accounts and sub accounts for all national government entities in accordance with regulations made under this Act. Further, the respective certificates of the bank balances were not provided for audit.

In the circumstances, Management was in breach of the law.

6. Late Submission of the Financial Statements

The financial statements were submitted on 03 January, 2025 instead of 30 September, 2023. This was contrary to Section 68(2k) of the Public Finance Management Act, 2012 which requires under subsection (1), that an accounting officer to prepare annual financial statements for each financial year within three months after the end of the financial year, and submit them to the Controller of Budget and the Auditor-General for audit, and in the case of a national government entity, forward a copy to the National Treasury.

In the circumstances, Management was in breach of the law

7. Irregular Low Value Procurements

Note 15 to the financial statements reflects use of goods and services amount of Kshs.15,691,282 out of which cash purchases amounted to Kshs.5,948,284. However, these purchases surpassed threshold of Kshs.50,000 per component per financial year for low value procurement as prescribed in the second schedule of the Public Procurement and Asset Disposal Regulations, 2020. Further, there was no recommendation by the head of the procurement function prescribing low-value procurement and market survey was not conducted and approved by the accounting officer to inform low-value procurements. In addition, these purchases were not supported by the original Kenya Revenue Authority Electronic Tax Receipt (KRA ETR Receipt) and there was no evidence that the goods were received in the stores.

In the circumstances, Management was in breach of the law

8. Non-Compliance with Law on Ethnic Composition

Review of the staff bio data revealed that the College had forty-six (46) staff members out of whom thirty-nine or 85% belonged to the dominant ethnic group in the county. This was contrary to Section 7 (2) of the National Cohesion and Integration Act 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community.

In the circumstances, the management was in breach of the law.

9. Avoidable Statutory Deductions Penalties

The statement of financial performance and Note 16 reflects an amount of Kshs.3,704,092 in respect to employee costs. The amount includes penalties due to late filing and remittances of Pay As You Earn (PAYE) of Kshs.314,656 and National Social Security Fund amount of Kshs.216,202. This was contrary to Section 19 (4) of the Employment Act 2007 on Deduction of Wages which states that an employer who deducts an amount from an employee's remuneration in accordance with subsection (1)(a), (f), (g) and (h) shall pay the amount so deducted in accordance with the time

period and other requirements specified in the law, agreement court order or arbitration as the case may be.

In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 3000 and 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 comply, 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 THE 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 effect of 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 governance were not effective.

Basis for Conclusion

1. Lack of an Audit Committee

During the year under review, the College did not have an audit committee which would be responsible for monitoring the entity governance process, accountability process, control systems and offer objective advice on issues concerning risk, control, regulatory requirement and governance.

In the circumstances, the effectiveness of overseeing the internal controls and compliance with relevant laws, rules and regulations could not be confirmed.

2. Lack of a Strategic Plan

During the year under review, Management did not prepare a strategic plan to guide on the implementation of the medium-term objectives and policies of the College. This was contrary to Section 68(2)(g) of the Public Finance Management Act, 2012 which states that Accounting Officers of a National Government entity should prepare a strategic plan for the entity in conformity with the medium-term fiscal framework and fiscal policy objectives of the National Government.

In the circumstances, the policies, practices and strategic plans of the College may not be aligned with Government Directives, National Policies and National Development Goals, including the Kenya Vision 2030.

3. Lack of Imprest Register

During the year under review, Management did not maintain an imprest register to ensure accounting for all the imprests issued and received by the individual staff of the College. This was contrary to Regulation 93(4)(c) of the Public Finance Management (National Government) Regulations, 2015 which states that before issuing temporary imprests under paragraph (2), the Accounting Officer shall ensure that the applicant has been recorded in the imprest register including the amount applied for.

In the circumstances, the effectiveness of internal controls on the management of imprest could not be confirmed.

4. Lack of Approved Tariffs

The statement of financial performance reflects rental revenue from facilities and equipment amount of Kshs.5,361,901 which was income from hiring of College facilities which include classrooms, halls and open grounds. However, there was no approved rates, tariffs or pricing policy which informs the charge out rates for each facility.

In the circumstances, the effectiveness of internal controls on pricing of various income streams could not be confirmed.

5. Weaknesses in Internal Controls

During the year under review, the College did not have a management information and accounting software system essential for managing its finances, human resources and procurement transactions. Further, the finance officer was in charge of human resources records, preparation of payroll, examination of payroll and payment of salaries an indication of lack of segregation of duties. In addition, review of the payment vouchers revealed that there were delays ranging from one (1) to eight (8) months in the payment of salaries for the financial year 2022/2023.

In the circumstances, the effectiveness of internal controls could not be confirmed.

The audit was conducted in accordance with the 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 controls, 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 the Management and Board of Management

The 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 controls as the 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 controls, risk management and governance.

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

The 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, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The board of management is responsible for overseeing the College's 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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. 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 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not 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 addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

17 January, 2025

14. Statement of Financial Performance For The Year Ended 30 June 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	14,616,729	28,339,755
Grants from donors and development partners	7	-	-
Transfers from other levels of government	8	-	-
Public contributions and donations	9	-	-
Total		14,616,729	28,339,755
Revenue from exchange transactions			
Rendering of services- Fees from students	10	4,397,366	64,940,582
Sale of goods	11	32,000	699,332
Rental revenue from facilities and equipment	12	5,361,901	165,976
Finance income - external investments	13	45,000	1,059,724
Other income	14	41,000	16,074,049
Revenue from exchange transactions		9,877,267	82,939,662
Total revenue		24,493,996	111,279,417
Expenses			
Use of goods and services	15	15,691,282	88,056,789
Employee costs	16	3,704,092	16,411,062
Remuneration of directors	17	-	-
Depreciation and amortization expense	18	4,947,201	4,947,201
Repairs and maintenance	19	28,270	4,088,219
Contracted services	20	-	-
Grants and subsidies	21	-	-
Finance costs	22	32,669	2,138,866
Total expenses		24,403,513	115,642,137

Kitui Teacher Training College
Annual Report and Financial Statements for the year ended 30th June 2023

Other gains/(losses)			
Gain on sale of assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Impairment loss	25	-	-
Revaluation gain on Assets	26	-	-
Total other gains/(losses)		-	-
Net Surplus for the year		90,482	(4,362,719)
Attributable to:			
Surplus/(deficit) attributable to minority interest		-	-
Surplus attributable to owners of the controlling entity		90,482	(4,362,719)
Total		90,482	(4,362,719)

(The notes set out on pages 10 to 56 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 56 were signed by:

..... Chairman of Council/Board Finance Officer ID No 28409420 Principal
Date	Date	Date




15. Statement of Financial Position As At 30th June 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	26	3,893,348	1,073,130
Current portion of receivables from exchange transactions	27(a)	33,535,086	33,970,884
Receivables from non-exchange transactions	28	-	-
Inventories	29	-	-
Investments	30	-	-
Total Current Assets		37,428,434	35,044,014
Non-current assets			
Property, plant and equipment	31	654,952,702	659,899,903
Investments	30	-	-
Intangible assets	32	-	-
Investment property	33	-	-
Long term receivables from exchange transactions	27(b)	-	-
Total Non-current assets		654,952,702	659,899,903
Total assets		692,381,136	694,943,917
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	34	13,043,052	13,893,052
Refundable deposits from customers	35	747,138	747,138
Current Provisions	36	-	-
Finance lease obligation	37	-	-
Current portion of borrowings	41	-	-
Deferred income	38	-	-
Employee benefit obligation	39	-	-

