

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

**OF**

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 04 JUN 2025	DAY. Wednesday
TABLED BY:	Hon. Naomi Wago, MP
CLERK-AT THE-TABLE:	Deputy Majority Whip Irene Nduku

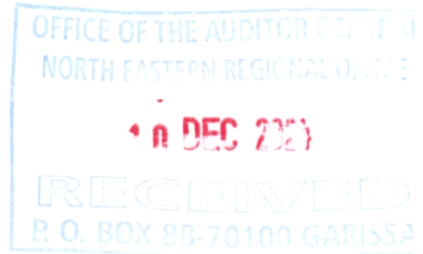
**THE AUDITOR-GENERAL**

PARLIAMENT  
OF KENYA  
LIBRARY

**ON**

**MANDERA TEACHERS TRAINING COLLEGE**

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



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**MANDERA TEACHERS TRAINING COLLEGE**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**  
**30<sup>TH</sup> JUNE 2023**

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

**Mandera Teachers 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
TVC	Technical Vocational College
Fiduciary Management	Key management personnel who have financial responsibility in the entity

**2. Key Entity Information and Management**

**(a) Background information**

The Mandera Teacher Training College established under the Basic Education Act of 2013 on August 2016. The institute is under the Ministry of Education., State Department of Early Learning and Basic Education.

Mandera Teachers Training College started as a Primary teachers college in August 2016. With the phasing out of PI certificate the college currently offers teachers training courses at Diploma level for both Primary and ECDE teachers

**(b) Principal Activities**

The principal mandate of the entity is to train quality diploma teachers.

**Vision**

Centre for globally competitive teacher education and training.

**Mission**

To provide quality teacher education and training that produces patriotic, competent, innovative and self-directing professional.

**Core Values**

Mandera TTC operation is governed by a set of core values, which constitute the desired institutional culture. These are:

- a) God's Guidance
- b) Professionalism
- c) Integrity and Accountability
- d) Team work and Team Spirit
- e) Loyalty and Patriotism
- f) Creativity and Innovation

**(c) Key Management**

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

Chief Principal  
Deputy Principal  
Dean of Student  
Dean of Curriculum  
Accounts Clerk  
Head of Departments

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**(d) Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Senior Principal	<b>Issack Maalim Abdow</b>
2.	Deputy principal	<b>Rashid Ali Mohamed</b>
3.	Dean of students	<b>Abdiqafar Abdirahman Adan</b>
4.	Head of Finance	<b>Ali Alio Eda</b>

**(e) Fiduciary Oversight Arrangements**

Committees of Board of Management establish to perform functions and discharge responsibilities on behalf of the Board includes;

- i. Finance, procurement and general purposes committee
- ii. Academic standards, quality and environment committee
- iii. Discipline, ethics and integrity committee
- iv. Audit committee
- v. Human right and student welfare committees

**(f) Entity Headquarters**

P.o. Box 50-70300  
Mandera- Khalaliyo Road  
Mandera, KENYA

**(g) Entity Contacts**

Telephone: (254) 722904271  
E-mail: manaderattc@gmail.com

**(h) Entity Bankers**

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

Other Commercial Banks  
Equity bank of (Kenya) ltd

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PO BOX 75104-00200  
Nairobi, Kenya



**(i) Independent Auditors**

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





**(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**



No.	Member/ Director	Details
1.	 <p>BOM Chairman: Mr. Abdullahi A. Gessey</p>	<p>Born in 1957  Diploma in Range Mangement</p>
2.	 <p>BOM Member: Mr. Mohamud O. Obsiye</p>	<p>Born in 1963  MED in Educational management and leadership  Wealth of experience in teaching professional  Currently Deputy Head of efficiency and monitoring unit</p>
3.	 <p>BOM Member: Mr. Abdi M. Ali</p>	<p>M.A in Education  44 years in teaching professional</p>
4.	 <p>BOM Member: Mrs. Amina Wako</p>	<p>Born in 1967  Holds Bachelors of Education  20 years of experience in teaching profession  Currently principal of Mandera Moi Girls Secondary school</p>

