

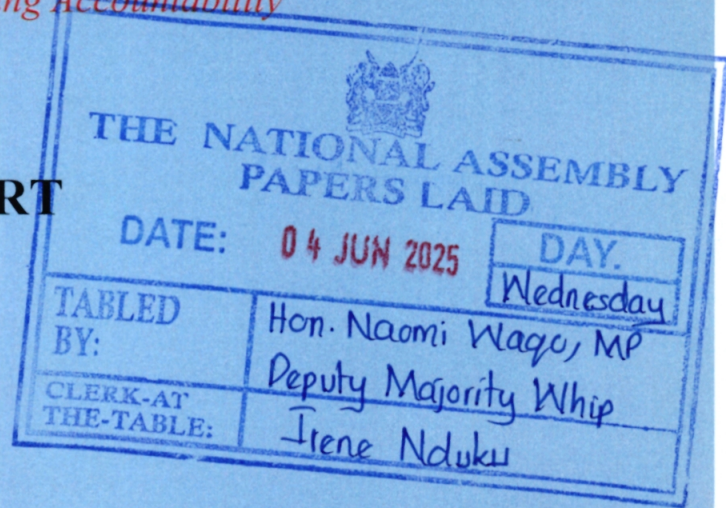
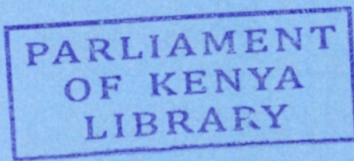
REPUBLIC OF KENYA



Enhancing Accountability



REPORT



OF

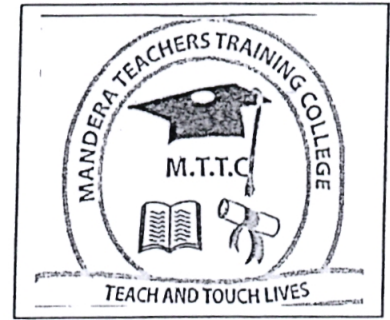
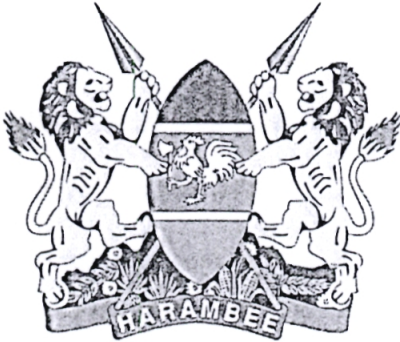
THE AUDITOR-GENERAL

ON

MANDERA TEACHERS TRAINING COLLEGE

**FOR THE YEAR ENDED
30 JUNE, 2024**

Revised 30th June 2024



Mandera Teachers Training College

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2024**

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

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Mandera Teachers Training College
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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.

b.

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 teacher's 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 committees

(e) Entity Headquarters

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

Entity Contacts

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

(e) 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

(f) Independent Auditors

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

(g) Principal Legal Adviser





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

Mandera Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024





Nairobi, Kenya

Mandera Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024



The Board of Management

No.	Member/ Director	Details
1.	 <p>BOM Chairman: Mr. Abdullahi A. Gessey</p>	<p>Born in 1957 Diploma in Range Management</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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5.	 <p>BOM Secretary: Dr. Issak M. Adow</p>	<p>Phd in Education Currently chief Principal at Mandera Teachers Training College</p>
6.	 <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>
7.	 <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>
8.	 <p>BOM Member: Mr. Rashid A. Mohamed</p>	<p>Born in 1969 Holds MED over 30 years of teaching experience Currently Deputy Principal at Mandera Teachers Training College</p>

Mandera Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

9.	 BOM Member: Ms. Debra A. Adala	Born in 1980 Holds Bachelor's 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
Annual Report and Financial Statements for the year ended 30th June 2024

3. Key Management Team

No.	Member/ Director	Details
1.	 Dr. Issak Maalim Adow	<p>Phd in Eductaion Currently chief Principal at Mandera Teachers Training College</p>
2.	 Mr. Rashid Ali Mohamed	<p>Holds MED Currently Deputy Principal at Mandera Teachers Training College</p>
3.	 Mr. Ali Alio Eda	<p>Currently Pursuing Degree in Business Mngement Account officer at Mandera Teachers Training College</p>

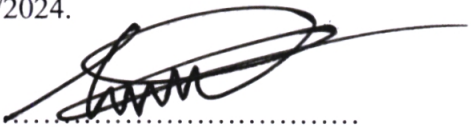
4. Chairman’s Statement

It is my pleasure to present the college's annual report and financial statement for the year Ending 30th June 2024.

