REPUBLIC OF KENYA

REPUBLIC OF KENYA

OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

REPORT

OF

THE AUDITOR-GENERAL

ON

MANDERA TEACHERS TRAINING COLLEGE

FOR THE YEAR ENDED
30 JUNE, 2025

Mandera Teachers Training College

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE 2025

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

(Leave page Blank)

Table of Contents

1. Acronyms and Definition of Key Terms

A. Acronyms

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

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the Mandera Teachers Training College financial resources.

Comparative Year- Means the prior period.

(This list is an indication of the common acronyms and abbreviations; Entity to insert all the relevant acronyms and key terms used in the annual report and financial statements)

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 Leaming 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

(d) 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 committes

(e) Entity Headquarters

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

(f) Entity Contacts

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

(g) 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
PO BOX 75104-00200
Nairobi, Kenya

(h) Independent Auditors

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

(i) 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

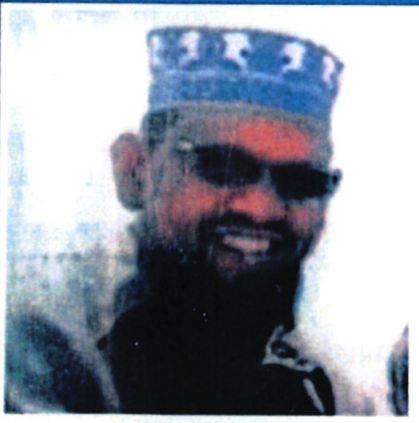
No.	Member/ Director	Details
1.	 BOM Chairman: Mr. Mohamed O Obsiye	Born in 1963 MED in Educational management and leadership Wealth of experience in teaching professional Currently Deputy Head of efficiency and monitoring unit
2.	 BOM Member: Mr. Mohamed Issack Adan	Born in Holds bachelor in development studies. Currently social worker.
3.	 BOM Member: Mr.Yussuf Mohamed	Born in Holds master in business administration Currently county director of TVET mandera.
4.	 BOM Member: Mr.Hussein Hassan	Born in Hold Bachelor of education Currently KNUT secretary general.

5.	 BOM Member:Mrs.Halima Ibrahim	Born in Registered clinical officer Currently deputy director clinical service mandera county.
6.	 BOM Member: Mrs.Halima Hassan Alin	Holds bachelor in development studies. Currently CCO technical and vocational training.
7.	 BOM Member: Mr.Abdikheir Adan Hussein	Born in Holds master in bussines administration.

8.	 BOM Member: Mrs.Fatuma Mohamed Tiko	Born in Master of arts in international relations and deplomacy. Currently CCO Social services, special programs, disaster preparedness and management.

9.	 MR.ABDIKADIR ADAN	Born in Holds phd in Educational management. Currently working as CCO Education and early childhoold development in mandera county.
10.	 BOM Member: Mr.Abdikadir Abdinoor	Born in 1972 Holds MBA Wealth experience in teaching profession currently county coordinator for children services mandera

4. Key Management Team

No.	Member/ Director	Details
1.	 **Dr.Issack Maalim Adow**	Phd in Eductaion 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 Mnagement Account officer at Mandera Teachers Training College

5. Chairman's Statement

It is my pleasure to present the college's annual report and financial statement for the year ending 30th June 2025. 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 2024/2025. The college continued to witness another year of increased enrolment following the introduction of the Diploma in primary Teacher Education (DPTE) in 2023/24 with the enrolment now standing at almost 1,100 in the first- and second-year's cohorts. It is important to acknowledge that the college has faced significant challenges in recent years. One of the major issues has been inadequate physical facilities following the ballooning rise in enrolment versus the existing facilities. However, the County Government has given approval for use of facilities at the old college and this has eased pressure. Secondly, rising insecurity in the region has kept away potential trainees from other parts of the country that could have fostered national integration. Additionally, the Mandera County Government had committed to pay 50% of annual fees for all the pioneer trainees and this has bolstered student enrolment, particularly among students from economically disadvantaged backgrounds may not have afforded tuition and other associated costs. Another setback to the college's operations was the reduction and delay in the remittance of quarterly grants by the Ministry of Education. As a result, the college experienced an overall decline in financial performance and was unable to meet its budgetary obligations for the 2024/2025 financial year. This funding deficit has made it increasingly difficult for the college to operate effectively. Moving forward, in view of above progress in financial year 2024/2025, the expectation is that, the college will continue to attract more students. 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 2024/2025.