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Payments received in advance		-	-
Total Current liabilities		13,790,190	14,640,190
Non-current liabilities			
Non-current employee benefit obligation	39	-	-
Non-current provisions	40	-	-
Borrowings	41	4,049,044	5,852,307
Service concession liability	42	-	-
Deferred tax liabilities	49	-	-
Total non – current liabilities		4,049,044	5,852,307
Total liabilities		17,839,234	20,492,497
Net assets		674,541,902	674,451,420
Reserves		-	-
Accumulated surplus		674,541,902	674,451,420
Capital Fund		-	-
Total net assets and liabilities		674,541,902	74,451,420

The Financial Statements set out on pages 1 to 56 were signed by:

		
.....
Chairman of Council/Board	Finance Officer	Principal
	ID No 28409420	
Date	Date	Date

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16. Statement of Changes in Net Asset For The Year Ended 30 June 2023

	Retained earnings	Capital/ Development Grants/Fund	Total
At July 1, 2022	674,451,420	-	674,451,420
Revaluation gain	-	-	-
Fair value adjustment on quoted investments	-	-	-
Total comprehensive income	90,482	-	90,482
Capital/Development grants received during the year	-	-	-
Transfer of depreciation/amortization from capital fund to retained earnings	4,947,201	(4,947,201)	-
At June 30, 2023	679,489,103	(4,947,201)	674,541,902

17. Statement of Cash Flows For The Year Ended 30 June 2023

	Note	2022- 2023 Kshs	2021-2022 Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants		14,616,729	28,339,755
Public contributions and donations		-	-
Rendering of services- Fees from students		4,397,366	64,940,582
Sale of goods		32,000	699,332

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Rental revenue from facilities and equipment		5,361,901	165,976
Finance income		45,000	1,059,724
Other income		41,000	16,074,049
Other Revenue		1,999,006	4,791,302
Total Receipts		26,493,002	116,070,719
Payments			
Compensation of employees		3,614,092	16,411,062
Use of goods and services		16,645,966	88,085,085
Finance cost		17,985	2,110,570
Rent paid		-	-
Taxation paid		-	-
Other payments		3,366,472	4,647,883
Grants and subsidies paid		-	-
Contracted Services		-	-
Cash used on Repair and Maintenance		28,270	4,088,219
Cash used on Board & Council Expenses		-	-
Total Payments		23,672,784	115,342,819
Net cash flows from operating activities	43	2,820,218	727,900
Cash flows from investing activities			

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Purchase of property, plant, equipment and intangible assets		-	-
Proceeds from sale of property, plant and equipment		-	-
Decrease in non-current receivables		-	-
Increase in investments		-	-
Net cash flows used in investing activities		-	-
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Increase in deposits		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		2,820,218	727,900
Cash and cash equivalents at 1 JULY	26	1,073,130	345,230
Cash and cash equivalents at 30 JUNE	26	3,893,348	1,073,130

18. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Utilization Difference
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other Govt entities Govt grants	28,339,755	28,339,755	56,679,510	14,616,729	42,062,781	74
Public contributions and donations	-	-	-	-	-	
Rendering of services- Fees from students	161,798,200	24,717,000	186,515,200	4,397,366	182,117,834	98
Sale of goods	-	-	-	32,000	(32,000)	
Finance Income	-	-	-	45,000	(45,000)	
Other Income	-	-	-	41,000	(41,000)	
Gains on disposal, rental income and agency fees	-	-	-	5,361,901	(5,361,901)	
Total income	190,137,955	53,056,755	243,194,710	24,493,996	218,700,714	90
Expenses						
Compensation of employees	-	-	-	3,704,092	(3,704,092)	
Use of Goods and services	34,671,300	-	34,671,300	15,691,282	18,980,018	55
Finance costs	-	-	-	32,669	(32,669)	
Rent paid	-	-	-	-	-	
Remuneration of directors	-	-	-	-	-	
Grants and subsidies paid	-	-	-	-	-	
Repairs and maintenance	-	-	-	28,270		

Contracted services	-	-	-	-		
	-	-	-			
	-	-	-			
	-	-	-			
	-	-	-			
Total expenditure	34,671,300	-	34,671,300	19,456,313	15,243,257	44
Surplus for the period	155,466,655	53,056,755	208,523,410	5,037,683	203,457,457	98

19. Notes to the Financial Statements

1. General Information

Kitui Teachers Training College is established by and derives its authority from EDUCATION Act 2013. The College is wholly owned by the Government of Kenya and is domiciled in Kenya. The College's principal activity is training of primary school teachers.

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 College's accounting policies.

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

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

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>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.
IPSAS 42: Social Benefits	<p>Applicable: 1st January 2023</p> <p>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> <ol 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.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <ol style="list-style-type: none"> 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. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.

Kitui Teacher Training College

Annual Report and Financial Statements for the year ended 30th June 2023

Standard	Effective date and impact:
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed 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>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii. Early adoption of standards

The College did not early – adopt any new or amended standards in Financial year 2022/2023.

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. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded 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

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the college.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Rental income

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

Kitui Teacher Training College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for FY 2022/2023 was approved by the Board of management in May 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the College upon receiving the respective approvals in order to conclude the final budget. Accordingly, the College recorded additional appropriations of KES. 24,717,000 on the FY 2022/2023 budget following the Board's approval.

The College 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.

c) Taxes

Current income tax

The entity is exempt from paying taxes

Sales tax/ Value Added Tax

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

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of five (5) years.

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

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the College 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.

f) Leases

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

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

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

Summary of Significant Accounting Policies (Continued)

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

g) Intangible assets

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

h) Research and development costs

The College does not engage in research.

Development costs on an individual project are recognized as intangible assets when the College can demonstrate:

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

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

i) Financial instruments

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 College determines the classification of its financial assets at initial recognition.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Financial assets

Classification

The college classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the college classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL).

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

j) Inventories

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

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

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

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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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 College.

k) Provisions

Provisions are recognized when the College 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 College 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 College in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

m) Nature and purpose of reserves

The *Entity* creates and maintains reserves in terms of specific requirements. (*Entity to state the reserves maintained and appropriate policies adopted*).

n) 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.

o) Employee benefits

Retirement benefit plans

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

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

p) Foreign currency transactions

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

q) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

r) Related parties

The College 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 Principal and senior managers.

s) Service concession arrangements

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

t) Cash and cash equivalents

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

u) Comparative figures

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

v) 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, 2023.

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the College'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 College 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 College. 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 College.
- 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.

Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	2022-2023	2021-2022
	KShs	KShs
Unconditional grants		
MOE- Grants	14,616,728.80	28,339,755.00
	14,616,728.80	28,339,755.00
Total government grants and subsidies	14,616,728.80	28,339,755.00

During the 2022-2023 Financial Year, the College received KES. 14,616,728.80 being unconditional grants compared to KES. 28,339,755.00 in the 2021-2022 Financial Year. This is further illustrated in Chart I.

CHART I: UNCONDITIONAL GRANTS.