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<p>5.</p>	 <p>BOM Member:Mr. Abdirashid H Shabure</p>	<p>Born in 1963          Holds Masters in Educational management and leadership          35 years of experience in teaching profession.</p>
<p>6.</p>	 <p>BOM Member: Mrs.Halima I. Hillow</p>	<p>Born in 1973          Registered Clinical Officer          25 years of working experience          Currently Deputy Director Clinical service Mandera County.</p>
<p>7.</p>	 <p>BOM Member: Mr.Yussuf M.Kassim</p>	<p>Born in 1965          MBA          Wealth experience in teaching profession          Currently county Director of TVET Mandera County</p>
<p>8.</p>	 <p>BOM Member: Mr.Rashid A.Mohamed</p>	<p>Born in 1969          Holds MED          over 30 years of teaching exprience          Currently Deputy Principal at Mandera Teachers Training College</p>




**Mandera Teachers Training College**  
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9.	 BOM Member: Ms. Debra A. Adala	Born in 1980 Holds Bachelors Degree in ECDE Currently Manager of joystar junior Academy
10.	 BOM Member: Mr. Abdikadir Abdinoor	Born in 1972 Holds MBA Wealth experience in teaching profession currently county coordinator for children services Mandera

**Mandera Teachers Training College**  
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**4. Management Team**

No.	Member/ Director	Details
1.	 <b>MR ABDIRASHID HAJI SHABURE</b>	Holds Masters in Educational management and leadership Currently senior Principal at Mandera Teachers Training College
2.	 Mr.Rashid Ali Mohamed	Holds MED Currently Deputy Principal at Mandera Teachers Training College
3.	 Mr.Ali Alio Eda	Currently Pursuing Degree in Business Mngement Account officer at Mandera Teachers Training College

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

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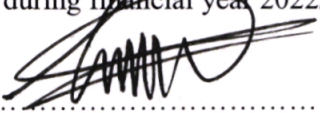
**5. Chairman's Statement**

It is my pleasure to present the college's annual report and financial statement for the year Ending 30th June 2023.

The college's Board of Management wish to appreciate the support of the Government and other stakeholders in the daily operations of the institution. We wish to extend our appreciation to the Ministry of Education for providing financial support and competent staff to the college. It is important to acknowledge that the college has come through very challenging time during this financial year, FY 2022/2023. The college continued to witness another year of reduced activities in terms of its core mandate Of training teachers. With the phasing out PI training programme and its replacement with Diploma teachers training programme the college failed to attract student for second year.

It is also important to acknowledge another setback to the college's operation was not only the reduction but also the delay in remittance of quarterly grants by Ministry of Education. as a result there was an overall drop in the financial performance of the college since it was unable to meet its budgetary obligation for the 2022/2023 financial year. In view of this deficit in funding, the college has been difficult to operate.

Moving forward, in view of above under performance in financial year 2022/2023, the expectation is that, the college will not be able to attract students unless more corrective strategies are put in place by the Ministry of Education. Therefore, we appeal to the Ministry of Education to review entry requirement for Diploma in Primary Teacher Education program and allocate more funding to the college on affirmative action basis. In conclusion, I wish to thank, the members of board of management, Ministry of Education, teachers Service Commission and the college teaching and non-teaching staff for their continued support and co-operation during financial year 2022/2023.

Signature.....

Mr. Abdullahi A Gessey  
Chairman BOM

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

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**6. Report of the Principal**

Dear stakeholders, I am pleased to present to you the financial statement of Mandera teachers training college for the financial year 2022/2023 ended on 30th June 2023 in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS).

The year under review, the college continued to witness another year of reduced activities in terms of its core mandate of training teachers as there was few enrolments and Grants from the ministry was not adequate enough.

The ministry of education remitted kshs.4,275,721 as compared to kshs.14,132,386 of 2021/2022 financial year. The Ministry also remitted kshs.3,540,000 for infrastructure development in the financial year 2020/2021, However these was not utilized during the financial year.

In conclusion, I wish to thank, the chairman and members of board of management, Ministry of Education, teachers Service Commission and the college teaching and non-teaching staff for their continued support and co-operation during financial year 2022/2023.

Signature.....