Moving forward, in view of above under performance in financial year 2024/2025, 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. 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 2024/2025.

Signature.....

Name: Mohamud O. Obsiye
Chairman BOM

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 2024/2025 ended on 30th June 2025 in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS).

The year under review, the college witnessed an expansion in the number of students enrolling for teacher training. The period between July to June 2025 the college had 1106 students. In September 2024 H.E Governor Mohamed Adan Khalif of Mandera County committed to support all pioneer trainees by offsetting the fifty percent of students annual fees. This has led to increase in the enrolment of teacher trainee in 2024/2025 financial year. The Ministry of Education remitted kshs.11,092,412 in grants as compared to kshs.8,323,858 in 2023/2024 financial year.

In conclusion, I wish to thank, the Chairperson 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 2024/2025.

Signature.....
DR. Issack Maalim Adow
Chief Principal
Mandera Teachers Training College

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 4strategic pillars and objectives within current Strategic Plan for the FY 2024/2025- 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 2024/25 period for its 3 strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Quality and professional competent diploma teachers		To train competent and professional diploma Teachers	student placement List,Advertisement	Advertisement of the college	Enrollement
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	Underataking 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 2024/2025, 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 it is 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 diversity 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-afforestation 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
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 Curiculum 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 itselfwith 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

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, 2025, 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 2025 are set out on page 1 to 32

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 2025.

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: 15/08/2025

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, 2025. 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, 2025, 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 31/7/2025_ and signed on its behalf by:

Mossmue	.....
Name	**Name**
Chairperson of the Board/Council	**Accounting Officer/Principal**

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website:www.oagkenya.go.ke

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

REPORT OF THE AUDITOR-GENERAL ON MANDERA TEACHERS TRAINING COLLEGE FOR THE YEAR ENDED 30 JUNE, 2025

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 the 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 Mandera Teachers Training College set out on pages 1 to 29, which comprise of the statement of financial position as at 30 June, 2025 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 Mandera Teachers Training College as at 30 June, 2025 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

1. Non-Disclosure of Employees Cost Paid by the National Government

The statement of financial performance reflects employees' costs of Kshs.6,087,874 as disclosed in Note 9 to the financial statement. Review of records supporting employees cost revealed that the expenditure was for salaries and wages for College's support staff.

Further, it was observed that other employees working at the College were paid by the Ministry of Education. However, Management did not provide an explanation for the failure to disclose the expenditure as in-kind contributions in the statement of financial performance.

In the circumstances, the accuracy and completeness in respect of employees cost of Kshs.6,087,874 could not be confirmed.

2. Unsupported Capitation Grants

The statement of financial performance reflects capitation grant of Kshs.11,092,412 as disclosed in the Note 6 to the financial statements. However, Management did not provide details to confirm the amount of capitation receivable based on National Education Management Information System (NEMIS) records. Further, the capitation grants were not supported by Authority to Incur- Expenditure detailing how they were to be utilized.

In the circumstances, the accuracy of transfer from National Government entities of Kshs.11,092,412 could not be confirmed.

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

Budgetary Control and Approval from Parent Ministry

The statement of comparison of budget and actual amounts reflects an actual total revenue of Kshs.93,600,932 against a budget of Kshs.107,000,000, resulting in a shortfall of Kshs.13,399,068 or 13% of the budget. Similarly, the actual expenditure was Kshs.96,229,350 out of the available revenue of Kshs.93,600,932 resulting in over-expenditure of Kshs.2,628,418 or 2%. However, Management did not provide an approved budget from the Ministry of Education to authenticate the balances presented in the financial statements.