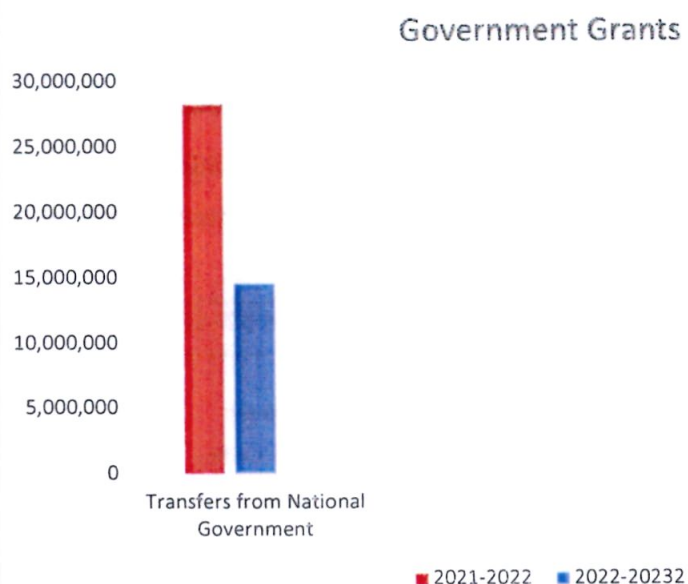


Chart I show that there was a decrease in government grants in the 2022-2023 Financial Year. This was as a result of decreased enrolment, as the government came in to help alleviate the challenges the College was facing.

Kitui Teacher Training College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

(a) Transfers from other Government entities

Description	2022-2023	2021-2022
	KShs	KShs
Unconditional grants		
MOE- Grants	14,616,728.80	28,339,755.00
-	-	-
	14,616,728.80	28,339,755.00
Conditional grants		
Library grant	-	-
Hostels grant	-	-
Administration block grant	-	-
Laboratory grant	-	-
Learning facilities grant	-	-
Other organizational grants	-	-
Total government grants and subsidies	14,616,728.80	28,339,755.00

The amount recorded above as having been received from the Ministry fully reconciles to the amount recorded by the sending Ministry. An acknowledgement note/receipt has been raised in favor of the Ministry.

(b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES					
Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognized in capital fund.	Total grant income during the year	Total grant income during the previous year
	KShs	KShs	KShs	KShs	KShs
Ministry of Education	14,616,728.80	-	-	14,616,728.80	28,339,755.00
Total	14,616,728.80	-	-	14,616,728.80	28,339,755.00

During the 2022/2023 Financial Year, Total grant income was KES. 14,616,728.80 while in the 2021/2022 FY the total grant income was KES. 28,339,755.00 showing a difference of KES. 13,723,026.20. This is because 3rd quarter and 4th quarter grants of the financial year 2020/2021 was disbursed during the financial year 2021/2022.

Kitui Teacher Training College
 Annual Report and Financial Statements for the year ended 30th June 2023
 Notes to the Financial Statements (Continued)

7. Grants from Donors and Development Partners

During the 2022/23 FY, the College did not get any grants from donors or Development partners.

8. Transfers from Other Levels of Government

During the 2022/23 FY, the College did not get any transfers from other levels of Government.

9. Public Contributions and Donations

During the 2022/23 FY, the College did not get public contributions or donations.

10. Rendering of Services

Account	Description	2022-2023	2021-2022
		KShs	KShs
Projects	Boarding	1,044,030	7,594,776
Account	Teaching Equipment	-	1,310,442
	Computer Studies/Internet	-	1,395,655
	Teaching Practicum	279,224	759,957
	Exams	-	171,168
	Activity/ Hock sticks	-	544,992
	Medical	-	320,313
	RMI/ Rehabilitation	-	1,433,529
	Electricity, water & Conservancy	-	1,215,582
	Local Transport & Travel	248,000	897,301
	Administration Cost	445,420	620,163
	Motor vehicle Repairs/ Replacement	-	1,320,587
	Personal Emolument subsidy	-	1,102,637
	Gratuity	-	350,701
	Students governance	-	189,844
	FHI-360/ Internal programs	-	324,000
	Track suit	-	621,727
	Club & Environmental subsidy	-	267,664
	Student ID	-	62,686
	Students guide book	-	62,688
	Library Books	-	139,724

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	TP Lesson plan	-	325,608
	Covid-19 Response	-	618,173
	Bank Charges	-	62,706
	Registration	-	62,326
	Other Income	-	1,500
	Other Income	-	10,161
	Bursary	38,000	-
	Sub-Total -Projects Income	2,054,674	21,786,610
Main/GOK	Activity	-	-
	Sub-Total -Main Income	-	-
College Fund Account	BES	536,428	2,581,349
	LTT	50,000	336,679
	EWC	-	415,943
	CONTIGENCY	50,000	115,184
	RMI	-	1,037,686
	MEDICAL	-	58,553
	ACTIVITY	-	227,348
	GRADUATION COSTS	-	-
	T.E	-	451,317
	MVR	283,000	-
	GRATUITY	-	96,897
	REGISTRATION	-	19,302
	TEACHING PRACTICE	100,076	268,724
	PES	-	342,932
	PTE	-	-
	REHABILITATION	-	-
	UNIFORMS	-	-
	COMPUTER	-	448,904
	OTHERS	-	39,162
	VR	-	431,032
	Bursary	-	537,500
	Bus Hire	-	10,000
	ECDE	-	-
	FHI-360/ Internal programs	-	2,712,800

Kitui Teacher Training College

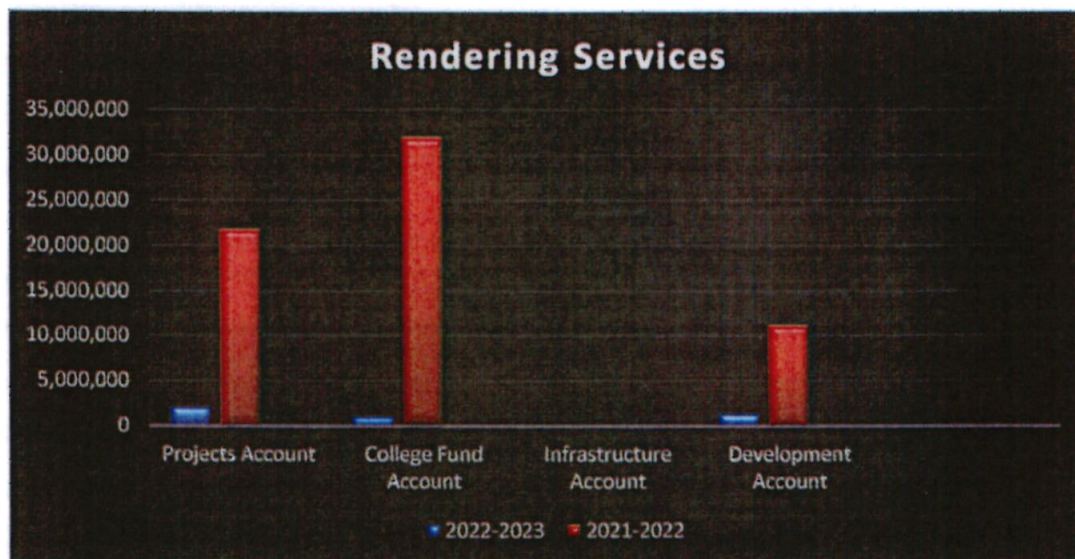
Annual Report and Financial Statements for the year ended 30th June 2023