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 2023/2024. 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 that the college suffered greatly following onset of Covid 19 leading to the closure of all learning institution in Kenya. 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 2023/2024 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 2023/2024, 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 2023/2024.

Signature. 

Mr. Abdullahi A Gessey
Chairman BOM

Mandera Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

5. 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 2023/2024 ended on 30th June 2024 in accordance with the Accrual Basis of Accounting Method under the International Public Sector Accounting Standards (IPSAS).

The year under review, the college witness an expansion in the number of students enrolling for teacher trainers. The period between July to December 2023 the college had 696 students.

In September 2023 the Senior Principal Mr Issack Maalim Adow welcomed and appreciated the decision of H.E Governor Mohamed Adan Khalif to sponsor the fifty percent of student fees these has led to increase in the enrolments of teacher trainee students in 2023/2024 financial year.

The ministry of education remitted kshs.8,323,858 as compared to kshs.4,275,721 of 2022/2023 n financial year. The Ministry also remitted kshs.3,540,000 for infrastructure development in the financial year 2020/2021. The infrastructure fund was utilized for sports activities works with the institution.

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 2023/2024.

Signature..........

Dr.Issack Maalim Adow

Principal Mandera Teaches Training College



Mandera Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

6. 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 2023/2024- 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:

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	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

7. 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.

8. 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 2023/2024, 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.

9. 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
Annual Report and Financial Statements for the year ended 30th June 2024

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 2024

10. 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, 2024, 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 2024 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 2024.

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:



Mandera Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

11. 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 M. Hassan*...

Name

Chairperson of the Board/Council

...*Dr. Isaac M. Adoo*...

Name

Accounting Officer/Principal

REPUBLIC OF KENYA

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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, 2024

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for intended the purpose.
- 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 28 which comprise the statement of financial position as at

Report of the Auditor-General on Mandera Teachers Training College for the year ended 30 June, 2024

30 June, 2024 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 Manderu Teachers Training College as at 30 June, 2024 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

1.0 Inaccuracies in Comparative and Opening Balances

1.1 Depreciation and Amortization Expense

The statement of financial performance reflects comparative amount for depreciation and amortization expense of Kshs.11,467,500. However, the financial statements for the previous financial year reflects depreciation and amortization expenses Kshs.8,598,750, resulting in unreconciled variance of Kshs.2,868,750.

In the circumstances, the accuracy of comparative amount for depreciation and amortization expense of Kshs.11,467,500 could not be confirmed.

1.2 Cash and Cash Equivalents

The statement of financial position reflects opening balance for cash and cash equivalents of Kshs.3,838,713. However, the financial statements for 2022/2023 financial year reflects cash and cash equivalents balance of Kshs.3,690,696, resulting in unreconciled variance of Kshs.148,017.

In the circumstances, the accuracy of opening balance of cash and cash equivalents of Kshs.3,838,713 could not be confirmed.

1.3 Property, Plant and Equipment

The statement of financial position reflects opening balance for property, plant and equipment of Kshs.184,952,500. However, the financial statements for 2022/2023 financial year reflects property, plant and equipment of Kshs.191,181,250, resulting in unreconciled variance of Kshs.6,228,750.

In the circumstances, the accuracy of opening balance of property, plant and equipment of Kshs.184,952,500 could not be confirmed.

1.4 Current Liabilities

The statement of financial position reflects opening balance of current liabilities of Kshs.148,020 in respect of refund of students' deposits. However, the financial statements for 2022/2023 financial year reflects Nil balance in respect of current liabilities as at 30 June, 2023, resulting in unreconciled variance of Kshs.148,020.

In the circumstances, the accuracy of opening balance of current liabilities of Kshs.148,020 could not be confirmed.

2.0 Unsupported Capitation Balance

Note 6 of the statement of financial performance reflects transfer from National Government entities in respect of capitation grants amounting to Kshs.8,323,858 as disclosed in 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. In addition, the capitation grants were not supported by Authority to Incur Expenditure (AIE) detailing on how they were to be utilized.

In the circumstances, the accuracy of transfer from National Government entities of Kshs.8,323,858 could not be confirmed.