In the circumstances, the authenticity of the budgeted figures and the accuracy of the reported variances could not be confirmed.

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 effect of the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance respectively. Review of the status during audit of the College in 2024/2025 revealed that the following nine (9) issues remained unresolved:

No.	Financial Year	Audit Issue
1	2023/2024	Inaccuracies in comparative and opening balances on depreciation and Amortization Expense, Cash and Cash Equivalents, Property, Plant and Equipment and Current Liabilities.
2	2023/2024	Unsupported Capitation Balance.
3	2023/2024	Unconfirmed Receivables Balance
4	2023/2024	Unconfirmed value of Non-current Assets
5	2023/2024	Budget Performance and Control
6	2023/2024	Lack of Ethnic Diversity in Staff Composition
7	2023/2024	Lack of Internal Audit Function.
8	2023/2024	Lack of Internal Audit Committee
9	2023/2024	Lack of Staff establishment and Human Resource Policy.

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 Governance, Key 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 Governance and Statement of Board of Governance 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. Non-Compliance with the Financial Reporting Template

The Institute of Certified Public Accountants of Kenya (ICPAK) membership number for the accountant who signed the financial statements was not disclosed. This was contrary to the requirement of the Annual Financial Reporting Template issued by the Public Sector Accounting Standards Board that requires disclosure of ICPAK membership number of the Head of Finance who signs the financial statements.

In the circumstances, the financial statements were not compliant with the Annual Financial Reporting Template.

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.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 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 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 Internal Audit unit

Mandera Teachers Training College has not established an internal audit unit which is required to audit and report on the operations of the Management and provide recommendations on strengthening the internal controls for effective utilization of public resources. The internal audit unit also provides reports for discussion by the Audit committee.

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

2. Lack of Key Management Policies

The College had not put in place key policies such as: Credit Management Policy, Finance Manual, Risk Management Policy, and Business Continuity Plan during the year under review. The Human Resource Policy Manual was in draft form and had not been approved by the Board.

Lack of key policies and manuals may result to the College deviating from its goals and overall strategic objectives which may affect overall governance of the College.

In the circumstances the College lacked the tools for effective policy implementation.

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

Responsibilities of the Management and the Board of Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention 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 Governance 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 of 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/auditor-generals-responsibilities-for-audit/. This description forms part of my auditor's report.

FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 November, 2025

14. Statement of Financial Performance For The Year Ended 30 June 2025

	Notes	2024-2025	2023-2024
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	11,092,412	8,323,858
Revenue from Exchange transactions			
Rendering of services- fees from students	7	81,362,352	60,077,996
Revenue from Exchange transactions			
Total Revenue		**92,454,764**	**68,401,854**
Expenses			
Use of goods and services	8	58,442,162	26,475,943
Employee costs	9	6,087,874	5,936,863
Board /Council Expenses	10	870,000	175,000
Depreciation and amortization expense	11	16,819,876	15,038,793
Repairs and maintenance	12	5,088,514	2,730,000
Grants and Subsidies	13	0	3,439,049
Total Expenses		**87,308,425**	**53,795,648**
Total Other Gains/(Losses)			
Net surplus/(deficit) for the year		**5,146,339**	**14,606,206**

The Financial Statements set out on pages 1 to 32 were signed by:

.....	.....	.....
Chairman of Council/Board	**Principal**	**Finance Officer**
		ICPAK No
Date 15/08/2025	**Date** 15/08/2025	**Date** 15/08/2025