	Performance Contracting	-	-
	Technical School	-	-
	New college Bus	-	-
	Main -GOK Acc	-	6,100,000
	Exams	-	30,160
		-	210,425
	Students Governance	-	64,146
	Student ID	-	18,083
	KCB - Equity	-	11,000,000
	Family-Equity	-	3,900,000
	Club & Environmental Subsidy	-	112,225
	Student Guide Book	-	20,521
	TP Lesson Plan	-	136,623
	Library Books	-	58,553
	Covid 19 Response Plan	-	209,130
		-	-
	Sub-Total -College Income	1,019,504	31,991,178
Infrastructure Account	Vote 1	-	-
Infrastructure Account	Total Infrastructure Income	-	-
Farm Account	Vote 1	-	-
	Farm Account	-	-
DEVT Account	(BES)Boarding	611,736	1,598,862
	(TES) Teaching Equipment	-	366,109
	Computer Studies / Internet	-	342,186
	Teaching Practicum	143,500	142,524
	Exams	335,976	7,747,733
	Activity/ Hock sticks	-	131,733
	Administration INCOME	165,076	44,633
	RMI/ Rehabilitation	-	296,674
	Electricity, water & Conservancy	-	228,800
	Local Transport & Travel	66,900	263,540
	Total DEVT Account	1,323,188	11,162,794
	Total Revenue from Rendering of Services	4,397,366	64,940,582

Kitui Teacher Training College
Annual Report and Financial Statements for the year ended 30th June 2023
Notes to the Financial Statements (Continued)

The data in this table shows that in 2022-2023, total revenue from rendering services was KES. 4,397,366 compared to the previous year 2021-2022 which was KES. 64,940,582. The information is further illustrated in Chart II.

CHART II: Rendering Services



This clearly shows that revenue from rendering services dropped by KES. 60,543,216. This was as a result of the drop of student numbers occasioned by low enrolment. The low enrolment was occasioned by the high intake grades and competition from other courses such as TVET, Medical courses and Universities.

11. Sale of Goods

Account	Description	2022-2023	2021-2022
		KShs	KShs
Projects Account	VOTE-1	-	-
Projects Account		-	-
Op-GOK-MAIN-Account	Op-GOK-MAIN		
	VOTE-1	-	-
Op-GOK-MAIN-Account	Op-GOK-MAIN	-	-
College Fund Account	College Fund Account		
	Tenders	-	13,000
	Truck Suit	-	258,609

**Kitui Teacher Training College
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	College Fund Account	-	271,609
farm Account	farm Account	-	-
farm Account	farm Account	-	-
Devt Account	Devt Account		
	Student ID	-	20,452
	Truck Suit	-	197,129
	Club & Environmental Subsidy	-	85,546
	Student Guide Book	-	20,452
	Tenders	32,000	104,144
Devt Account	Devt Account	32,000	427,723
	Total	32,000	699,332

This table shows that there was very little realized from the sale of goods and services (KES. 32,000) in the FY 2022-2023 compared to KES. 427,723 for the 2021-2022 Financial Year. This is further illustrated in CHART III.

SALE OF GOODS AND SERVICES

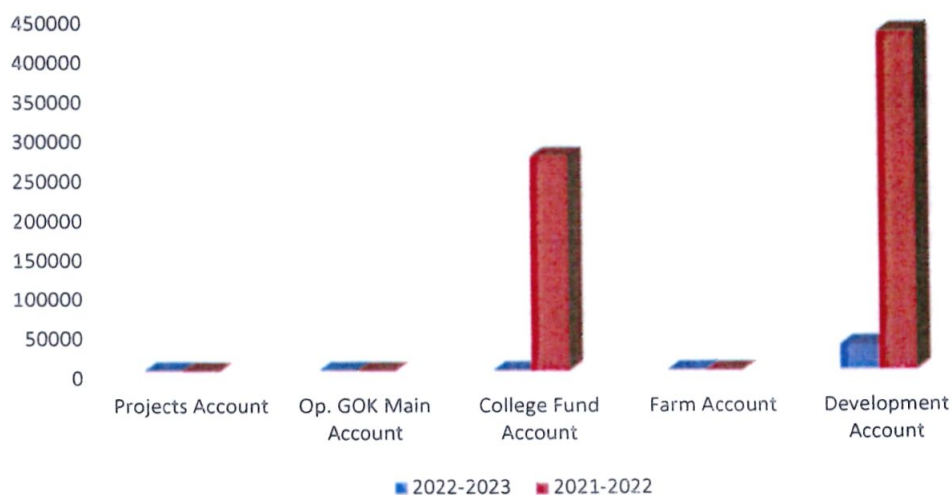


Chart III shows that in the FY 2022-2023, there was little sale of goods and services. This is as a result of the few students in the College at that time.

Kitui Teacher Training College
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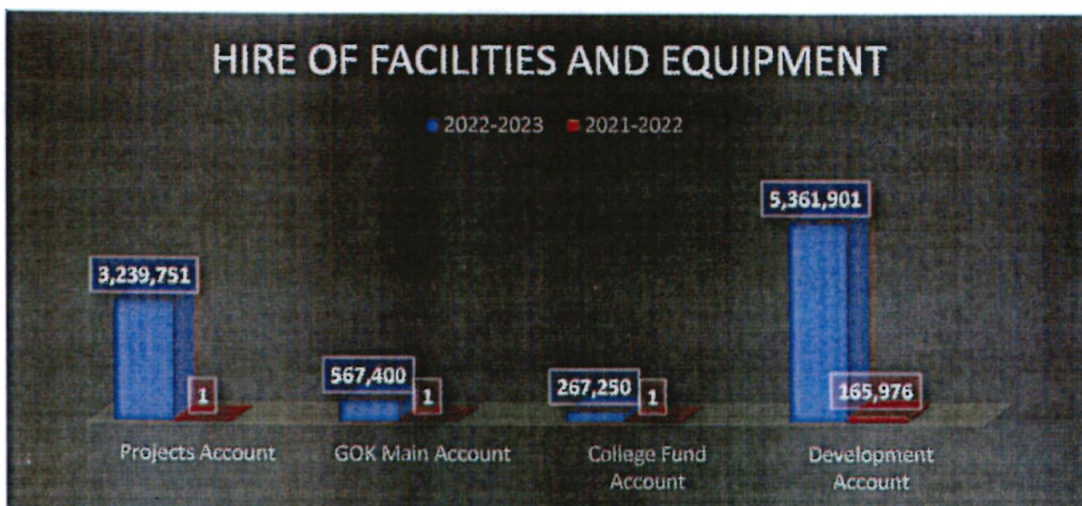
Notes to the Financial Statements (Continued)

12. Rental revenue from facilities and equipment

Description	2022-2023	2021-2022
	KShs	KShs
Projects account		
Hire of College facilities	3,239,751	-
Total – Projects Account	3,239,751	-
GOK - Main		
Hire of college facilities	567,400	-
Total – GoK Main	567,400	-
College fund		
Hire of college facilities	267,250	-
Total - College Fund Account	267,250	-
Farm		
	-	-
DeVt Account		
Hire of college facilities	1,287,500	47,633
Covid 19 Response Plan	-	97,891
Registration	-	20,452
Total – Development Account	1,287,500	165,976
Total	5,361,901	165,976

In the FY 2022- 2023, the College got a total of KES 5,361,901 compared to KES. 165,976 for the previous year from the hire of facilities and equipment. This is further shown in Chart IV.