**Mr Abdirashid Haji Shabure**  
**Principal Mandera Teaches Training College**



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

**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 entity's performance against predetermined objectives.

Mandera Teachers Training College has 4 strategic pillars and objectives within current Strategic Plan for the FY 2022/2023- FY 2025/2026. These strategic pillars are as follows:

Pillar 1: Quality and professional competent diploma teachers

Pillar 2: Infrastructure development

Pillar 3: Human resource

Pillar 4: Financial management

Mandera Teachers Training College develops its annual work plans based on the above 4 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Mandera Teachers Training College achieved its performance targets set for the FY 2021/22 period for its 3 strategic pillars, as indicated in the diagram below:

<b>Strategic Pillar</b>	<b>Objective</b>	<b>Key Performance Indicators</b>	<b>Activities</b>	<b>Achievements</b>
Quality and professional competent diploma teachers	To train competent and professional diploma Teachers	student placement List, Advertisement	Advertisement of the college	Enrolment
Infrastructure development	To maintain and develop college infrastructure for quality service delivery	project plan and design	Develop plans and design for new upgrade and new project	Modern Built Administration Classroom and Boarding
Human resource	To provide quality staff welfare for our staff	Staff appraisals Reports	Undertaking performance appraisal ,Capacity building through Training	Motivated staff
Financial management	To achieve Financial management Transparency	proper book keeping of Financial Record	Capacity Building on effectiveness of Financial Management	Prudent Financial Management

## **8. Corporate Governance Statement**

- a) Good corporate governance is the key to integrity and corporations and central to the college stability
- b) Corporate governance therefore encompasses the system practices and procedures by which the individual corporation regulates it to remain stable, competitive, sustainable and fair.
- c) The BOM follows principles of transparency and accountability in managing the institution
- d) The role of the BOM is to ensure conformity by focusing and providing strategic direction and policy making as well as performance review through accountability, monitoring, supervision and internal controls to safeguard the assets and reliability of financial information.
- e) Management team comprising of the principal/deputy principal, head of departments and staffs meet regularly to consider issues of operational and strategic importance.
- f) Below are features of the existing governance practices within the college.

### **college BOM**

- a) The BOM constitutes of the chairman BOM and thirteen members who have been appointed in accordance to the Basic Education Act 2013, which meets formally at least three times a year and or any other time when the need arises.
- b) BOM is responsible for setting the direction of the college through establishment of strategic information, policies and approval of budgets. It monitors implementation of the above through structured approach of reporting by the management and accountability.
- c) The BOM is actively involved and bring strong independent judgement on its deliberations and discussions.
- d) The BOM members have diverse skills, wide range of knowledge and experience of the college in objective and decision making.
- e) The BOM meets regularly and retains full and effective control over the college in all strategic, financial, operation and compliance areas. O There were three meeting during the year.

## **9. Management Discussion and Analysis**

Mandera Teachers Training College operational and financial performance

The college is a public institution which relies on Government grants and fees paid by students. It is not a profit-making Entity During the year under review FY 2022/2023, Mandera teachers' college performed poorly in financing with the decline in student enrolment following the phasing out primary teacher education course (PI) by Ministry of Education and reduction in the grants from the Ministry as a result the college could not meet some of its operational and financial obligations.

## **10. Environmental And Sustainability Reporting Statement**

Mandera TTC exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

### **Sustainability strategy and profile**

The college strategy focuses on achieving financial, environmental, organizational and institutional sustainability. The college has to start other programs alongside training teachers in liaison with other institutions such as Universities and Mandera County Government to diversify source of revenue.

To address issue of organizational and institutional sustainability, the college has to have community engagement, have in place a risk management framework and implementation of strategies to mitigate the defined risks.

### **Environmental performance**

The college embraces the use of environmentally friendly methods in waste disposal. The strategies are targeted at protecting and improving the environment.

The college has planted over 150 trees both in tuition and boarding area as part of its re-forestation program. Also to mitigate the effects of soil erosion and environmental degradation the college has conserved the natural vegetation with many tree species with edible fruits. The college has also adopted environmental sustainability guidelines issued by NEMA and adhere to environmentally friendly operational practices within the college.