15. Statement of Financial Position As At 30th June 2025

Description	Notes	2024-2025	2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	14	12,583,576	16,532,058
Trade Receivables	15	11,978,059	11,855,880
Total Current Assets		**24,561,635**	**28,387,938**
Non-Current Assets			
Property, plant, and equipment	16	250,959,320	242,038,395
Total Non-Current Assets		**250,959,320**	**242,038,395**
Total Assets		**275,520,955**	**270,426,333**
Liabilities			
Current Liabilities			
Refundable Deposit from students	17	762,873	814,590
Total Current Liabilities			
Non-Current Liabilities			
Total non- current liabilities			
Total Liabilities		**762,873**	**814,590**
Net Assets		**274,758,082**	**269,611,743**
Revaluation Reserves			
Accumulated Surplus		-4,184,262	-9,330,601
Capital Fund		278,942,344	278,942,344
Total Net Assets and Liabilities		**274,758,082**	**269,611,743**

The Financial Statements set out on pages 1 to 33 were signed by:

.....	.....	.....
Chairman of Council/Board	**Principal**	**Finance Officer**
		ICPAK No
Date 15/08/2025	**Date** 15/08/2025	**Date** 15/08/2025

16. Statement of Changes in Net Asset For The Year Ended 30 June 2025

Description	Revaluation reserve	Accumulated Surplus	Capital Grants/Fund	Total
At July 1, 2023 *(previous year)*		**-23,936,807**	**212,580,000**	**188,643,193**
Revaluation gain				
Surplus/(deficit) for the year		14,606,205.60		14,606,206
Capital grants received during the year			66,362,344	66,362,344
At June 30, 2024		**-9,330,601**	**278,942,344**	**269,611,743**
At July 1, 2024 *(current year)*		**-9,330,601**	**278,942,344**	**269,611,743**
Revaluation gain				
Surplus/(deficit) for the year		5,146,338.70	278,942,344	5,146,339
Capital grants received during the year				
At June 30, 2025		**-4,184,262**	**278,942,344**	**274,758,082**

17. Statement of Cash Flows For The Year Ended 30 June 2025

Description		2023-2024	2023-2024
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities	6	11,092,412	8,323,858
Rendering of services- fees from students	7	82,508,520	49,036,706
Total Receipts		**93,600,932**	**57,360,564**
Payments			
Use of goods and services	8	60,065,922	26,623,963
Employee costs	9	5,784,178	5,936,863
Board /Council Expenses	10	870,000	175,000
Repairs and maintenance	12	5,088,514	2,730,000
Grants and subsidies	13	0	3,439,049
Total Payments		**71,808,614**	**38,904,875**
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	16	25,740,800	5,762,344
Net cash flows used in investing activities			5,762,344
Cash flows from financing activities			
Repayment Of Borrowings			
Net cash flows used in financing activities			
Net Increase/(Decrease) in Cash and Cash equivalents		-3,948,482	12,693,345
Cash and Cash equivalents at 1 JULY 2024		16,532,058	3,838,713
Cash and Cash equivalents at 30 JUNE 2025		**12,583,576**	**16,532,058**

18. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
Revenue	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**Kshs**	**%**
Transfers from other National Government entities	12,000,000		12,000,000	11,092,412	907,588	8%
Grants from donors and development partners						
Transfers from other levels of government						
Public contributions and donations						
Rendering of services- fees from students	95,000,000		95,000,000	82,508,520	12,491,480	13%
Sale of goods						
Rental revenue from facilities and equipment						
Finance income						
Miscellaneous Income						
Total Income	**107,000,000**		**107,000,000**	**93,600,932**	**13,399,068**	**13%**
Expenses						
Use of goods and services	65,000,000		65,000,000	58,442,162	6,557,838	10%
Employee costs	15,500,000		15,500,000	6,087,874	9,412,126	61%
Board Expenses	1,000,000		1,000,000	870,000	130,000	13%
Repairs and maintenance	7,200,000		7,200,000	5,088,514	2,111,486	29%
Total Expenditure	**88,700,000**		**88,700,000**	**70,488,550**	18,211,450	**21%**
capital expenditure	**13,000,000**		**13,000,000**	**25,740,800**	**-12,740,800**	**-98%**
Surplus For the Period	**94,000,000**		**94,000,000**	**67,860,132**		

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 judgment in the process of applying the *Mandera Teachers Training College* accounting policies. The areas involving a higher degree of judgment 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.