3.0 Unconfirmed Receivables Balance

The statement of financial position reflects trade receivables balance of Kshs.11,855,880 as disclosed in Note 15 to the financial statements. The balance relates to outstanding student debtors as at 30 June, 2024. However, the balance was not supported by a schedule indicating the opening balance, amount payable during the year and amount paid during the year.

In the circumstances, the accuracy of the trade receivables balance of Kshs.11,855,880 could not be confirmed.

4.0 Unconfirmed Value of Non-current Assets

The statement of financial position reflects property, plant and equipment balance of Kshs.242,038,395 as disclosed in Note 16 to the financial statements. However, Management did not provide a fixed assets register with details on the cost or fair value to confirm the values of the assets held. In addition, the ownership documents for one Motor vehicle were not in the name of the College. Further, furniture, computers and other equipment were not tagged.

In the circumstances, the accuracy and completeness of the property, plant and equipment balances of Kshs.242,038,395 could not be confirmed.

The audit was conducted in accordance with the International Standards for 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

Budget Performance and Control

The statement of comparison of budget and actual amounts reflects final revenue budget and actual revenue of Kshs.72,554,567 and 57,360,564 respectively resulting in under-funding of Kshs.15,194,003 or 21% of the approved budget. Similarly, the College spent Kshs.44,519,199 against approved expenditure budget of Kshs.72,554,567 resulting in under expenditure of Kshs.28,035,368 or 39% 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, The Board of Management, Key Management Team, Chairman's Report, Report of the Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting Statement, 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 USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matters described in the Basis for Conclusion, 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

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 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 are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON 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 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 ISSAI 2315 and 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 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 INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires 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 also 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

23 December, 2024

Mandera Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

13. Statement of Financial Performance For The Year Ended 30 June 2024

	Notes	2023-2024	2022-2023
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	8,323,858	4,275,721
Revenue from Exchange transactions			
Rendering of services- fees from students	7	60,077,996	1,435,040
Revenue from Exchange transactions			
Total Revenue		68,401,854	5,710,760.65
Expenses			
Use of goods and services	8	26,475,943	3,300,250
Employee costs	9	5,936,863	2,594,388
Board /Council Expenses	10	175,000	-
Depreciation and amortization expense	11	15,038,793	11,467,500
Repairs and maintenance	12	2,730,000	38,950
Grants and Subsidies	13	3,439,049	-
Total Expenses		53,795,648	17,401,088
Total Other Gains/(Losses)			-
Net surplus/(deficit) for the year		14,606,206	(11,690,327)

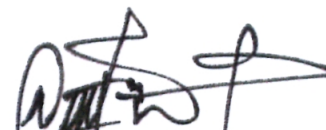
The Financial Statements set out on pages 1 to 32 were signed by:



Chairman of Council/Board



Principal



Finance Officer

ICPAK No

Date

20/09/2024

Date



Date

20/09/2024

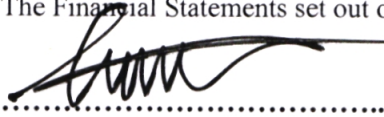
Mandera Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

14. Statement of Financial Position as At 30th June 2024

Description	Notes	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	14	16,532,058	3,838,713
Trade Receivables	15	11,855,880	
Total Current Assets		28,387,938	3,838,713
Non-Current Assets			
Property, plant, and equipment	16	242,038,395	184,952,500
Total Non-Current Assets		242,038,395	184,952,500
Total Assets		270,426,333	188,791,213
Liabilities			
Current Liabilities			
Refund of Student deposit	17	814,590	148,020
Total Current Liabilities			148,020
Non-Current Liabilities			
Total non- current liabilities			-
Total Liabilities		814,590	148,020
Net Assets		269,611,743	188,643,193
Revaluation Reserves			-
Accumulated Surplus		- 9,330,601	(23,936,807)
Capital Fund		278,942,344	212,580,000
Total Net Assets and Liabilities		269,611,743	188,643,193

Mandera Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

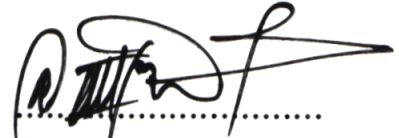
The Financial Statements set out on pages 1 to 33 were signed by:



Chairman of Council/Board



Principal



Finance Officer

ICPAK No

Date

25/09/2024



Date

25/09/2024

15. Statement of Changes in Net Asset For The Year Ended 30 June 2024

Description	Revaluation reserve	Accumulated Surplus	Capital Grants/Fund	Total
At July 1, 2022 (previous year)		(23,936,807)	212,580,000	188,643,193
Revaluation gain		-	-	
Surplus/(deficit) for the year				
Capital grants received during the year				
At June 30, 2023		(23,936,807)	212,580,000	188,643,193
At July 1, 2023 (current 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

Mandera Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024

16. Statement of Cash Flows For The Year Ended 30 June 2024

Description		2023-2024	2022-2023
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities	6	8,323,858	4,275,721
Rendering of services- fees from students	7	49,036,706	1,435,040
Total Receipts		57,360,564	5,710,761
Payments			
Use of goods and services	8	26,623,963	3,152,230
Employee costs	9	5,936,863	2,594,388
Board /Council Expenses	10	175,000	0
Repairs and maintenance	12	2,730,000	38,950
Grants and subsidies	13	3,439,049	
Total Payments		38,904,875	5,785,568
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		5,762,344	0
Net cash flows used in investing activities		5,762,344	0
Cash flows from financing activities			
Repayment Of Borrowings			0
Net cash flows used in financing activities			0
Net Increase/(Decrease) in Cash and Cash equivalents		12,693,345	-74,807
Cash and Cash equivalents at 1 JULY		3,838,713	3,913,520
Cash and Cash equivalents at 30 JUNE		16,532,058	3,838,713

17. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2024

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	8,323,858	3,838,713	12,162,571	8,323,858	3,838,713	32%
Grants from donors and development partners						
Transfers from other levels of government						
Public contributions and donations						
Rendering of services- fees from students	60,391,996		60,391,996	49,036,706	11,355,290	19%
Sale of goods						
Rental revenue from facilities and equipment						
Finance income						
Miscellaneous Income						
Total Income	68,715,854	3,838,713	72,554,567	57,360,564	15,194,003	21%
Expenses						
Use of goods and services	47,000,000		47,000,000	26,475,943	20,524,057	44%
Employee costs	9,183,510		9,183,510	5,936,863	3,246,647	35%
Board Expenses	500,000	3,000,000	3,500,000	175,000	3,325,000	95%
Repairs and maintenance	2,730,000	838,713	3,568,713	2,730,000	838,713	24%
Grants and subsidies	3,540,000		3,540,000	3,439,049	100,951	3%
Total Expenditure	62,953,510		66,792,223	38,756,855	28,035,368	42%
Surplus For the Period				18,603,709		
Capital Expenditure	5,762,344		5,762,344	5,762,344	0	0%
Total Expenditure	68,715,854		72,554,567	44,519,199	28,035,368	39%

18. 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 2024.*

There are no new standards in the year ended 30th June 2024

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.*

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> 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. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> 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. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> 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. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of

**Mandera Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024**

	<p>commonly used measurement bases and the circumstances under which they should be used.</p> <p>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS.</p> <p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>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.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>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.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>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.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>

iii. Early adoption of standards

(The entity) did not early adopt any new or amended standards in year 2024./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 2023/2024 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 2023/2024 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 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.

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, 2024.

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 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).

6. Transfers from other National Government entities

Description	2023-2024	2022-2023
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	8,323,858	4,275,721
Total Government Grants and Subsidies	8,323,858	4,275,721

7. Rendering of Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Tuition Fees	49,468,896	970,240
Examination Fees	9,969,500	0
Others (<i>Specify</i>)	639,600	464,800
Total Revenue from The Rendering of Services	60,077,996	1,435,040

8. Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Teaching and learning materials	739,280	6,000
Electricity Water and conservancy	3,781,703	141,000
Professional and consultancy services	-	47,000
Examination fees	77,000	361,100
Catering, conferences, and delegations	236,600	132,140
Travelling and accommodation	1,090,000	516,260
Fuel and oil	822,600	212,720
Boarding and storage	14,459,075	816,505
Administration expenses	2,117,835	3,380
Printing and stationery	-	82,445
Hire charges	1,010,000	900,000
Internet expenses	-	26,300
Other (<i>specify</i>)	2,141,850	55,400
Total good and services	26,475,943.00	3,300,250

9. Employee Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Salaries and wages	5,635,863	2,594,388
Employee Costs	5,936,863	2,594,388

10. Board/Council Expenses

Description	2023-2024	2022-2023
	Kshs	Kshs
Other Board/Council Expenses	175,000	0
Total	175,000	0

11. Depreciation and Amortization expense

Description	2023-2024	2022-2023
	Kshs	Kshs
Property, plant and equipment	15,038,793	11,467,500
Total depreciation and amortization	15,038,793	11,467,500

12. Repairs and Maintenance

Description	2023-2024	2022-2023
	Kshs	Kshs
Property	1,250,000	-
Equipment and machinery	249,900	38,950
Vehicles	1,230,100	-
Furniture and fittings		-
Total Repairs and Maintenance	2,730,000	38,950

13. Grants and Subsidies

Description	2023-2024	2022-2023
	Kshs	Kshs
Community Development		
Education Initiatives and Programs		
Social Development	3,439,049	0
Social benefits expenses		
Community Trust		
Sporting Bodies		
Total Grants and Subsidies	3,439,049	-

14. Cash and Cash Equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Account	16,532,058	3,838,713
Total Cash and Cash Equivalents	16,532,058	3,838,713

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

Financial Institution	Account number	2023-2024	2021-2022
		Kshs	Kshs
a) Current Account			
Equity Bank- Infrastructure	1000281780795	99,869	3,540,000
Equity Bank	1000268836518	16,432,189	298,713
Total		16,532,058	3,838,713

15. Receivables from Exchange transactions

15(a) Current Receivables from Exchange transactions

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Description	2023-2024	2022-2023
	Kshs	Kshs
Current Receivables		
Student Debtors	11,855,880	0
Total Current Receivables	11,855,880	0

15 (b) Ageing Analysis of Receivables from Exchange transactions

Description	2023-2024		2022-2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	11,855,880	100%	0	0%
Between 1- 2 years				
Between 2-3 years				
Over 3 years				
Total (a+b)	11,855,880	100%	0	0%

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16. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2022		192,000,000	7,500,000	10,770,000	2,220,000	90,000	212,580,000
Additions							-
Disposals							
Transfers/Adjustments							
At 30 th June 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							
Transfer/Adjustments							
At 30 th June 2024		251,400,000	10,100,000	13,603,000	2,220,000	1,619,344	278,942,344
Depreciation And Impairment							
At 30 Jun 2023	-						
Depreciation	-	10,877,656	5,625,000	4,038,750	1,290,000	33,750	21,865,156
Disposals	-	-	-	-			
Impairment	-	-	-	-			
At 30 Jun 2024							
Depreciation	-	10,056,000	2,525,000	1,700,375	555,000	202,418	15,038,793
Disposals	-						
Impairment	-						
Transfer/Adjustment	-						
At 30 th Jun 2024	-	20,933,656	8,150,000	5,739,125	1,845,000	236,168	36,903,949
Net Book Values							
At 30 th Jun 2023		181,122,344	1,875,000	6,731,250	930,000	56,250	190,714,844
At 30 th Jun 2024		230,466,344	1,950,000	7,863,875	375,000	1,383,176	242,038,395

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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 xxx professional valuers on xxx. These amounts were adopted in the financial statements on xxx.

32 (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	251,400,000	20,933,656	230,466,344
Plant And Machinery	1,619,344	236,168	1,383,176
Motor Vehicles including Motorcycles	10,100,000	8,150,000	1,950,000
Computers and Related Equipment	2,220,000	1,845,000	375,000
Office Equipment, Furniture, And Fittings	13,603,000	5,739,125	7,863,875
Total	278,942,344	36,903,949	242,038,395

17. Refundable Deposits from Customers/Students

Description	2023-2024		2022-2023	
	Kshs		Kshs	
student deposits	814,590		0	
Caution money	0		0	
Other refundable deposits	0		0	
Total Deposits	814,590		0	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	814,590	100%	0	0%
1-2 years	0	%	0	%
2-3 years	0	%	0	%
Over 3 years	0	%	0	%
Total (to tie to totals deposits above)	814,590	100%	0	0%

18. Events After the Reporting Period

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

19. Ultimate And Holding Entity

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

20. Currency

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

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19. 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)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for the implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to the National Treasury.

.....

Name
Accounting Officer
(Enter title of Head of entity)
Date

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

Projects

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

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

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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 30 th June 2024					
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.....

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Appendix V: Reporting on Disaster Management Expenditure

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