### **Employee welfare**

The college with the support of the Board of Management has developed the following policies to guide its operations: -

Scheme of service for BOM staff

Motivation policy for both staff and students

Gender mainstreaming and youth empowerment policy

### **Market place practices-**

i) Anti-corruption

**Mandera Teachers Training College**  
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Student fee: the college charges as per the guidelines from the Ministry of Education  
The admission process is transparent and is guided by the Ministry of Education. Fair competition:

The college follows the curriculum designs from Kenya Institute of Curriculum Development (KICD) to ensure that which it offers is similar to what is offered in other colleges.

Entry criteria and requirement for training as a teacher are clearly defined i.e mean grade of C plain and in addition C plain in English, Kiswahili, Mathematics, one science and one humanity subjects for Diploma in primary teacher education and only C plain for Diploma in Early Childhood education. iii) Respect for competitors.

**Corporate Social Responsibility / Community Engagements**

Mandera TTC being a public entity embraces the policy of the corporate social responsibility (CSR) through engaging itself with the following social responsibilities;

I. Financial support to needy students through coordinating bursary from Mandera County Government and NG-CDF

3. Allow the Local community to graze livestock on the college compound during the dry seasons

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

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**11. Report of the Council/Board of Governors**

The Council/Board members submit their report together with the financial statements for the year ended June 30, 2023, which show the state of the Mandera Teachers Training College affairs.

**Principal activities**

The principal activities of the entity are to train Professional Diploma Teachers

**Results**

The results of the entity for the year ended June 30 2023 are set out on page 1 to 28

**Council/Board of Governors**

The members of the Board /Council who served during the year are shown on page vi to viii. During the year 30 June 2023.

**Auditors**

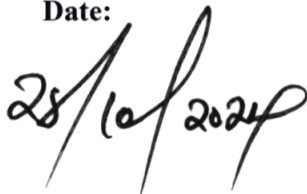
The Auditor General is responsible for the statutory audit of the entity in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Board

  
.....  
**Secretary of the Board/Principal**



**Date:**



**12. Statement of Board of Governors/ Council's Responsibilities**

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

The Council members are responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the entity for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the entity, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act, and the TVET Act) – entities should quote applicable legislation as indicated under). The council members are of the opinion that the entity's financial statements give a true and fair view of the state of entity's transactions during the financial year ended June 30, 2022, and of the entity's financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the entity, which have been relied upon in the preparation of the entity's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Council members to indicate that the entity will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The Mandera Teachers Training College financial statements were approved by the Board on \_\_\_\_\_ and signed on its behalf by:

*Abdullah A. Hossay*

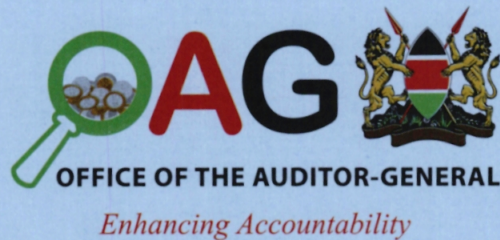
Name

*Abdulkadir H. Shabane*

Name

# REPUBLIC OF KENYA

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Email: info@oagkenya.go.ke  
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**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O Box 30084-00100  
NAIROBI

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

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### **PREAMBLE**

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

- A. Report on 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 the 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.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, 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 Mandera Teachers Training College set out on page 1 to 23 which comprise of the statement of financial position 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 matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Manderu 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 Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **Failure to Disclose In-Kind Contribution from the National Government**

The statement of financial performance reflects employee costs of Kshs.2,594,388 as disclosed in Note 9 to the financial statements. However, the expenditure did not include salaries of teachers who were employed by the Teachers Service Commission as in-kind contributions from the National Government.

In the circumstances, the accuracy and completeness of total revenue of Kshs.2,594,388 could not be confirmed.

The audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Manderu 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**

#### **Budget Performance and Control**

The statement of comparison of budget and actual amounts reflects final revenue budget and actual revenue of Kshs.9,624,281 and Kshs.5,710,761 respectively resulting in under-funding of Kshs.3,913,520 or 41% of the approved budget. Similarly, the College spent Kshs.11,300,000 against approved expenditure budget of Kshs.5,785,568 resulting in under expenditure of Kshs.5,514,432 or 49% of the approved budget.

The under-funding and under-utilization affected the planned activities and may have impacted negatively on the operations of the College.

My opinion is not modified in respect to this matter

### **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 matter 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**

The Management is responsible for the other information set out on page iii to xvii which comprise of Key Entity Information and Management, Board of Governors, Management Team, Chairman's statement, Report of the Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Governors and Statement of Board of Governors' 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, I am required to report that fact. I have nothing to report in this regard.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE 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 matter 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.

### **1. Late Submission of Financial Statements to the Auditor-General**

The financial statements were submitted to the Auditor-General on 29 October, 2024 which was about one (1) year after the statutory deadline of 30 September, 2023. This was contrary to Section 47(1) of the Public Audit Act, 2015 requires financial statements

to be submitted to the Auditor-General within three (3) months after the end of the fiscal year to which the accounts relate.

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

## **2. Lack of Ethnic Diversity in Staff Composition**

Review of employees' records revealed that 90% of the College's employees were from the dominant ethnic community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and no public establishment shall have more than one third of its staff from the same ethnic community.

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

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAIs 3000 and 4000. The standards require 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 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 effects 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 Internal Audit function**

The College did not have an internal audit unit. This was contrary to Section 73(1)(a) of the Public Finance Management Act, 2012 which provides that every National Government entity shall ensure that it has appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.

In the circumstances, the effectiveness of checks and balances in the College could not be confirmed.

## **2. Lack of Internal Audit Committee**

The College did not have an audit committee. This is contrary to Regulation 73(5) of the Public Finance Management (National Governments) Regulations, 2015 which provides that every National Government public entity shall establish an audit committee whose composition and functions shall be as prescribed by the regulations.

In the circumstances, the effectiveness of governance systems in the College could not be confirmed.

## **3. Lack of Approved Staff Establishment and Human Resource Policy**

Review of the operations of the College revealed that the College operated without an approved staff establishment. This was contrary to Section B of Human Resource Policies and Procedures Manual for the Public Service of May, 2016.

Further, examination of the personnel emoluments, supporting ledgers and payroll records revealed that there was no documented evidence of an established salary structure for Board of Management (BOM) staff, leading to potential inconsistencies in salary payments. In addition, the College did not have a human resources and policies manual.

In the circumstances, it was not possible to confirm the effectiveness of human resource management controls.

The audit was conducted in accordance with ISSAIs 2315 and 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 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, Management is responsible for assessing the College's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to dissolve the College to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements 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 IFPP 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/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

20 December, 2024

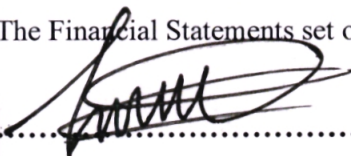
**Mandera Teachers Training College**  
**Annual Report and Financial Statements for the year ended 30th June 2023**

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

	Notes	FY	FY
		2022-2023	2021-2022
		Kshs	Kshs
<b>Revenue from Non-Exchange transactions</b>			
Transfers from other National Government entities	6	4,275,721	14,132,386.00
<b>Revenue from Exchange transactions</b>			
Rendering of services- fees from students	7	1,435,040	257,780.00
<b>Revenue from Exchange transactions</b>			
<b>Total Revenue</b>		<b>5,710,760.65</b>	<b>14,390,166.00</b>
<b>Expenses</b>			
Use of goods and services	8	3,300,250	5,672,575.20
Employee costs	9	2,594,388	4,634,162.40
Board /Council Expenses	10	-	145,000.00
Depreciation and amortization expense	11	8,598,750	6,962,500.00
Repairs and maintenance	12	38,950	100,860.00
<b>Total Expenses</b>		<b>14,532,338</b>	<b>17,515,097.60</b>
<b>Total Other Gains/(Losses)</b>		-	-
<b>Net surplus/(deficit) for the year</b>		<b>(8,821,577)</b>	<b>(3,124,931.60)</b>

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

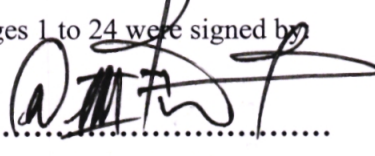
The Financial Statements set out on pages 1 to 24 were signed by

  
 .....

**Chairman of Council/Board**

Date

28/10/2022

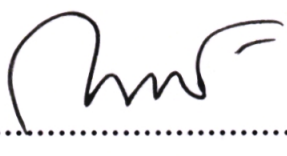
  
 .....

**Finance Officer**

ICPAK No

Date

28/10/2022

  
 .....

**Principal**

Date

28/10/2022



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

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

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	13	3,690,696	3,913,520
<b>Total Current Assets</b>		<b>3,690,695</b>	<b>3,913,520</b>
<b>Non-Current Assets</b>			
Property, plant, and equipment	14	191,181,250	134,780,000
<b>Total Non-Current Assets</b>		<b>191,181,250</b>	<b>134,780,000</b>
<b>Total Assets</b>		<b>194,871,945</b>	<b>138,693,520</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions			-
<b>Total Current Liabilities</b>			-
<b>Non-Current Liabilities</b>			
<b>Total non-current liabilities</b>		-	-
<b>Total Liabilities</b>			-
<b>Net Assets</b>		<b>194,871,943</b>	<b>138,693,520</b>
Revaluation Reserves		-	-
Accumulated Surplus		(17,708,057)	(8,886,480)
Capital Fund	14	212,580,000	147,580,000
<b>Total Net Assets and Liabilities</b>		<b>194,871,943</b>	<b>138,693,520</b>

The Financial Statements set out on pages 1 to 24 were signed by:

.....  
**Chairman of Council/Board**

.....  
**Finance Officer**

.....  
**Principal**

ICPAK No

Date

Date

Date

28/10/2024

28/10/2024

28/10/2024



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

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
<b>At July 1, 2021</b>		<b>(8,886,480)</b>	<b>147,580,000</b>	<b>138,693,520</b>
Revaluation gain		-	-	
Surplus/(deficit) for the year			-	
Capital grants received during the year				
Transfer of depreciation/amortisation from capital fund to Retained earnings				
<b>At June 30, 2022</b>		<b>(8,886,480)</b>	<b>147,580,000</b>	<b>138,693,520</b>
<b>At July 1, 2022</b>		<b>(8,886,480)</b>	<b>147,580,000</b>	<b>138,693,520</b>
Revaluation gain				
Surplus/(deficit) for the year				
Capital grants received during the year			65,000,000	<b>65,000,000</b>
Transfer of depreciation/amortisation from capital fund to Retained earnings		(8,821,577)		(8,821,577)
<b>At June 30, 2023</b>		<b>(17,708,057)</b>	<b>212,580,000</b>	<b>194,871,943</b>

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

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

Description		2022-2023	2021-2022
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other National Government entities	6	4,275,721	14,132,386
Rendering of services- fees from students	7	1,435,040	257,780
<b>Total Receipts</b>		<b>5,710,761</b>	<b>14,390,166</b>
<b>Payments</b>			
Use of goods and services	8	3,300,250	5,672,575
Employee costs	9	2,594,388	4,634,162
Board /Council Expenses	10		145,000
Repairs and maintenance	11	38,950	100,860
<b>Total Payments</b>		<b>5,933,588</b>	<b>10,552,598</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		-	-
<b>Net cash flows used in investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Repayment Of Borrowings		-	-
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>-</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>		<b>(222,827)</b>	<b>3,837,568</b>
Cash and Cash equivalents at 1 JULY	13	3,913,520	75,952
<b>Cash and Cash equivalents at 30 JUNE</b>		<b>3,690,695</b>	<b>3,913,520</b>