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

There are no new standards in the year ended 30th June 2025

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 43: Leases	***Applicable 1st January 2025*** 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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. ***State the expected impact of the standard to the Entity if relevant***
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	***Applicable 1st January 2025*** The Standard requires, 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: 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. ***State the expected impact of the standard to the Entity if relevant***
IPSAS 45: Property Plant and Equipment	***Applicable 1st January 2025*** The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets. ***State the expected impact of the standard to the Entity if relevant***
IPSAS 46: Measurement	***Applicable 1st January 2025*** The objective of this standard was to improve measurement guidance across IPSAS by:

	i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. The standard also introduces a public sector specific measurement bases called the current operational value. ***State the expected impact of the standard to the Entity if relevant***
IPSAS 47: Revenue	***Applicable 1st January 2026*** This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. ***State the expected impact of the standard to the Entity if relevant***
IPSAS 48: Transfer Expenses	***Applicable 1st January 2026*** The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers. ***State the expected impact of the standard to the Entity if relevant***
IPSAS 49: Retirement Benefit Plans	***Applicable 1st January 2026*** The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan. ***State the expected impact of the standard to the Entity if relevant***

iii. Early adoption of standards

(*The entity*) did not early adopt any new or amended standards in year 2025./the entity adopted standard xx and xx. The impact of these standards on Mandera Teachers Training College 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 have 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.

b) Budget information

The original budget for FY 2024/2025 was approved by the Council or Board on. 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 on the FY 2024/2025 budget following the Council/ Board's approval. The Mandera Teachers Training 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 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 of these financial statements.

c) Taxes

Current income tax

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

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.

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.

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 Mandera Teachers Training College 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 an 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.

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.

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 benefits 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.

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

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, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the *Mandera Teachers Training College* 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 .

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).

6. Transfers from other National Government entities

Description	2024-2025	2023-2024
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	11,092,412	8,323,858
Total Government Grants and Subsidies	**11,092,412**	**8,323,858**

7. Rendering of Services

Description	2024-2025	2023-2024
	Kshs	Kshs
Tuition Fees	74,419,296	49,468,896
Examination Fees	6,217,200	10,283,500
Other income	375,000	639,600
Total Revenue from The Rendering of Services	**81,011,496**	**60,391,996**

8. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs	Kshs
Teaching and learning materials	1,455,310	761,580
Electricity Water and conservancy	7,232,554	3,781,703
Professional and consultancy services		-
Examination fees	9,106,000	77,000
Catering, conferences, and delegations	4,544,541	236,600
Travelling and accommodation	5,237,909	1,090,000
Fuel and oil	2,996,709	948,320
Boarding and storre	27,519,150	14,459,075
Administration expenses	2,728,098	2,117,835
Printing and stationery		-
Hire charges		1,010,000
Internet expenses		-
Training Expenses	106,500	
Other (medical expenses)	512,100	2,141,850
Total good and services	**58,442,162.00**	**26,623,963.00**

9. Employee Costs

Description	2024-2025	2023-2024
	Kshs	Kshs
Salaries and wages	6,087,874	5,635,863
Employee Costs	**6,087,874**	**5,936,863**

10. Board/Council Expenses

Description	2024-2025	2023-2024
	Kshs	Kshs
Other Board/Council Expenses	870,000	175,000
Total	**870,000**	**175,000**

11. Depreciation and Amortization expense

Description	2024-2025	2023-2024
	Kshs	Kshs
Property, plant and equipment	16,819,876	15,038,793
Total depreciation and amortization	**16,819,876**	**15,038,793**

12. Repairs and Maintenance

Description	2024-2025	2023-2024
	Kshs	Kshs
Property		1,250,000
Equipment and machinery		249,900
Vehicles	1,387,200	1,230,100
Furniture and fittings	3,701,314	
Total Repairs and Maintenance	**5,088,514**	**2,730,000**