CHART IV: Hire of Facilities and Equipment.



Kitui Teacher Training College

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Notes to the Financial Statements (Continued)

This implies that in the 2022-2023 Financial Year, the College was able to earn more from hire of facilities and equipment than in the 2021-2022 Financial Year. This was partly because of the low number of students present, which meant that facilities and equipment such as classrooms, Hall, fields and vehicles were readily available for hire to the surrounding community. Again, due to the glaring dwindling finances occasioned by low enrolment, the College vigorously marketed its facilities for hire so as to get some extra income to enable it continue running smoothly. The Board of management will try to market the College facilities so as to generate extra income for its operations.

13. Finance Income

Description	2022-2023	2021-2022
	KShs	KShs
Projects account		
	-	-
GOK_Main		
Hire of college facilities	-	-
	-	-
College fund		
Bank Charges	-	19,317
	-	19,317
Infrastructure		
	-	-
Farm		
	-	-
DeVt Account		
Bursary	45,000	1,013,700
Bank Charges	-	20,463
Other Income	-	6,244
	45,000	1,040,407
Total	45,000	1,059,724

Kitui Teacher Training College

Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

In the FY 2022- 2023, the College Finance Income was KES. 45,000 compared to KES. 1,059,724 in the previous year. This was because the low enrolment also translated to low bursary in the FY.

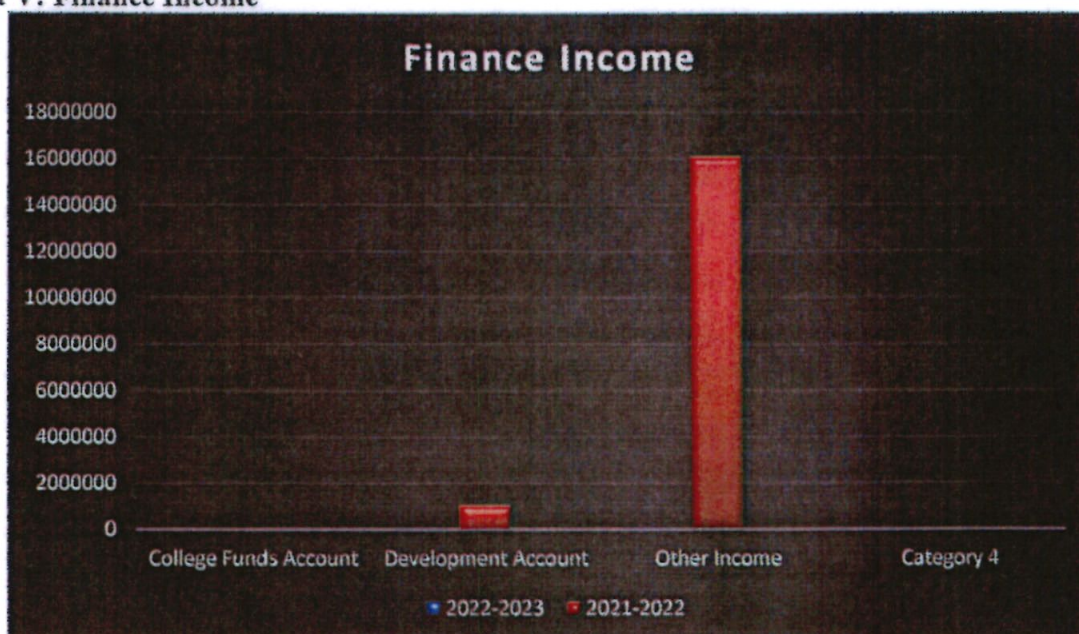
14. Miscellaneous Income

Description	2022-2023	2021-2022
	KShs	KShs
Projects account		
Bursary	-	381,000
Family Bank- KCB A/C	-	7,200,000
Equity-KCB A/C	-	2,100,000
KCB Bank- Main Acc	-	2,100,000
Main A/C- KCB	-	3,400,000
Cash deposit savings	-	410,000
Sub - Total		15,591,000
GOK_Main		
Kitui T.T.C.S.S Welfare ass.	-	-
P.A.Y.E	-	-
College fund		
Bursary	41,000	-
Sub -Total	41,000	-
Infrastructure		
	-	-
Farm		
Devt. Account		
Administration Costs	-	110,807
MV/R	-	185,606
Personal Emolument subsidy	-	144,437
Gratuity	-	12,343
Students Governance	-	29,856
	-	483,049
Total	41,000	16,074,049

Kitui Teacher Training College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

Chart V: Finance Income



This shows that with a higher number of students, the finance income from Bank charges, Bursary etc also go higher. Therefore, the College will endeavor to increase student enrolment.

15. Use of Goods and Services

Account	Description	2022-2023	2021-2022
		KShs	KShs
Projects Account			
	Boarding	2,135,542	11,613,998
	Teaching Equipment	-	1,799,828
	Computer Studies/Internet	-	995,805
	Teaching Practicum	140,500	-
	Exams	-	542,330
	Activity/ Hock sticks	-	731,751
	Medical	-	-
	Electricity, water & Conservancy	-	502,000
	Local Transport & Travel	40,000	1,220,876
	Administration Cost	162,525	677,609
	Motor vehicle Repairs/ Replacement	-	899,784
	Farm	-	1,053,325
	Gratuity	-	-

Kitui Teacher Training College

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	Students governance	-	71,200
	Bus Hire	-	77,000
	Tenders	-	125,000
	Club & Environmental subsidy	-	6,050
	Bank Charges	-	36,579
	KCB A/C-Equity	-	11,000,000
	Bursary	-	194,000
	Hire of College facilities	3,236,755	-
	Sub- Total -Projects Expenses	5,715,322	31,547,135
Main/GOK Account	L.T. And Travel	873,585	281,600
	E.W. And Conservancy	691,813	758,543
	Contingencies	1,397,650	-
	R.M. and Improvements	-	-
	Kitui T.T.C.S.S Welfare ass.	-	-
	College Fund	-	-
	Tenders	-	25,000
	Farm	-	150,000
	Bank Charges	-	25,360
	Infrastructure	-	2,204,834
	Administration Costs	-	458,800
	Boarding, Equipment and Stores	-	375,700
	Activity	824,860	843,660
	L.T & T	-	-
	E.W & C	-	-
	V.R & M	-	808,358
	Tenders	-	-
	Farm	-	-
	Computer Studies	139,177	197,543
	Transfers	-	6,100,000
	College fund account- Equity	-	5,500,000
	College fund account- KCB	-	-
	TUITION	924,764	-
	Hire of college facilities	370,000	-
	Sub- Total -Main Acc Expenses	5,221,849	17,729,398

**Kitui Teacher Training College
Annual Report and Financial Statements for the year ended 30th June 2023**

College Fund Account	BES	306,720	8,188,804
	LTT	-	-
	EWC	-	-
	CONTIGENCY	34,800	-
	MEDICAL	-	-
	ACTIVITY	-	-
	GRADUATION COSTS	-	-
	T.E	23,200	190,825
	MVR	-	-
	FHI-360/ Internal programs	-	297,158
	REGISTRATION	-	-
	TEACHING PRACTICE	-	-
	PES	-	-
	PTE	-	-
	REHABILITATION	-	-
	UNIFORMS	-	-
	COMPUTER	-	210,678
	OTHERS	-	55,272
	Performance Contracting	-	-
	Technical School	-	-
	New college Bus	-	-
	(BES)Boarding	-	-
	(TES) Teaching Equipment	-	-
	Computer Studies / Internet	-	-
	Teaching Practicum	-	-
	Exams	-	8,054,470
	Activity/ Hock sticks	-	362,300
	Medical	-	95,855
	RMI/ Rehabilitation	-	1,378,240
	Electricity, water & Conservancy	-	105,400
	Local Transport & Travel	-	840,673
	Administration Costs	-	1,529,176
	MV/R	-	46,790