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

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
<b>Revenue</b>						
Transfers from other National Government entities	4,275,721	3,913,520	8,189,241	4,275,721	3,913,520	48%
Grants from donors and development partners						
Transfers from other levels of government						
Public contributions and donations						
Rendering of services- fees from students	1,435,040		1,435,040	1,435,040	-	0%
Sale of goods						
Rental revenue from facilities and equipment						
Finance income						
Miscellaneous Income						
<b>Total Income</b>	<b>5,710,761</b>	<b>3,913,520</b>	<b>9,624,281</b>	<b>5,710,761</b>	<b>3,913,520</b>	<b>41%</b>
<b>Expenses</b>						
Use of goods and services	6,000,000		6,000,000	3,152,230	2,847,770	47%
Employee costs	5,000,000		5,000,000	2,594,388	2,405,612	48%
Repairs and maintenance	300,000		300,000	38,950	261,050	87%
<b>Total Expenditure</b>	<b>11,300,000</b>		<b>11,300,000</b>	<b>5,785,568</b>	<b>5,514,432</b>	<b>49%</b>
<b>Surplus For the Period</b>				<b>(74,807)</b>		

**19. Notes to the Financial Statements**

**1. General Information**

Mandera Teachers training college is established by and derives its authority and accountability from Basic Education Act 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity'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 entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note xx. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the entity. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, (include any other applicable legislation), 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.**

<b>Standard</b>	<b>Effective date and impact:</b>
<b>IPSAS 41:</b> Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></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"> <li>• 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;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• 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.</li> </ul> <p><b>(State the impact of the standard to the Entity)</b></p>
<b>IPSAS 42:</b> Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2023</b></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> <p>(a) The nature of such social benefits provided by the Entity.  (b) The key features of the operation of those social benefit schemes; and  (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</p> <p><b>(State the impact of the standard to the Entity if relevant)</b></p>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><b>Applicable: 1st January 2023:</b></p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting</p>

**Mandera Teachers Training College**

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

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></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> <p><b>State the expected impact of the standard to the Entity if relevant</b></p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></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> <p><b>State the expected impact of the standard to the Entity if relevant</b></p>

**iii. Early adoption of standards**

(The entity) did not early-adopt any new or amended standards in year 20xx./the entity adopted standard xx and xx. The impact of these standards on entity's financial statements is xx.(amend appropriately)

**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 entity.

**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.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**b) Budget information**

The original budget for FY 20XX/20XX was approved by the Council or Board on xxx. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded additional appropriations of xxx on the FY 20XX/20XX budget following the Council/ Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page xx under section xxx of these financial statements.

**c) Taxes**

**Current income tax**

The entity is exempt from paying taxes as per schedule xxx of the xxx Act.

**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 an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(entity to amend appropriately).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 or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**f) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. 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 Entity 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 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 Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**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. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

**h) Research and development costs**

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

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

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

**i) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate). A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Summary of Significant Accounting Policies (Continued)**

**Financial assets**

**Classification**

The entity 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 entity 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) are set out in Note xx.

**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 Entity.

**k) Provisions**

Provisions are recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Entity expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**Contingent liabilities**

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

**Contingent assets**

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

**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 Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation. (the entity to retain information relating to defined benefits or contributions, where both schemes are managed full policy applies)

**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.

**r) Related parties**

The Entity regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa.

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Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**s) Service concession arrangements**

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

**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, 20XX.

**Notes to the Financial Statements (Continued)**

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions.**

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

**Useful lives and residual values**

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

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

**Provisions**

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

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.

(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

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**Notes to the Financial Statements (Continued)**

**6. Transfers from other National Government entities**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Unconditional Grants</b>		
Capitation Grants	4,275,721	14,132,386
<b>Total Government Grants and Subsidies</b>	<b>4,275,721</b>	<b>14,132,386</b>

**7. Rendering of Services**

Description	2022-2023	2021-2022
	Kshs	Kshs
Tuition Fees	970,240	58,880
Others (Bursary)	464,800	198,900
<b>Total Revenue from The Rendering of Services</b>	<b>1,435,040</b>	<b>257,780</b>

**8. Use of Goods and Services**

Description	2022-2023	2021-2022
	Kshs	Kshs
Teaching and learning materials	6,000	464,785
Water	141,000	631,295
Professional and consultancy services	47,000	-
Examination fees	361,100	-
Catering, conferences, and delegations	132,140	-
Travelling and accommodation	516,260	1,165,700
Fuel and oil	212,720	388,105
Boarding and storage	816,505	961,930
Administration expenses		

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	3,380	116,530
Printing and stationery	82,445	60,630
Hire charges	900,000	1,833,000
Internet expenses	26,300	-
Other (specify)	55,400	50,600
<b>Total good and services</b>	<b>3,300,250</b>	<b>5,672,575</b>

**9. Employee Costs**

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries and wages	2,594,387.80	4,634,162
<b>Employee Costs</b>	<b>2,594,387.80</b>	<b>4,634,162</b>

**10. Board/Council Expenses**

Description	2022-2023	2021-2022
	Kshs	Kshs
Other Board/Council Expenses	0	145,000
<b>Total</b>	<b>0</b>	<b>145,000</b>

**11. Depreciation and Amortization expense**

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, plant and equipment	8,598,750	6,962,500
<b>Total depreciation and amortization</b>	<b>8,598,750</b>	<b>6,962,500</b>

**12. Repairs and Maintenance**

Description	2022-2023	2021-2022
	Kshs	Kshs
Equipment and machinery	38,950	100,860
<b>Total Repairs and Maintenance</b>	<b>38,950</b>	<b>100,860</b>

**13. Cash and Cash Equivalents**

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Account	3,690,695	3,913,520
<b>Total Cash and Cash Equivalents</b>	<b>3,690,695</b>	<b>3,913,520</b>

**13 (a). Detailed Analysis of Cash and Cash equivalents**

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
<b>a) Current Account</b>			
Equity Bank-Infrastructure	1000281780795	3,540,000	3,540,000
Equity Bank	1000268836518	150,695	373,520
<b>Total</b>		<b>3,690,695</b>	<b>3,913,520</b>

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**Notes to the Financial Statements (Continued)**

**14. Property, Plant and Equipment**

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>At 1 July 2021</b>			7,500,000	10,770,000	720,000	90,000	97,000,000	116,080,000
Additions								
Disposals								
Transfers/Adjustments								
<b>At 30<sup>th</sup> June 2022</b>			7,500,000	10,770,000	2,220,000	90,000	127,000,000	147,580,000
Additions							65,000,000	65,000,000
Disposals								
Transfer/Adjustments								
<b>At 30<sup>th</sup> June 2023</b>			7,500,000	10,770,000	2,220,000	90,000	192,000,000	212,580,000
<b>Depreciation And Impairment</b>								
<b>At 30 Jun 2022</b>	-							
Depreciation	-		3,750,000	2,692,500	735,000	22,500	5,600,000	12,800,000
Disposals	-	-	-	-				
Impairment	-	-	-	-				
<b>At 30 Jun 2023</b>			3,750,000	2,692,500	735,000	22,500	5,600,000	12,800,000
Depreciation	-		1,875,000	1,346,250	555,000	22,500	4,800,000	8,598,750
Disposals	-							
Impairment	-							
Transfer/Adjustment	-							
<b>At 30<sup>th</sup> Jun 2023</b>	-		5,625,000	4,038,750	1,290,000	45,000	10,400,000	21,398,750
<b>Net Book Values</b>								
<b>At 30<sup>th</sup> Jun 2022</b>			3,750,000	8,077,500	1,485,000	67,500	121,400,000	134,780,000
<b>At 30<sup>th</sup> Jun 2023</b>			1,875,000	6,731,250	930,000	45,000	181,600,000	191,181,250

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**14 (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:

<b>Description</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Land	-	-	-
Capital Work in progress	192,000,000	10,400,000	181,600,000
Plant And Machinery	90,000	45,000	45,000
Motor Vehicles including Motorcycles	7,500,000	5,625,000	1,875,000
Computers and Related Equipment	2,220,000	1,290,000	930,000
Office Equipment, Furniture, And Fittings	10,770,000	4,038,750	6,731,250
<b>Total</b>	<b>212,580,000</b>	<b>21,398,750</b>	<b>191,181,250</b>

**Notes to the Financial Statements (Continued)**

**15. Events After The Reporting Period**

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

**16. Ultimate And Holding Entity**

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

**17. Currency**

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

**Mandera Teachers Training College**  
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