13. Grants and Subsidies

Description	2024-2025	2023-2024
	Kshs	Kshs
Community Development		
Education Initiatives and Programs		
Social Development		3,825,949
Social benefits expenses		
Community Trust		
Sporting Bodies		
Total Grants and Subsidies	**0**	**3,825,949**

14. Cash and Cash Equivalents

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Account	12,583,576	16,532,058
Total Cash and Cash Equivalents	**12,583,576**	**16,532,058**

14(a). Detailed Analysis of Cash and Cash equivalents

		2024-2025	2023-2024
Financial Institution	**Account number**	**Kshs**	**Kshs**
a) **Current Account**			
Equity Bank-Infrrustructure	1000281780795	99,869	99,869
Equity Bank	1000268836518	12,483,707	16,432,189
Total		**12,583,576**	**16,532,058**

15(a) Current Receivables from Exchange transactions

Description	2024-2025	2023-2024
	Kshs	Kshs
Current Receivables		
Student Debtors	11,978,059	11,855,880
Total Current Receivables	**11,978,059**	**11,855,880**

15 (b) Ageing Analysis of Receivables from Exchange transactions

Description	2024-2025		2023-2024	
	Kshs		Kshs	
	Current FY	% of the total	Current FY	% of the total
Less than 1 year	10,953,732	100%	11,855,880	100%
Between 1- 2 years	1,024,327			
Between 2-3 years				
Over 3 years				
Total (a+b)	**11,978,059**	**100%**	**11,855,880**	**100%**

16. Property, Plant and Equipment

Cost	Land	Buildings 4%	Motor vehicles 25%	Furniture and fittings12.5%	Computers:25%	Plant and equipment:12.5%	Total
	Kshs	Kshs.	Kshs	Kshs	Kshs	Kshs	Kshs
At 1July 2023		**192,000,000**	**7,500,000**	**10,770,000**	**2,220,000**	**90,000**	**212,580,000**
Additions		59,400,000	2,600,000	2,833,000		1,529,344	**66,362,344**
Disposals							
Transfers/Adjustments							
At 30th June 2024		**251,400,000**	**10,100,000**	**13,603,000**	**2,220,000**	**1,619,344**	**278,942,344**
Additions		21,158,000	1,800,000.00	1,687,500	1,095,300		**25,740,800**
Disposals							
Transfer/Adjustments							
At 30th June 2025		**272,558,000**	**11,900,000**	**15,290,500**	**3,315,300**	**1,619,344**	**304,683,144**
Depreciation And Impairment							
At 30 Jun 2024	-						
Depreciation	-	**20,933,656**	**8,150,000**	**5,739,125**	**1,845,000**	**236,168**	**36,903,949**
Disposals	-	-	-	-			
Impairment	-	-	-	-			
At 30 Jun 2025							
Depreciation		10,902,320	2,975,000	1,911,313	828,825	202,418	**16,819,876**
Disposals	-						
Impairment	-						
Transfer/Adjustment	-						
At 30th Jun 2024	-	**31,835,976**	**11,125,000**	**7,650,438**	**2,673,825**	**438,586**	**53,723,825**
Net Book Values							
At 30th Jun 2024		**230,466,344**	**1,950,000**	**7,863,875**	**375,000**	**1,383,176**	**242,038,395**
At 30th Jun 2025		**240,722,024**	**775,000**	**7,640,063**	**641,475**	**1,180,758**	**250,959,320**

Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets were revalued by professional valuers on . These amounts were adopted in the financial statements on .