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	Administration Costs (Suspense Account)	123,266	2,218,631
	Gratuity	-	-
	Students Governance	-	12,300
	Student ID	-	106,000
	FARM	-	1,552,850
	Bursary	9,000	239,000
		496,986	25,484,422
INFRA-structure	VOTE-1	-	-
Account	VOTE-2	-	-
Farm Account	VOTE-1	-	-
DEVT ACCOUNT	(BES)Boarding	1,131,939	629,700
	Computer Studies / Internet	42,496	139,176
	Activity/ Hock sticks	-	105,000
	Electricity, water & Conservancy	88,000	249,308
	Local Transport & Travel	80,800	150,000
	Farm	89,000	250,000
	Bursary	-	672,650
	Family Bank- KCB A/C	-	7,200,000
	Family Bank -Equity A/C	-	3,900,000
	Exams	460,000	-
	MEDICAL	39,250	-
	ADMIN COSTS	37,500	-
	GRADUATION	806,500	-
	REFUND	183,540	-
	Hire of college facilities	1,245,100	-
	Tenders	32,000	-
	Contingency (Suspense Account)	21,000	-
		4,257,125	13,295,834
	Total use of goods and services	15,691,282	88,056,789
		15,691,282	88,056,789

This table shows that total use of goods and services in the 2022/2023 FY was KES. 15,691,282 as compared to KES. 88,056,789 the previous year.

This further illustrated in Chart III.

Kitui Teacher Training College
 Annual Report and Financial Statements for the year ended 30th June 2023
 Notes To the Financial Statements (Continued)

Chart III: Use of Goods and services.

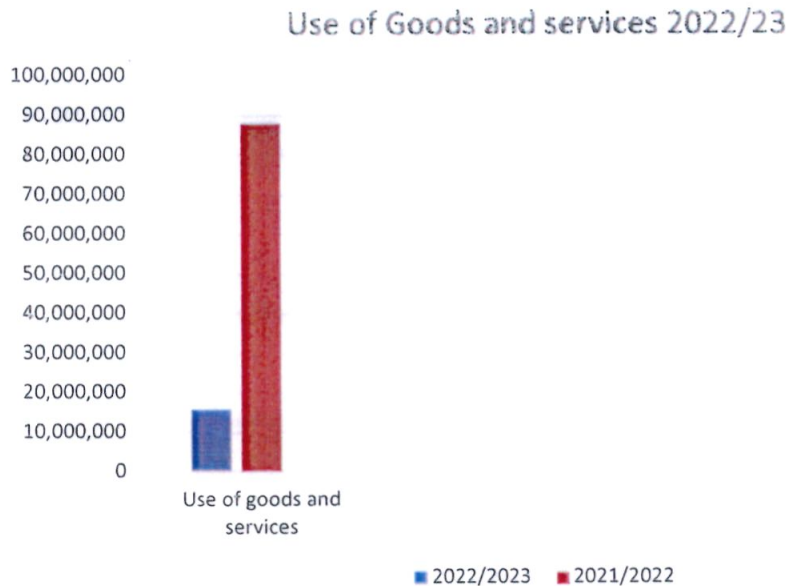


Chart III clearly indicates that during the 2022/23 FY, there was less consumption of goods and services because of the numbers of students compared to the 2021/22 financial year.

16. Employee Costs

Account	Description	2022-2023 KShs
Projects Account		
Personal Emolument subsidy	-	6,274,111
	-	6,274,111
Main/GOK Account		
Personal Emoluments	2,964,677	9,843,205
P.A.Y.E	-	-
Gratuity	-	293,747
	2,964,677	10,136,952
College Fund Account		
-	-	-
Personal Emolument subsidy	649,415	-
	649,415	-
INFRA-structure		
	-	-

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Farm Account		
	-	-
DEVT ACCOUNT		
Personal Emolument subsidy	90,000	-
	90,000	-
	3,704,092	16,411,062

17. Board/Council Expenses

During the Financial year 2022/23, there was no board remuneration.

18. Depreciation and Amortization expense

Description	2022-2023	2021-2022
	KShs	KShs
Current PPE Depreciation provision charge	4,947,201	4,947,201
	-	-
Total depreciation and amortization	4,947,201	4,947,201

Total depreciation and amortization for the 2022/2023 FY remained the same as was in the 2021/2022 FY at KES. 4,947,201.

19. Repairs and Maintenance

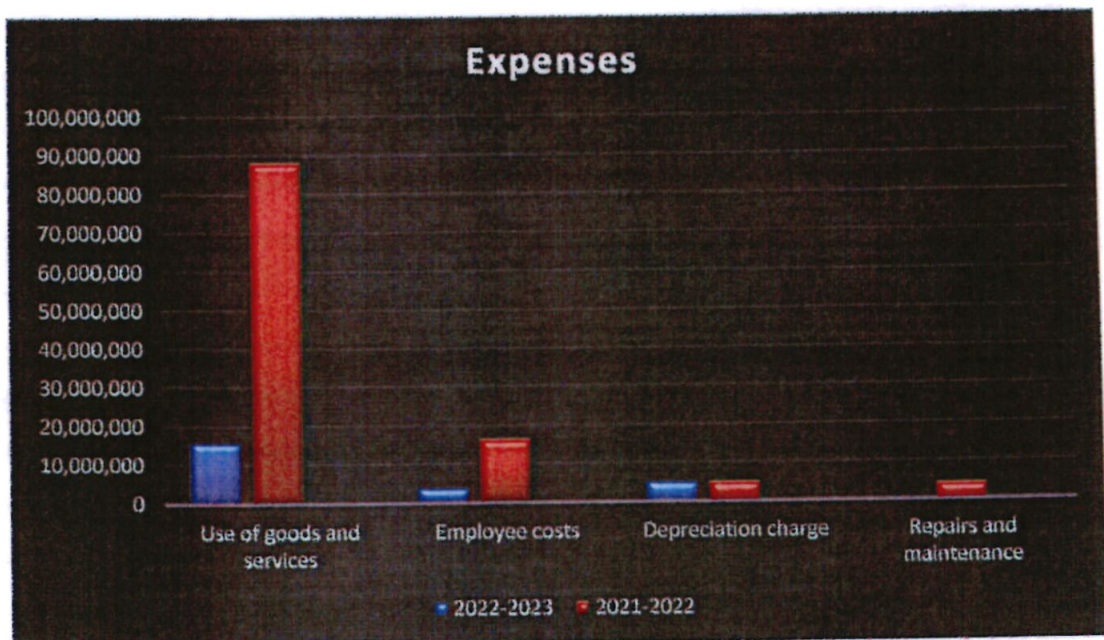
Account	Description	2022-2023	2021-2022
		KShs	KShs
Projects Account			
	RMI/ Rehabilitation	28,270	3,934,219
		28,270	3,934,219
Main/GOK Account			
		-	-
College Fund Account			
	RMI	-	-
	Club & Environmental Subsidy	-	154,000
		-	154,000
INFRA-structure			
		-	-
Farm Account	Vote 1	-	-
		-	-

**Kitui Teacher Training College
Annual Report and Financial Statements for the year ended 30th June 2023**

DEVT ACCOUNT	Vote 1	-	-
			-
		28,270	4,088,219

During the 2022-2023 Financial year, the use of goods and services was at KES. 15,691,232 compared to the previous year at KES. 88,056,789. Employee costs were also lower at KES. 3,704,092 compared to FY 2021-2022 at KES. 16,411,062 while depreciation charge remained the same at KES. 4,947,201 for the two Financial Years. Repairs and maintenance remained low in the 2022-2023 FY at KES. 28,270 while in the 2021-2022 FY was at KES. 4,088,219.

This is illustrated further in Chart VI.



This implies that most of the expenses decreased in 2022/2023 due to decrease in the student numbers which led to a decrease in the operation cost.

20. Contracted Services

During the 2022/23 Financial Year, the College did not contract any services.

21. Grants and Subsidies

During the 2022/23 Financial Year, the College received KES. 739,415 being personal emolument subsidies.

22. Finance Costs

Account	Description	2022-2023	2021-2022
		KShs	KShs
Projects Account			
	Bursary	-	-

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During the FY 2022/23, the College cash and cash equivalents were KES. 3,893,348 as compared to KES. 1,073,130. This is because the College had been able to clear a loan with Equity bank and Kenya Commercial Bank, and also being able to save some money owing to the low enrolment which led to less consumption/spending.

27. Receivables from Exchange transactions

The College did not engage in exchange transactions during this FY.

27 (a) Current Receivables from Exchange transactions

During the FY 2022/23, the College did not have long term receivables from exchange transactions.

27 (b) Long- term Receivables from Exchange transactions

Description	2022-2023	2021-2022
	KShs	KShs
Current receivables		
College Fund -Debtors	33,693,899	34,539,736
College Fund - Advances	-	-
College Fund - DR SUSPENSE	-	-
Projects- Sundry Debtors	(92,013)	(517,280)
Main/GOK- Sundry Debtors	-	-
Infrastructure Sundry Debtors	-	-
Farm - Sundry Debtors	-	-
CDF - Sundry Debtors	(66,800)	(51,572)
Total current receivables	33,535,086	33,970,884

During the 2022/2023 FY, the college had total current receivables of KES. 33,535,086 compared to KES. 33,970,884. The college had not paid suppliers and thus the reason for the high figures. The Board of management will try to ensure that all College Debtors are paid their dues soonest once student population increased. The Board will also request the government to help clear the debts.

Notes to the Financial Statements (Continued)

27 (c) Ageing Analysis of Receivables from Exchange transactions

None

27 (d) Reconciliation for impairment Allowance on Receivables from Exchange Transactions

None

28. Receivables from Non-Exchange transactions

None

28 (a) Ageing Analysis on Receivables from Non-Exchange Transactions

None

28 (b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

During the FY. The college did not have Impairment Allowance on Receivables from Exchange Transactions.

29. Inventories

During the FY. The college did not have Impairment Allowance on Receivables from Exchange Transactions.

30. Investments in financial assets

During the FY. The college did not have external Investments

d) Shareholding in other entities

For investments in equity share listed under note 30 (c) above, list down the equity investments under the following categories:

Kitui Teacher Training College
Annual Report and Financial Statements for the year ended 30th June 2023

Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

	Land and Buildings	Motor vehicles	Office equipment	Computers	TEXT BOOKS	Plant and equipment	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
As at 1 July 202-	635,242,799	14,110,000	12,672,414	480,500	2,031,670	309,720	-	664,847,103
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Transfers/adjustments -Impaired assets	-	-	-	-	-	-	-	-
AS at 30th June 2022	635,242,799	14,110,000	12,672,414	480,500	2,031,670	309,720	-	664,847,103
Depreciation, Impairment								

Kitui Teacher Training College
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&Revaluation								
Reserves								
Depreciation provision:								
Depreciation provision b/f as at 1 July 202-	-	2,822,000	1,584,052	96,100	406,334	38,715	-	4,947,201
Depreciation rate	-	20	13	20	20	13	-	
Current Depreciation provision	-	2,822,000	1,584,052	96,100	406,334	38,715	-	4,947,201
Total Depreciation provision as at 30th June 202-	-	5,644,000	3,168,104	192,200	812,668	77,430	-	9,894,402
Impairment provision;								
Impairment provision b/f								-
Current Impairment provision made								-
Total impairment provision as at 30th June 202-	-	-	-	-	-	-	-	-

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Revaluation Reserve:								
Revaluation reserve b/f	-	-	-	-	-	-	-	-
Current Revaluation Reserve made	-	-	-	-	-	-	-	-
Total Revaluation Reserve:	-	-	-	-	-	-	-	-
NBV- as at 30 June 202-	635,242,799	8,466,000	9,504,311	288,300	1,219,002	232,290	-	654,952,702

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Notes to the Financial Statements (Continued)

Valuation

None

31 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	Cost	Accumulated Depreciation	Revaluation Reserve	NBV
	Kshs	Kshs	Kshs	Kshs
Land & Buildings	635,242,799	-	-	635,242,799
Plant and machinery	309,720	77,430	-	232,290
Motor vehicles, including motorcycles	14,110,000	5,644,000	-	8,466,000
Computers and related equipment	480,500	192,200	-	288,300
Office equipment, furniture, and fittings	12,672,414	3,168,104	-	9,504,311
Text Books	2,031,670	812,668	-	1,219,002
Work-in-Progress	-	-	-	-
Total	664,847,103	9,894,402	-	654,952,702

32. Intangible Assets

NONE

33. Investment Property

NONE

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Notes to the Financial Statements (Continued)

35. Biological Assets

None

36. Trade and Other Payables

Description	2022-2023	2021-2022
	KShs	KShs
School Fund -Prepaid Fees	-	-
Trade Creditors -College Fund	13,893,052	13,893,052
Trade Creditors -Operation	-	-
Trade Creditors - Tuition	-	-
Trade Creditors - Farm	-	-
Trade Creditors - Infrastructure	-	-
Trade Creditors - CDF	(850,000)	-
Total trade and other payables	13,043,052	13,893,052

37. Refundable Deposits from Customers/Students

None

38. Current Provisions

None

39. Finance Lease Obligation

None

40. Deferred Income

None

41. Employee Benefit Obligations

Retirement benefit Asset/ Liability

The College remits NSSF contributions for its employees and doesn't operate any other retirement benefits scheme for its employees. The Social Security Fund (NSSF) is a defined contribution scheme registered under the National Social Security Act.

42. Payments received in advance.

None

43. Non-Current Provisions

During the financial year, the College did not have non – current provisions.

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Notes to the Financial Statements (Continued)

44. Borrowings

	2022-2023	2021-2022
	KShs	KShs
External Borrowings		
Dollar denominated loan from 'xxx organisation'	-	-
Sterling Pound denominated loan from 'yyy organisation'	-	-
Euro denominated loan from zzz organisation'	-	-
Domestic Borrowings		
Kenya Shilling loan from KCB	2,485,835	5,852,307
Kenya Shilling loan from Barclays Bank	-	-
Kenya Shilling loan from Consolidated Bank	-	-
Total balance at end of the year	2,485,835	5,852,307

By 30th of June 2023, the College had a loan from KCB of KES 2,485, 835 as compared with KES. 5,852,307 for the previous financial year. The board of management was in the process of servicing the loan and was committed to ensure that it was settled in the set time frame.