16 (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:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	272,558,000	31,835,976	240,722,024
Plant And Machinery	1,619,344	438,586	1,180,758
Motor Vehicles including Motorcycles	11,900,000	11,125,000	775,000
Computers and Related Equipment	3,315,300	2,673,825	641,475
Office Equipment, Furniture, And Fittings	15,290,500	7,650,438	7,640,063
Total	**304,683,144**	**53,723,825**	**250,959,320**

17. Trade and Other Payables

Description	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
Trade payables	303,696			
Fees paid in advance	459,177		814,590	
Salary deductions				
Third-Party Payments				
Other Payables				
Total Trade and Other Payables	**762,873**		**814,590**	
Ageing analysis:	**Current FY**	**% of the Total**	**Comparative FY**	**% of the Total**
Under one year	762,873	100%	814,590	100%
1-2 years		%		
2-3 years		%		
Over 3 years		%		
Total (to tie to totals above)	**762,873**	**100%**	**814,590**	**100%**

iii. Events After The Reporting Period

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

iv. Ultimate And Holding Entity

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

v. Currency

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

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.

Reference 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)*
1.	Inaccuracies in comparative and opening balances.	The inaccuracies identified in the comparative and opening balances have been corrected. Management has reviewed the relevant records and ensured that the necessary adjustments have been accurately reflected in the financial statements.	Not resolved	30th December 2025
2	Unsupported capitation balance	The Ministry of Education, through the Directorate of Teacher Education, provides grants to colleges rather than capitation. The Ministry receives a lump sum allocation from the Treasury and distributes these funds to colleges using prescribed parameters. However, there is no specific circular that outlines the exact amount of grant each institution should receive in accordance with the approved budget votes. It is therefore the responsibility of the parent Ministry to provide a detailed breakdown of these allocations for clarity and transparency .	Not resolved	30th December 2025
3	Un confirmed receivable balances	The receivables in question related to student debtors. These amounts have since been	Not resolved	30th December 2025

		received in the subsequent financial year 2024/2025. Supporting account statements will be provided to verify and confirm the receipts.		
4	Unconfirmed value on non currents assets.	The procurement process and related works for major assets, including buildings, were undertaken by the County Government of Mandera. The College is currently awaiting the requisite supporting documentation to confirm the value of these assets. Once the documentation is received, the assets will be verified and appropriately recognized in the financial statements in accordance with applicable reporting standards. In addition, the College has developed a comprehensive fixed asset register, and all furniture, computers, and equipment have been properly tagged to enhance accountability and strengthen asset management practices.	Not resolved	30th December 2025
5	Budget performance and control	The underfunding and under-expenditure were primarily attributed to delays and shortfalls in disbursements of grants from the Ministry, as well as challenges in fully collecting student fees. These factors, which were beyond the College's control, resulted in insufficient cash flow and consequently hindered the implementation of all planned activities during the financial year.	Not resolved	30th December 2025
6	Lack of ethnic diversity in staff composition	Due to security-related challenges in Mandera County, the majority of individuals seeking employment with the College are predominantly residents of the local community. Nonetheless, Management	Not resolved	30th December 2025

		remains committed to promoting inclusivity and has implemented measures to ensure compliance with the National Cohesion and Integration Act, thereby fostering a diverse and equitable workforce.		
7	Lack of internal audit function	The College's internal audit function is currently supported by the Directorate of Schools Audit Services, which conducts periodic audits and provides oversight in the capacity of internal auditors. The college is still in its formative stages and has not yet developed sufficient institutional capacity, including staffing and budgetary allocation, to independently establish and operationalize a fully functional internal audit unit.	Not resolved	30th December 2025
8	Lack of internal audit committee	The College has an operational Internal Audit Committee in place, providing oversight and guidance on internal audit activities	Not resolved	30th December 2025
9	Lack of approved staff establishment and human resource policy	The College complies with the Ministry of Education's policy on staff establishment and has formally adopted a Human Resource Policy to guide its personnel management practices.	Not resolved	30th December 2025

Dr. Issak M Adow
PRINCIPAL
(ACCOUNTING OFFICER)

Appendix II: Projects Implemented by (*The Entity*)

Projects

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

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

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

Appendix III- Inter-Entity Confirmation Letter

Name of transferring entity……..

Name of beneficiary entity……...

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
Total					

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity:

Name …… Sign …… Date ……

Head of Accounts Department - Beneficiary Entity:

Name …… Sign …… Date……

Appendix IV: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

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