43 a) Analysis of External and Domestic Borrowings

Description	2022-2023	2021-2022
	KShs	KShs
Short term borrowings (current portion)	-	-
Long term borrowings	2,485,835	5,852,307
Total	2,485,835	5,852,307

By 30th of June 2023, the College had a loan balance (of a loan borrowed domestically) from KCB of KES 2,485, 835 as compared with KES. 5,852,307 for the previous financial year. The board of management is in the process of servicing the loan and was committed to ensure that it was settled in the set time frame.

43 b) Breakdown of Long and Short-Term Borrowings

The College had the long - term loan borrowed from KCB balance of KES. 2,485,835. The College Board of Management is committed to clearing the balance as per schedule.

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Notes to the Financial Statements (Continued)

45. Service Concession Arrangements

None

46. Social Benefit Liabilities

None

47. Cash generated from operations.

	2022-2023	2021-2022
	KShs	KShs
Surplus for the year before tax	90,482	(4,362,719)
Adjusted for:		
Depreciation	4,947,201	4,947,201
Non-cash grants received		
Contributed assets	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	-	-
Revaluation profit	-	-
Contribution to impairment allowance	-	-
Finance income	(45,000)	(1,059,724)
Finance cost	32,669	2,138,866
Working Capital adjustments		
Increase in inventory	-	-
Increase in receivables	(435,798)	-
Increase in investments	-	-
Increase in deferred income	-	-
Increase in payables	(850,000)	-
Increase in payments received in advance	-	-
Refundable deposits from customers	-	-
Current Provisions	-	-
Finance lease obligation	-	-
Current portion of borrowings	-	-
Employee benefit obligation	-	-
Net cash flow from operating activities	3,739,554	1,663,624

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During the 2022/2023 FY, Net cash flow from operating activities was KES.3,739,554 as compared to KES. 1,663,624 for the 2020/2021 financial year. This means that the net cash flow for the FY was more than the previous year. This can be attributed to low number of students that year and prudence in management.

48. Financial Risk Management

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

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

Credit risk

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

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

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

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Credit Risk Analysis				
	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 202				
Receivables from exchange transactions	33,535,086	33,535,086	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	3,893,348	3,893,348	-	-
Total	37,428,434	37,428,434	-	-

The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the institution has recognized in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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

(ii) Liquidity risk management

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

The table below represents cash flows payable by the institution 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.

Notes to the Financial Statements (Continued)
Financial risk management (continued)

Liquidity Risk Analysis

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 202				
Trade payables	-	13,043,052	-	13,043,052
Current portion of borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred income	-	-	-	-
Employee benefit obligation	-	-	-	-
Total	-	13,043,052	-	13,043,052

(iii) Market risk

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

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

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

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

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Notes to the Financial Statements (Continued)

a) Foreign currency risk

The College doesn't have transactional currency exposures. This is because the College doesn't purchase goods or services that are done in currencies other than the local currency.

b) Interest rate risk

The College can be affected by interest rates especially so because of the short term borrowing it does domestically.

iv) Capital Risk Management

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

	2022-2023	2021-2022
	Kshs	Kshs
Retained earnings	674,541,902	674,451,420
Total funds	674,541,902	674,451,420
Total borrowings	2,485,835	5,852,307
Less: cash and bank balances	3,893,348	1,073,130
Net debt	(1,407,513)	4,779,177
Gearing (%)	(0.21)	1

49. Related Party Balances

Nature of related party relationships

Entities and other parties related to the College 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 *College*, holding 100% of the *College's* equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the College, both domestic and external. Other related parties include:

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

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- iv) Government agencies;
- v) Employees
- vi) Key management;
- vii) Board of directors;

The transactions and balances with related parties during the year are as

	2022-2023	2021-2022
	Kshs	Kshs
Transactions with related parties		
a) Sales to related parties		
Sales of electricity to Govt agencies	-	-
Rent Income from govt. agencies	-	-
Water sales to Govt. agencies	-	-
Others (Specify)	-	-
Total	-	-
b) Purchases from related parties		
Purchases of electricity from KPLC	88,000	751,308
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. agencies	-	-
Others (specify)	-	-
Total	88,000	751,308
b) Grants /Transfers from the Government		
Grants from National Govt	14,616,729	28,339,755
Grants from County Government	-	-
Donations in kind	-	-
Total	14,616,729	28,339,755
c) Expenses incurred on behalf of related party		

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Payments of salaries and wages for xxx employees	3,704,092	16,411,062
Payments for goods and services for xxx	-	-
Total	3,704,092	16,411,062
d) Key management compensation		
Directors' emoluments	-	-
Compensation to key management	-	-
Total	-	-
Grand Total	18,408,821	45,502,125

50. Segment Information

NONE

51. Contingent Assets and Contingent Liabilities

NONE

52. Capital Commitments

NONE

53. Events After The Reporting Period

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

54. Ultimate And Holding Entity

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

55. Currency

The financial statements are presented in Kenya Shillings (Kshs) and the values are rounded off to the nearest shilling.

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20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Ref. No. on the External Audit Report	Issue/Observations from Auditor	Management Comments	Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
MOE/DSAS/S3/53	Sundry debtors	The school management has put strong financial measures in place to collect the fee arrears from the defaulters before some become bad debts	Resolved	N/A
MOE/DSAS/S3/53	Sundry creditors	The school management has put in place measures to pay the creditors during the year to avoid court cases that may arise	Resolved	N/A
MOE/DSAS/S3/53	Income and expenditure accounts	Strictly adhered to the budgetary estimates. Government circulars are followed, and deficit arose because of the low number of students admission and the increase in market price of commodities	Resolved	N/A

Gerald Mutegi

Name
 Accounting Officer
 Gerald Mutegi
 Date

Appendix II: Projects Implemented by Kitui Teachers Training College

Projects

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

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

APPENDIX III: INTER-ENTITY TRANSFERS

Kitui Teachers Training College				
Break down of Transfers from the State Department of Education				
F Y	2022-2023			
Recurrent Grants				
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	Ministry of Education	6th Oct 2022	3,970,316	2022-2023
		16th Feb 2023	3,689,272	
		27th June 2023	3,350,024	
		27th June 2023	3,607,117	
		Total	14,616,729	

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

Finance Manager

Head of Accounting Unit

Name: Edna Mwan

Name:

Kitui Teachers' Training College

Education Ministry

Sign [Signature]

Sign

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	
	Date received	Amount								
Ministry of Education	6th Oct 2022	3,970,316	Recurrent	3,970,316	3,970,316	-	-	-	-	3,970,316
	16th Feb 2023	3,689,272	Recurrent	3,689,272	3,689,272					3,689,272
	27th June 2023	3,350,024	Recurrent	3,350,024	3,350,024					3,350,024
	27th June 2023	3,607,117	Recurrent	3,607,117	3,607,117					3,607,117
Total		14,616,729	-	14,616,729	14,616,729	-	-	-	-	14,616,729

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Appendix V: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments