

REPUBLIC OF KENYA



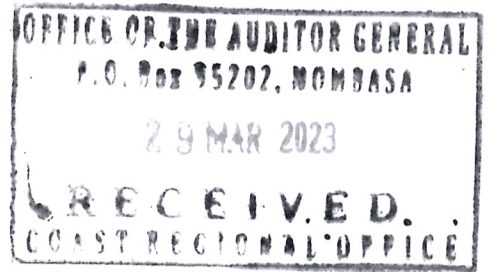
OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*

PARLIAMENT  
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THE NATIONAL ASSEMBLY  
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DATE: 13 JUN 2023  
Hon. Owen Baya (Deputy  
Majority Leader)  
Hon. Inxepu Mudi

REPORT  
OF  
THE AUDITOR-GENERAL  
ON  
SHANZU TEACHERS  
TRAINING COLLEGE, MOMBASA  
FOR THE YEAR ENDED  
30 JUNE, 2022



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*SHANZU TEACHERS TRAINING COLLEGE, MOMBASA*

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
30<sup>TH</sup> JUNE 2022**

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**Shanzu Teachers Training College, Mombasa**  
**Annual Report and Financial Statements for the year ended 30th June 2022**

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## 1. Key Entity Information and Management

### a) Background information

Shanzu Teachers Training College is a Government Institution that offers training for Primary School Teachers, Early Childhood Development Teachers, Business Studies and Technical Courses. The College was established in 1966 and has been holding graduations over the years producing some of the best students in academics and other co-curricular activities. The college is situated along Mombasa Malindi highway about 17km from Mombasa town. The institution draws students from all over the country and prepares them to teach in Early Primary or Primary Institution and or work anywhere in the country. Initially the college was offering a two years certificate course, but currently it is offering a three year Diploma course in both Primary and Early Childhood Teacher Education.

### b) Principal Activities

The Principal activity/mission /mandate of Shanzu Teachers Training College is to “Train” teachers and produce Quality Human Resource Personnel, Business Administrators and Technology experts, to produce professional manpower in education and training for the Kenyan and international market.

It is the responsibility of Shanzu Teachers Training College to provide the required leadership in designing suitable plans and strategies that will contribute to high and sustainable socio-economic development.

**Vision:** To become a preferred College for quality education and training in Kenya and beyond.

#### Core value

- Professionalism
- Discipline
- Integrity
- Accountability
- Commitment
- Team work
- Quality assurance
- Courtesy.

**Our Motto:** Elimu Huangaza.

**Our Slogan:** It can be done, play your part.

#### Objectives

- To attain a trainee completion rate of 100%
- To support the trainees through provision of bursaries and sponsorship.
- To improve and to increase the infrastructure.
- To instill high level of professionalism in all college operations.
- To put in place security measures for safeguarding the college assets.
- To enhance competitiveness by ensuring improvement in all spheres of college’s training and service delivery.
- To increase ICT application in the college.
- To develop and implement a human capital development programme.
- To develop and institutionalize wellness programme in the college programmes.
- To increase the level of social corporate responsibility for the college.

### c) Key Management

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

- Board of Management
- Accounting Officer/Chief Principal/Secretary, B. o. M.
- Deputy Principal
- Registrar
- Dean of Students
- Finance
- Procurement.

**d) Fiduciary Management**

The Key Management personnel who held office during the financial year ended 30<sup>th</sup> June 2021 and who had direct fiduciary responsibility were:



	<b>Designation</b>	<b>Name</b>
1.	Chief Principal/Secretary, B. o. M.	Dr.Peter K.Ekabu
2.	Deputy Principal Finance	-
3.	Deputy Principal	Doris M. Kiuri
4.	Dean of Curriculum	Jane Wachira
5.	Dean of Students	Selina Abuko
6.	Head of Finance	Khadija Awadh
7.	Head of Procurement	Ericson Nyamamba


**e) Fiduciary Oversight Arrangements**



- The Board of Management
- The Finance and Human Resource Committee
- The Audit and Risk Committee
- The Technical and Academic Committee.




- f) **Entity Headquarters**  
Shanzu Teachers Training College,  
Along Mombasa Malindi Road.
- g) **Contacts**  
Shanzu Teachers Training College,  
P. o. Box 90533- 80100  
**MOMBASA.**  
Email: [shanzuttc@yahoo.com](mailto:shanzuttc@yahoo.com)  
Website: [info@shanzuttc.ac.ke](http://info@shanzuttc.ac.ke)
- h) **Entity Bankers**
- i) Central Bank of Kenya  
Haile Selassie Avenue  
P.O. Box 60000  
City Square 00200  
Nairobi, Kenya
- ii) National Bank,  
Nkrumah Road Branch,  
P. O. Box 90363- 80100,  
**MOMBASA.**  
Email: [Nkrumah@nationalbank.co.ke](mailto:Nkrumah@nationalbank.co.ke)
- iii) Equity Bank,  
Digo Road Branch,  
P. O. Box 90016 -80100  
**MOMBASA.**  
Email: [info@equitybank.co.ke](mailto:info@equitybank.co.ke)
- iv) Kingdom Bank  
Mtwapa Branch,  
P. O. Box 22741- 00400  
**NAIROBI.**  
Email: [infor@kingdombankltd.co.ke](mailto:infor@kingdombankltd.co.ke)  
Website: [www.kingdombakltd.co.ke](http://www.kingdombakltd.co.ke)
- i) **Independent Auditors**  
Auditor-General  
Office of Auditor General  
Anniversary Towers, Institute Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya
- j) **Principal Legal Adviser**  
The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya



II. BOARD OF MANAGEMENT




	MEMBER OF BOARD OF MANAGEMENT	DETAILS
1.	<p>ROSELYNE ANYANGO OGADA</p> 	<p>Ms. Roselyne A. Ogada was born on 9<sup>th</sup> February 1984. She is currently the Chairperson of the Board of Management of the College. She represents parents/local community. She also chairs the Executive Committee.</p> <ul style="list-style-type: none"> <li>• She has is a holder of Master in Business Management (MBA), University of Nairobi.</li> <li>• Bachelor of Education, Arts, Moi University.</li> <li>• Deputy Director, Administration Dept. of Devolution and Public Service Administration, County Government of Mombasa, 2018</li> <li>• 2017; Deputy Director Administration, Office of the County Secretary, County Government of Mombasa</li> <li>• 2008 to 2017; Project Coordinator, National Government, Kisauni Constituency Development Fund</li> <li>• She is currently the Director, Monitoring and Evaluation, Public Service Board, County Government of Mombasa.</li> </ul>
2.	<p>MR. MOHAMMED MWINYIPEMBE(HSC)</p> 	<p>Mr. Mohammed Mwinyipembe was born on 10<sup>th</sup> October, 1955. He represents the County Education Board.</p> <p>He is a Retired CEO of Quality Assurance and Standards.</p> <ul style="list-style-type: none"> <li>• He is the current Vice Chairperson of the Board of Management of the College</li> <li>• He holds BED, Masters in Education, Kenyatta University. He is currently undertaking his Doctorate of Philosophy in Education Management</li> <li>• Deputy Director Quality Assurance and Standards, 2007</li> <li>• Provincial Director of Education, North Eastern 2007</li> <li>• Provincial Director of Education, Rift Valley 2008</li> </ul>


		<ul style="list-style-type: none"> <li>• Secretary General, Kenya National Commission, 2009</li> <li>• Senior Deputy Director, Quality Assurance and Standards 2011</li> <li>• Ag. Director Quality Assurance and Standards, 2012</li> <li>• Ag. CEO of ESQAC (Education Standards and Quality Assurance Council) Director, Quality Assurance and Standards, 2015.</li> </ul>
3.	<p>FR. MARXWEL OKELLO</p> 	<p>Fr. Marxwel Okello was born on 15<sup>th</sup> September, 1965. He represents the Sponsors and also chairs Academic Standards, Quality and Environment.</p> <ul style="list-style-type: none"> <li>• He is a trained teacher and a Catholic Priest.</li> <li>• A member of the County Education Board, Mombasa County, from 2018 todate.</li> <li>• Parish Priest at St. Francis of Assisi Catholic Church, Nyali, Adjunct Judicial Vicar – Archdiocese of Mombasa, Dean, Mombasa North Deanery, Judge of the Ecclesiastical Tribunal of Mombasa from 2010 todate.</li> </ul>

<p>4.</p>	<p>MS. AISHA SAID RASHID</p> 	<p>Ms. Aisha Said Rashid was born on 29<sup>th</sup> July, 1956. She represents parents/local community and also chairs the Finance, Procurement and General Purposes Committee.</p> <p>A Retired Principal; she holds a Bachelor Degree in Education (BED) from McGill University. She also hold a Diploma in Education Management (KEMI). Headteacher Lamu Girls from 1989-1997</p> <ul style="list-style-type: none"> <li>• Principal Serena Boys from 1997-2008</li> <li>• Principal Miritini Secondary from 2009 to 2016.</li> <li>• SMMASSE Treasurer, Mombasa County</li> <li>• Secretary, C.S. S.S. 1997-1999</li> <li>• Chairperson M. S. S.H. Association</li> <li>• Member of Mombasa District Education Board</li> <li>• Member of B.o.G. Mwidani T. T. V</li> </ul>
<p>5.</p>	<p>MRS. ELIZABETH KABUI</p> 	<p>Mrs. Elizabeth Kabui was born on 3<sup>rd</sup> August 1960. She represents parents/local community and also chairs Audit Committee</p> <ul style="list-style-type: none"> <li>• She is a Retired Principal.</li> <li>• She is a holder of a Bachelor of Education Degree from Kenyatta University</li> <li>• She also holds a Diploma in Educational Management from KEMI</li> <li>• KNEC Examiner for several years</li> <li>• Supervisor of KNEC Exams for several years</li> <li>• Deputy Principal, Mwakirunge and Mtopanga Secondary Schools from 2008 to 2012.</li> <li>• Principal at Marimani Secondary School from 2015 to 2020.</li> </ul>



<p>6.</p>	<p>MR. CHARLES OPULU</p> 	<p>Mr. Charles Opulu was born on 28<sup>th</sup> October, 1966. He represents parents/local community and also chairs Discipline, Ethic and Integrity Committee.</p> <ul style="list-style-type: none"> <li>• He has a Law Degree</li> <li>• He has an experienced of over 15 years as an Advocate of the high Court of Kenya.</li> </ul>
<p>7</p>	<p>MRS. SELINA ABUKO</p> 	<p>Mrs. Selina Abuko was born 12<sup>th</sup> October, 1966. She represents teachers.</p> <ul style="list-style-type: none"> <li>• She holds a BED (Education) from Kenyatta University.</li> <li>• She has a work experience of 29 years as a teacher</li> <li>• She is currently the Dean of Students, Shanzu Teachers Training College.</li> </ul>
<p>8</p>	<p>SHEIKH KHALIFA MOHAMED ALI</p> 	<p>Sheikh Khalifa Mohamed Ali was born on 1<sup>st</sup> January, 1960. He represents persons with Special Needs. He is a Madrassa teacher.</p> <ul style="list-style-type: none"> <li>• He holds a Diploma (Madrassa Education), Ministry of Education.</li> <li>• Preacher-Cum-Imam in Mombasa and various parts of Kenya.</li> <li>• Currently he is an organizing Secretary, Council of Imams and Preachers of Kenya.</li> </ul>


<p>9</p>	<p>VEN. SAMUEL NGUMA BAHA</p> 	<p>Ven. Samuel Nguma Baha was born on 23<sup>rd</sup> August 1963. He represents the Sponsors.</p> <ul style="list-style-type: none"> <li>• He is an Archdeacon of Rabai Archdeaconry, Vicar of St. Pauls, Rabai.</li> <li>• He has Masters of Arts (Archdeacon)</li> <li>• Bachelor of Theology, Kenya Methodist University</li> <li>• Diploma in Biblical Studies.</li> <li>• Archdeacon of Shanzu, Archdeaconry, vicar of St. Peters Nyali, 2015-2018</li> <li>• Archdeacon of Shanzu Archdeaconry, 2019</li> <li>• Certificate on Professional Mediation. 2018</li> <li>• Archdeacon of Island Archdeaconry, Cathedral, 2014</li> <li>• Archdeacon of Mariakani Archdeaconry, 2013.</li> </ul>
<p>10</p>	<p>MR. EMMANUEL MKOBA</p> 	<p>Mr. Emmanuel Mkoba was born on 5<sup>th</sup> December, 1970. He represents parents/local community. He holds a Bachelor of Education Degree from University of Nairobi. He also has an advanced certificate in Business Management from Kenya Institute of Management.</p> <ul style="list-style-type: none"> <li>• He has been a Project officer with World Vision Kenya, Kaloleni and Golbanti Area Development Projects from 2003 to 2008</li> <li>• Integrated Programme Manager, World Vision, Marafa ADP and Lodwar ADP from 2008 to 2011</li> <li>• Programme Manager World Vision Kenya, Bamba Area, Development Programme. 2011 to 2015</li> <li>• Programme Manager, Mombasa/Kilifi Clusters, Lamu/Garissa Clusters in charge of Lamu ADP, Tana River Nutrition Project and Daadab refugee Camp, 2016 to 2020</li> <li>• Project Manager Kenya Rapids – Wajir County, Wajir/Mandera Cluster, 2020 to date.</li> </ul>



<p>11</p>	<p>BISHOP.JOSHUA IKIAO</p> 	<p>Bishop Joshua Ikiao was born on 17<sup>th</sup> December 1965. He represents parents/local community</p> <ul style="list-style-type: none"> <li>• 2018- up to date Bishop at Methodist Church in Kenya, Mombasa</li> <li>• 2013- 2015 – Degree Bachelor of Divinity</li> <li>• 1998 - Diploma</li> <li>• 2014- Attained Masters in Development Studies.</li> </ul>
<p>12</p>	<p>DR.PETER K.EKABU</p> 	<p>The Current Chief Principal Dr.Peter K.Ekabu was born in 1965. He has a long teaching experience spanning over 32 years during which he served in various capacities in Education sector including 5 years as a Deputy Principal, 17 years as a secondary school Principal and 4 years as a college principal. He holds a bachelors' and masters' degree in Education from Kenyatta University and PHD in Education Administration and planning from University of Nairobi. He also holds a certificate in strategic leadership and management from Kenya Institute of Management among others. He is a full member of various professional organizations such as Kenya institute of Management (KIM), Society for Human Resource Management (S.H.R.M) and Kenya Association of Education Administrators and Management (KAEAM)</p>
<p>13</p>	<p>MR. AHMED MOHAMMED ABEID</p> 	<p>Mr. Ahmed Mohammed Abeid was born on 20<sup>th</sup> November 1984. He represents the Sponsors.</p> <ul style="list-style-type: none"> <li>• He is a holder of BED Degree from Kenyatta University, 2006</li> <li>• BA, in Islamic Law, Islamic University, Madina,</li> <li>• Master of Arts (Islamic Option) on going (from 2015).</li> </ul>


<p>14</p>	<p>MRS. BETTY MANENO</p> 	<p>Mrs. Betty Maneno was born on 22<sup>nd</sup> July 1941. She represents Special interest group.</p> <ul style="list-style-type: none"> <li>• She is a trained P3 teacher, Ribe Teachers Training College</li> <li>• Diploma Certificate in Home Economics, University of Sussex, Britain</li> <li>• 2010-2011; Chairlady MUHURI Organization (Human Rights)</li> <li>• 2009 - Member of Tribunal on the National Assembly</li> <li>• 2002-2003; Commissioner, Teachers Service Commission</li> <li>• 1999-2001; member of Internal Diplomatic Women Group (The African Diplomatic Women Group, Zambia)</li> <li>• 1998; member of the Ministry of Education and Human Resource Development</li> <li>• 1996-98; Asst. Director of Education, Ministry of Education (recruitment of Primary Schools Teachers)</li> <li>• 1985-88; Education Office I, Ministry of Education (Incharge of Admission to Teacher Training Colleges)</li> <li>• 1980-85; Education Officer II, Ministry of Education (coordinating admission to Teacher Training Colleges)</li> <li>• 1973-1980; Asst. Education Officer, Kwale District</li> <li>• 1969; Asst. Education Officer, Kilifi District</li> <li>• 1963; Lecturer, Ribe Teachers Training College.</li> </ul>
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III. MANAGEMENT TEAM

Name of Staff	Responsibility
<p>DR.PETER K.EKABU</p> 	<p>Dr.Peter K.Ekabu was born in 1965. He is currently the Chief Principal of Shanzu Teachers Training College. He has experience of over 32 years as a teacher.</p> <p>He is:</p> <ul style="list-style-type: none"> <li>• Overall in charge of the Institution.</li> <li>• Provides strategic direction in the College system.</li> <li>• Shaping a vision of academic success for all students.</li> <li>• Creating a climate hospitable to education.</li> <li>• Cultivating leadership in others.</li> <li>• Improving instruction.</li> <li>• Managing people, data and processes to develop standardized curricula,</li> <li>• Assess teaching methods, monitor students' achievement, encourage parent involvement, revise policies and procedures, administer the budget, hire and evaluate staff and oversee facilities.</li> </ul>
<p>DORIS M. KIURU</p> 	<p>Mrs. Doris Mwamburi was Born in 20/1/1964. She is currently the Deputy Principal, Shanzu Teachers Training College. She is a holder of Masters of Education. She has experience of 34 years as a teacher.</p> <ul style="list-style-type: none"> <li>• Management of the teaching and learning programs in the school.</li> <li>• Deputizes or stands in for the Principal in his absence.</li> <li>• Provides professional leadership and supports the Principal in operational and academic matters.</li> <li>• Chairs the discipline committee on student discipline issues.</li> <li>• To promoting the use of ICT in teaching and learning</li> <li>• Perform human resource support functions that includes conducting performance appraisals.</li> </ul>

	Name of Staff	Responsibility
		<ul style="list-style-type: none"> <li>• Manage quality in terms of the teaching and learning environment</li> <li>• Manage and conduct learner assessments</li> <li>• Develop and empower teachers and support staff</li> <li>• Manage the school as an organization</li> <li>• Build and maintain community relationships</li> <li>• Manage and advocate of Extra-Mural Activities in the College</li> </ul>
	<p>JANE WACHIRA</p> 	<p>Mrs. Jane Wachira was Born on 22/6/1966. She is currently the Dean of Curriculum. She has experience of 25 years as a teacher.</p> <ul style="list-style-type: none"> <li>• She is in-charge of all curricular and also coordinates co-curricular activities</li> <li>• Selection, registration and orientation of new students;</li> <li>• In charge of curriculum implementation;</li> <li>• Supervises teaching and learning</li> <li>• Advises the Chief Principal on learning resources as well as staff needs                         <ul style="list-style-type: none"> <li>• Coordinates TPAD appraisal process and appraise Heads of Departments</li> </ul> </li> <li>• Co-ordinates internal and external examinations</li> <li>• Ensures that the teaching timetable is made and adhered to</li> <li>• Organizes teaching practice</li> <li>• Organizes Academic trips</li> <li>• Liaises with relevant agencies in academic matters</li> <li>• Organizes Graduations.</li> </ul>

Name of Staff	Responsibility
<p>MRS.SELINA ABUKO</p> 	<p>Mrs. Selina Abuko was born 12<sup>th</sup> October, 1966. She is currently the Dean students. She has a work experience of 29 years as a teacher.</p> <p>She is a holder of a Bachelor of Education Degree from Kenyatta University and a Master Degree in Education (Guidance and counseling)</p> <p>She is charged with the responsibility of the welfare of students matter:</p> <ul style="list-style-type: none"> <li>• Oversee and supervise the management of student attendance and discipline records.</li> <li>• Establish steps and procedures to handling challenging students and standards for conduct.</li> <li>• Ensure students are accommodated in the college</li> <li>• Keeping and maintaining records of students</li> <li>• Taking care of health services of students in liaison with college nurse</li> <li>• Participate in the orientation of the new students</li> <li>• In liaison with the cateress ensure meals are served timely</li> <li>• Administer and enforce College policies related to discipline and student attendance.</li> </ul>
<p>KHADIJA AWADH</p> 	<p>Ms. Khadija Awadh was born in 1964. She is currently the College Bursar and Head of Finance.</p> <p>She is a CPA Holder in ACNC 1 &amp; 2 and CPA 1</p> <p>Her duties and responsibility are:</p> <ul style="list-style-type: none"> <li>• Oversee day-to-day cash management.</li> <li>• Manage accounts payable and receivable.</li> <li>• Keep organized books of tuition fees and files of receipts.</li> <li>• Prepare expense reports on a regular basis.</li> <li>• Manage Annual Budget.</li> <li>• Conduct cost and productivity analyses.</li> <li>• Review employment contracts and Terms of Services.</li> </ul>

	Name of Staff	Responsibility
	<p style="text-align: center;">ERICSON NYAMAMBA</p> 	<p>Mr. Ericson Mochiemo Nyamamba was born on 20<sup>th</sup> June, 1986</p> <p>He is currently the Head of Procurement and Supply Chain Management.</p> <p>He holds a Bachelor Degree in Procurement and Supply Chain Management &amp; Diploma in Procurement &amp; Supply Chain</p> <p>His duties and responsibilities include:</p> <ul style="list-style-type: none"> <li>• Leading in Formulating &amp; developing policies, plans and strategies in the areas of supply chain; including risk management and contractor.</li> <li>• Providing procurement professional advice to the AO on all procurement contracts for goods, works, services and consultancies performance measurement plans.</li> <li>• Overseeing the management of inventory, stores and assets in compliance with the guidelines issued by the National Treasury.</li> <li>• Ensuring development and review of the annual procurement and asset disposal plans in line with the Law and monitoring their implementation.</li> <li>• Ensuring the procurement and asset disposal processes are carried out in compliance with the procurement and asset disposal Law.</li> <li>• Determine key supply chain KPIs.</li> <li>• Suggest solutions for process improvements.</li> <li>• Identify process bottleneck and implement solutions in a timely manner.</li> </ul>

#### IV. CHAIRPERSON'S STATEMENT

It with great humility that I present the Annual Financial Report and Financial Statements for the financial year ended 30<sup>th</sup> June 2022.

The Vision of Shanzu Teachers Training College: To become a preferred College for Quality Education and Training in Kenya and beyond.

During the financial year 2021-2022, the College received **Kshs.17,051,856/=**, as Grants from the Ministry of Education to pay for the non-teaching staff salaries. This amount is not enough to pay the non-teaching staff salaries. We kindly request the Ministry of Education to allocate more funds for this cause. The institution needs more funding for the expansion of infrastructure facilities including workshops (Art/Craft), (Home Science). The institution also requires infrastructure in terms of micro-teaching rooms that are essential to Competency Based Curriculum. Most of the buildings in the College including classrooms and dormitories are very old. They need a face-lift to make them attractive to the teacher trainees.

The College requires a modern and spacious Dining hall. The Dining Hall that was built at the inception of the College can only accommodate 250 students. The College capacity of students stands at 950. Currently we have 420 students.



ROSELYNE

A. OGADA

CHAIRPERSON, SHANZU T. T. COLLEGE

Date: 29/03/2023

## V. REPORT OF THE CHIEF PRINCIPAL

Shanzu Teachers Training College is a public teacher Training College established under the Ministry of Education - State Department of Early Learning and Basic Education.

The College was begun in the year 1966 as a Teacher Training College to offer P1, P2 and P3 Certificate Courses.

The College was re-registered to offer Diploma in Primary Teacher Education (DPTE) and Diploma in Early Childhood Teacher Education (DECTE) on 23<sup>rd</sup> March 2021.

### Financial Performance

The College received **Kshs.17,051,856/=**, in government grants to pay non-teaching staff salaries for the financial year 2021-2022. This amount is not enough to cater for the non-teaching staff salaries. I request the government to give the College more Grant.

The College faces shortage of classrooms which can be used as micro-teaching classes. With the inception of competency based Curriculum, the College requires a well established I. C. T. Laboratory with modern computers and internet.

I would like to take this opportunity to thank the Ministry of Education for the valuable support towards the teacher Education in Kenya.

I would also like to thank the staff, the students, parents, sponsors and other stakeholders for their cooperation which made it possible to run the institution during the financial year in review.



**DR. PETER K. EKABU**  
**CHIEF PRINCIPAL/SECRETARY, B. O. M.**

**VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTS FOR FINANCIAL YEAR 2021/2022**

Strategic Pillar		objectives	Key Performance Indicators	Activities	Achievements
Pillar 1	Integration of ICT and learning	To enable the new curriculum of CBC to be implemented.	100	Wireless network expansion.	100
Pillar 2	Increase enrolment in Business School and Technical courses	Increase enrolment	270	Introduce new courses. Advertisement via road shows. Activate the website.	537
Pillar 3	Improve internet connectivity	To enable the new curriculum of CBC to be implemented.	100	Research	100
Pillar 4	Renovate College canteen	To accommodate the capacity of increased enrolment	No. of DPTE, DECTE, Upgrade and Business School Boards	Renovate and furnish adequately.	80
Pillar 5	Purchase tables and benches for Dining hall	To accommodate the capacity of increased enrolment	No. of DPTE, DECTE, Upgrade and Business School Boards	Renovate and furnish adequately.	80

- The wireless network was expanded from 30mbps to 100 mpbs to accommodate the increased number of users(Students)
- Introduction of new courses was done 100 %  
Marketing for the courses was carried out via road shows, and power point presentation at Likoni Ferry.  
Courses were also uploaded in the college web site to enable more internet users to access the information.
- The college canteen was renovated 100%
- Renovation and furnish of dining tables was also done 100%

## VII. Corporate Governance Statement

According to the Education Basic Act No.14 of 2013, Teachers Training Colleges are governed by Board of Management appointed by the Cabinet Secretary, Ministry of Education.

The members of the Board of Management are nominated by a selection panel and submitted to the Principal Secretary, Ministry of Education for approval and appointment.

The Selection panel comprises of the Chairperson and other members as follows:

- County Director of Education
- Sub-County Director of Education
- Secretary Board of Management – Principal
- Chairperson County Education Board
- Sponsors.

The Board of Management established under section 55 shall consist of the following members appointed by the County Education Board:

- Six persons elected to represent parents of the pupils in the school or local community in the case of county secondary schools.
- One person nominated by the County Education Board
- One representative of the teaching staff in the school elected by the teachers
- Three representatives of the sponsors of the school
- One person to represent special interest groups in the community, and
- One person to represent persons with special needs;
- A representative of the students' council who shall be an ex officio member (2) The Board of Management may from time to time co-opt into its membership such persons as it is satisfied possess skills and experience to assist in the discharge of the Board's functions. (3) The number of members of the Board of Management co-opted under subsection (2) shall not exceed three at any particular time and such members do not have a right to vote at the meetings of the Board. (4) The members of the Board of Management shall elect their chairperson from amongst themselves provided that the member to be so elected shall not be a person who was appointed under subsection (1)(c). (5) For public schools sponsored by faith-based organizations, the Chairperson of the Board of Management shall be appointed by the County Education Board in consultation with the sponsor.

The tenure for the current Board of Management Shanzu Teachers Training College started on 22<sup>nd</sup> October 2020 and it will expire on 22<sup>nd</sup> October 2023.

During their tenure the Board of Managements commit themselves to the service of Shanzu Teachers Training College and to uphold the tenets of good corporate governance by being innovative, transparent, accountable and responsive as well as fairness in all their dealings.

The functions of the board of management:

(a) promote the best interests of the institution and ensure its development; (b) promote quality education for all pupils in accordance with the standards set under this Act or any other written law; (c) ensure and assure the provision of proper and adequate physical facilities for the institution; (d) manage the institution's affairs in accordance with the rules and regulations governing the occupational safety and health; (e) advise the County Education Board on the staffing needs of the institution; (f) determine cases of pupils' discipline and make reports to the County Education Board; (g) prepare a comprehensive termly report on all areas of its mandate and submit the report to the County Education Board; (h) facilitate and ensure the provision of guidance and counseling to all learners; (i) provide for the welfare and observe the human rights and ensure safety of the pupils, teachers and non-teaching staff at the institution; (j) encourage a culture of dialogue and participatory democratic governance at the institution; (k) promote the spirit of cohesion, integration, peace tolerance, inclusion, elimination of hate speech, and elimination of tribalism at the institution; (l) encourage the learners, teachers and non-teaching staff and other, parents and the community, and other stakeholders to render voluntary services to the institution; (m) allow reasonable use of the facilities of the institution for community, social and other lawful purposes, subject to such reasonable and equitable conditions as it may determine including the charging of a fee; (n) administer and manage the resources of the institution; (o) receive, collect and account for any funds accruing to the institution; (p) recruit, employ and remunerate such number of non-teaching staff as may be required by the institution in accordance with this Act; and (q) perform any other function to facilitate the implementation of its functions under this Act or any other written law.

### VIII. Management Discussion and Analysis

The College operation is to inspire by the desire to offer the best service to customers in line with the core value of operational excellence in line with our strategic pillars. The institution operates in a highly regulated and competitive environment which requires it to innovate so as to remain relevant.

### IX. Environmental and Sustainability Reporting

Shanzu Teachers Training College engaged in social responsibility to facilitate its mission achievement.

#### Sustainability Strategy and Profile

The College Management has embarked on strategies aiming at improving revenue streams which are critical in day to day operations. These include:

- More students enrolment in both DPTE and DECTE, and the Business Study courses
- Strengthen and broaden productions units, e.g. milk, bread, agriculture
- Accommodation of visitors during April, August and December holidays.

#### Environmental Performance

In responding to the environmental protection, the College has:

- Environmental policy is in place
- Greening the environment by planting trees to act as carbon sink
- Using waste bins at strategic points at the compound.

#### Employee Welfare

On addressing employee welfare:

- Development of safety policy is on going
- A Safety Committee is in place with an appointed Chairperson
- An award and recognition committee is in place
- Internal Capacity Building is going.

#### Market place practices

- Responsible completion practice

Conducting root cause and investigations before determining whether punishment is required also contribute towards building a culture where fairness is perceived and where people can learn from their mistakes.

- The College aspires to maintain good business practices by:  
Being transparent and accepting accountability in order to request orders from suppliers, keeping promise, law abiding and integrity.
- The College strives to maintain ethical marketing practices by:

- Maximizing benefits and minimizing risks
- Committing to sustainability and human rights
- Being transparent
- Protecting consumer data and privacy
- Not making false comparison.
- The College is putting efforts to safeguard consumer rights and interests by:
  - Protecting them from hazard to their health and safety
  - Availability of effective consumer readiness
  - Freedom to form groups or unions to present their views in decision making processes affecting them.

**Corporate Social Responsibility/Community Engagements**

- The College has actively participated in forums organized for the surrounding community
- Sensitization meetings on opportunities available at the College have been held in the College ground courtesy of the NG-CDF Office
- Majority of the College support staff are from the local community. This has ensured good neighbourliness with the surrounding community.

**X. Report of the board of Management**

The Board members submit their Report together with the audited financial statements for the year ended June 30, 2021 which shows the state of Shanzu Teachers Training College affairs.

**Principal Activities**

The principal activity of the College is to provide training for teachers (DPTE and DECTE), Business studies, technical courses and innovative skills for gainful employment and job creation through TSC employment, B. o. M. employment and self employment.

**Results**

The results of the college for the year ended June 30<sup>th</sup> 2022 are set out from page 1 to 3

**Board of Management**

The members of the Board of Management who served during the year 2021/2022 are shown on page v to x

**Auditors**

The Auditor General is responsible for the statutory Audit of Shanzu Teachers Training College in accordance with the section 68 of the Public Finance Management (PFM) Act 2021 Section 38 and 39 Public Act 2015 and Article 229 of Constitution of Kenya 2010 which empower the Auditor General to appoint an auditor to audit on his behalf.

By order of the Board.



**DR. PETER K. EKABU**  
**CHIEF PRINCIPAL/SECRETARY, B. O. M.**

Date : .....

• **STATEMENT OF BOARD OF MANAGEMENT MEMBERS' RESPONSIBILITIES**

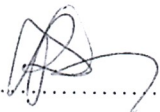
The Board of Management is responsible for the preparation and presentation of the College's financial statements which give a true and fair view of the state of affairs of the College for and as at the end of the financial year ended on 30, June 2022. This responsibility includes; ensuring proper keeping of accounting records, installing of proper control of the institutional assets, and designing implementing and maintaining internal control relevant to the preparation and presentation of financial statements and ensuring that they are free from material misstatements whether due to error or frauds.

The Board accepts responsibility for the College's financial statements, which have been prepared using appropriate accounting policies (accrual basis).

Approval of the Financial Statements

Shanzu Teachers Training College Financial Statements were approved by the Board on ..... and signed on its behalf by:

Name: ROSELYNE A. OGADA

Signature:  .....

Chairperson of the Board

Name: DR. PETER K. EKABU

Signature:  .....

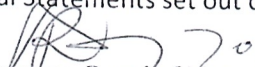
Accounting Officer/Chief Principal

**SHANZU TEACHERS TRAINING COLLEGE, MOMBASA**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022**

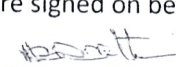
**XXVI. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2022.**

	Notes	2021/2022	2020/2021
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government – grants/ gifts in kind	6	17,051,856.00	14,036,580.00
Public donations-Covid-19		0.00	117,000.00
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	30,548,890.67	5,766,639.00
Sale of goods	8	1,542,925.00	587,310.00
Rental revenue from facilities and equipment	9	7,768,055.00	3,272,830.00
Finance income	10	1,781,712.31	
Other income	11	33,122,162.00	30,481,053.00
<b>Total revenue</b>		<b>91,815,600.98</b>	<b>54,261,412.00</b>
<b>Expenses</b>			
Use of goods and services	12	61,972,891.25	35,852,275.00
Employee costs	13	22,351,811.00	19,046,575.00
Board Management expenses	14	1,210,000.00	722,500.00
Repairs and maintenance	15	2,499,474.00	325,350.00
Finance costs	16	5,884,658.25	
<b>Total expenses</b>		<b>93,918,834.50</b>	<b>55,946,700.00</b>
<b>Net Surplus for the Period</b>		<b>(2,103,233.52)</b>	<b>(1,685,288.00)</b>


The Financial Statements set out on pages 1 to 4 were signed on behalf of the Board of Management by:

  
 Chairperson Board of Management

Date: 29/3/2023

  
 Finance officer

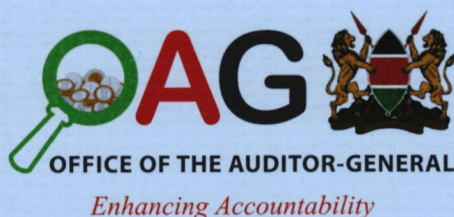
ICPAK No.123448  
 Date: 29/3/2023

  
 Chief principal

Date: 29/3/2023

# REPUBLIC OF KENYA

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E-mail: 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 SHANZU TEACHERS TRAINING COLLEGE, MOMBASA FOR THE YEAR ENDED 30 JUNE, 2022**

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### **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 Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance, which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment and the internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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 Shanzu Teachers Training College, Mombasa set out on pages 1 to 26, which comprise the statement of financial

position as at 30 June, 2022, 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 the Shanzu Teachers Training College, Mombasa as at 30 June, 2022, 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 Public Finance Management Act, 2012 and the Basic Education Act, 2013.

## **Basis for Qualified Opinion**

### **1. Unreconciled variances**

Financial statements provided for audit review revealed that supporting ledgers had following variances:

<b>Component</b>	<b>Financial Statement Balance (Kshs)</b>	<b>Ledger Balance (Kshs)</b>	<b>Variance (Kshs)</b>
<b>Revenue from Exchange Transactions</b>			
Rendering of Services - Fees from Students	30,548,891	28,918,716	1,630,175
Sale of Goods	1,542,925	1,842,925	(300,000)
Other Income	33,122,162	32,082,908	1,039,254
<b>Expenses</b>			
Use of Goods and Services	61,972,891	62,504,891	(532,000)
Employee Costs	22,351,811	22,996,811	(645,000)
Board Management Expenses	1,210,000	1,219,000	(9,000)
Repairs and Maintenance	2,499,474	1,996,374	503,100

In the circumstances, the accuracy, completeness and fair presentation of financial statements for the year ended 30 June, 2022 could not be confirmed.

### **2. Unsupported Cash and Cash Equivalents**

The statement of financial position as at 30 June, 2022 and Note 17b to the financial statements reflect total cash and cash equivalents balance of Kshs.27,546,933. However, the cashbooks, bank reconciliation statements, bank certificates, bank statements and, authority to open and operate two fixed deposits bank accounts (teaching practice) with bank balances totalling Kshs.1,000,000 were not provided for audit review.

Further, the cashbooks for eleven (11) bank accounts (Development, Shanzu TTC Chapel, Exam, Exam Saving, Gratuity Fund, Msambweni TTC College, Income Generating Activities, P1 Module, Graduation, two Caution Money Accounts) with cashbook balances totalling Kshs.20,353,136 as at 30 June, 2022 were not provided for audit review.

In the circumstances, the accuracy and completeness of cashbook balance of Kshs.27,546,933 as at 30 June, 2022 could not be confirmed.

### **3. Unconfirmed Borrowings Balance**

The statement of financial position as at 30 June, 2022 reflects a borrowings balance of Kshs.42,944,427 (2020/2021 - Kshs.45,176,436).

The audited financial statements for the year ended 30 June, 2021 reflected a balance of Kshs.75,925,506 which was restated to Kshs.45,176,436 by Kshs.30,749,070 in the year under review. However, the restatement was not explained or supported.

As at 30 June, 2022, the principal plus accrued interest was Kshs.138,976,909 which was higher than the initial principal amount of Kshs.59,461,520 by Kshs.79,515,389, and hence in excess by Kshs.20,053,869 over the allowable interest as per Section 44A of the Banking Act, Chapter 488 that requires maximum amount of the sum of the interest, in accordance with the contract between the debtor and the Institution, not exceeding the principal owing when the loan becomes non-performing. During the current year a total of Kshs.5,884,657 had accrued as interest as per the bank statement provided for audit review, an indication that interest was still being charged on the loan.

Further, as disclosed in statement of cash flows and Note 25 to the financial statements, the College made principal repayment of Kshs.2,232,009 during the year and the total loan repayments as at 30 June, 2022, since the uptake of the loan, was Kshs.65,682,828. Hence, as per the Banking Act the loan balance should have been Kshs.53,240,212 or Kshs.118,923,040 less the repayment of Kshs.65,682,828. It was therefore not explained what basis the Management had used to reduce the loan balance to Kshs.45,176,436.39 initially and then to Kshs.42,944,427 as at 30 June, 2022.

In the circumstances, the accuracy and completeness of the borrowings balance of Kshs.42,944,427 as at 30 June, 2022 could not be confirmed.

### **4. Undisclosed Trade and Other Payables**

The statement of financial position as at 30 June, 2022 and Note 21 to the financial statements reflect trade and other payables balance of Kshs.28,321,879 which excludes an amount of Kshs.5,355,554 in respect to trade and other payables closing balance for the Business School. No explanation was provided for the omission.

In the circumstances, accuracy and completeness of the trade and other payables balance of Kshs.28,321,879 as at 30 June, 2022 could not be confirmed.

## **5. Misstated Employee Costs**

As disclosed in Note 13, the statement of financial performance for the year ended 30 June, 2022 reflects employee costs amounting to Kshs.22,351,811 which include gratuity services of Kshs.3,612,056. However, an expenditure totalling Kshs.645,000 was erroneously recognized as an expense in the current year while it had been incurred in the previous financial year 2020-2021. No reason was provided for recognition of the expense in the current year and not when it was incurred.

In the circumstances, accuracy and completeness of the employee costs amounting to Kshs.3,612,056 for the year ended 30 June, 2022 could not be confirmed.

## **6. Undisclosed Property, Plant and Equipment**

As previously reported, the College has land of approximately 45.33 Ha, various buildings, vehicles and equipment. However, all these assets have not been valued and included in the financial statements.

Further, available information indicates that title deed for the land is held by a local bank as a guarantee for a bank loan of Kshs.59,461,520.

In the circumstances, the accuracy, completeness and fair presentation of property, plant and equipment owned by the College as at 30 June, 2022 could not be confirmed.

## **7. Unsupported Expenditures**

### **7.1 Repair and Maintenance of Vehicles**

The statement of financial performance for the year ended 30 June, 2022 and Note 15 to financial statements reflect repairs and maintenance of Kshs.2,499,474 which include expenses on repairs and maintenance of vehicles of Kshs.1,164,484. However, expenditures were not supported with the engineer's pre and post-mechanical inspection reports. In addition, no entries of repair services were made in the motor vehicles' log books and work tickets.

### **7.2 Fuel Expenses**

The statement of financial performance for the year ended 30 June, 2022 and Note 12 to financial statements reflect use of goods and services of Kshs.61,972,891 which include expenses on local, transport and travelling of Kshs.1,511,810. Review of sampled payment vouchers revealed payments of Kshs.300,000 for fuel. However, fuel register, detail orders, and customer statements were not provided for audit review.

In the circumstances, the propriety and validity of expenditure of Kshs.1,164,484 on repairs and maintenance and Kshs.300,000 on fuel for the year ended 30 June, 2022 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Shanzu Teachers Training College, Mombasa Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled

other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.84,892,778 and Kshs.91,815,601 respectively resulting to an over-funding of Kshs.6,922,823 (or 8%) of the budget. Similarly, the College expended Kshs.90,475,851 against an approved budget of Kshs.84,892,778 resulting to an over-expenditure of Kshs.5,583,073 (or 7%) of the budget. The overfunding and over-expenditure may lead to unbudgeted and unapproved expenditures.

### **Key Audit Matters**

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

### **Other Matter**

#### **Unresolved Prior Year Matters**

Various prior year audit issues remained unresolved as at 30 June, 2022. Management has not provided reasons for the delay in resolving the prior year audit issues. Further, the unresolved prior year issues are not disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

## **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 matters described in the Basis for Conclusion on Lawfulness and Effectiveness in 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. Borrowings**

As previously reported, the statement of financial position as at 30 June, 2022 reflects borrowings totalling Kshs.42,944,427 (2020/2021 - Kshs.45,176,436). However, the following anomalies were noted;

## **1.1 Unauthorised Borrowing**

Available records indicate that the College applied for a bank loan of Kshs.30,000,000 for construction of a dormitory block and on 07 November, 2014, the Board entered into a loan refinancing agreement with the same bank to increase the loan amount to Kshs.50,000,000. The records also show that, the loan taken between 18 July, 2014 and 07 April, 2015 was Kshs.59,461,520 at an interest rate of 18% p.a. reducing balance for a term of ten years. However, no evidence of receipt of the loan in the bank account was provided for audit verification.

Further, no documentary evidence was provided for audit to confirm that the borrowing was approved by the Cabinet Secretary for The National Treasury as required of Section 51 of the Public Finance Management Act, 2012, that provides, “a national government entity may borrow in accordance with this Act or any other Act of Parliament and shall obtain the approval of the Cabinet Secretary for its intended program of borrowing, refinancing and repayment of loans over the medium term; and for the forthcoming financial year, prior to the beginning of that financial year”.

In the circumstances, Management is in breach of the law and the College risks loss of property whose title deed is held by the bank as a guarantee for the loan in case of default in repayment.

## **1.2 Slow Rate of Loan Repayment**

Audit review of the loan account bank statements for the period between 18 July, 2014 and 30 June, 2022 revealed loans repayments of Kshs.65,682,828 out of outstanding principal and accrued interest of Kshs.138,976,909, resulting in an estimated un-serviced balance of Kshs.73,294,081 as at 30 June, 2022. Further, on 08 December, 2020 the College wrote to the Principal Secretary, State Department for Education, over its inability to continue servicing the loan due to low student enrollment and requested assistance in repayment of the loan balance. However, as at the time of audit on March, 2023, no response from the Principal Secretary had been received.

In the circumstances, with the loan maturity only one year away on 30 June, 2024, there is a high likelihood of default in repayment by the College.

## **2. Unauthorised Transfers**

Records provided for audit verification showed that an amount of Kshs.50,000,000 from the Ministry of Education was credited into the Shanzu Teachers College Main bank account on 08 July, 2019 for the purposes of setting up Msambweni Teacher Training College. The amount received was transferred from the Main account to Shanzu Teachers Training College (Msambweni College) bank account, a call deposit account, vide a correspondence reference No. STTC/BOM/Vol.XV/19 dated 16 August, 2019. However, although Management has explained that for the purposes of construction of the College, it opted for a call deposit account instead of a project account, no approval from the National Treasury for opening and operating the account was provided for audit review as required of regulation 82(4) of the Public Finance Management (National Government) Regulations, 2015 providing that an accounting officer can open a bank account for the deposit, custody or withdrawal of public moneys or other moneys for which

he or she is responsible in his or her official capacity or for the transaction of official banking business only with the prior approval of the National Treasury.

Further, on 05 October, 2021 the call deposit was recalled vide correspondence reference No. STTC/BOM/VOLXV/21 into account under the name Msambweni Teachers Training College held in Cooperative Bank of Kenya. However, the bank details and statements from which the call deposit was transferred from were not provided and the interest earned between 16 August, 2019 and 05 October, 2021, when the money was transferred and recalled was not disclosed.

In the circumstances, Management was in breach of the law and the College risks loss of interest revenue from bank deposit.

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

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the matter 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 overall governance were not effective.

### Basis for Conclusion

#### 1. Lack of Internal Audit Function

The College does not have an internal audit department contrary to the Section 73(1) of the Public Finance Act, 2012 that requires every national government entity to have appropriate arrangements in place for conducting internal audit according to the guidelines of the Accounting Standards Board.

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

#### 2. Lack of a Human Resource Policy

During audit review it was noted that Management did not maintain a human resource policy manual, training policy, recruitment and appointment of staff policy and a code of conduct manual for employees.

In the absence of policies, Management may lack procedure guidelines in the management and development of human resource capacity towards the achievement of the college goals and objectives.

### **3. Weak Internal Controls on Imprests**

Review of sampled payment vouchers totalling Kshs.542,680 revealed payment of travelling and subsistence allowances to staff without issuance of imprest warrants. The payments were supported with claim forms contrary to Regulations 93 of the Public Finance Management (National Government) Regulations, 2015 providing that temporary imprests shall be issued mainly in respect of official journeys to provide officers with funds with which they can meet travelling, accommodation and incidental expenses and that a holder of a temporary imprest shall account or surrender the imprest within seven (7) working days after returning to duty station.

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

### **4. Lack of an updated Asset Register**

Review of the asset register provided for audit review revealed no assets information or details on; type and description of each asset; acquisition costs and net book values of the asset; supplier details; purchase date; estimated useful life; asset physical location and the person allocated; asset condition; and asset tag number identification.

In the circumstances, the fair presentation of property, plant and equipment owned by the College as at 30 June, 2022 could not be confirmed.

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 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 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 control, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the College's ability to sustain 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 terminate the College or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are

in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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**

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

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

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

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

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting method and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that are identified during the audit.

I also provide the Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

  
CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

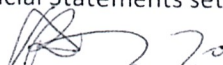
**26 April, 2023**

**SHANZU TEACHERS TRAINING COLLEGE, MOMBASA**

**XXVII. STATEMENT OF FINANCIAL POSITION AS AT 30<sup>TH</sup> JUNE 2022**

	Notes	2021/2022	2020/2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	17	27,546,932.79	61,742,697.10
Current portion of receivables from exchange transactions	18	26,781,441.40	24,969,268.40
Receivables from non-exchange transactions	19	0.00	6,893,290.00
Inventories	20	1,081,830.75	293,660.00
<b>Total assets</b>		<b>55,410,204.94</b>	<b>93,898,915.50</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	21	28,321,878.84	38,126,542.93
Refundable deposits from customers	22	10,000.00	7,000.00
Current Provisions	23	139,956.71	110,257.71
Employee benefit obligation	24	983,880.00	1,011,960.00
<b>Non-current liabilities</b>			
Borrowings	25	42,944,426.64	45,176,436.39
<b>Total liabilities</b>		<b>72,400,142.19</b>	<b>84,432,197.03</b>
<b>Net assets</b>		<b>(16,989,937.25)</b>	<b>9,466,718.47</b>
Accumulated surplus		(3,788,521.52)	(1,685,288.00)
<b>Total net assets and liabilities</b>		<b>55,410,204.94</b>	<b>93,898,915.50</b>

The Financial Statements set out on pages 1 to 4 were signed on behalf of the Board of Management by:


  
Chairperson Board of Management

Date: 29/03/2023

  
Finance officer

ICPAK No.123448  
Date: 29/3/2023

Chief principal

  
Date: 29/3/2023

**SHANZU TEACHERS TRAINING COLLEGE, MOMBASA**  
**XXVIII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022**

		2021/2022	2020/2021
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other Government entities/Govt. grants	6	17,051,856.00	14,036,580.00
Public contributions and donations		0.00	117,000.00
Rendering of services- Fees from students	7	30,548,890.67	5,766,639.00
Sale of goods	8	1,542,925.00	587,310.00
Rental revenue from facilities and equipment	9	7,768,055.00	3,272,830.00
Finance income	10	1,781,712.31	
Other income	11	33,122,162.00	30,481,053.00
<b>Total Receipts</b>		<b>91,815,600.98</b>	<b>54,261,412.00</b>
<b>Payments</b>			
Use of goods and services	12	61,972,891.25	35,852,275.00
Grants and subsidies paid-Empolyees cost	13	22,351,811.00	19,046,575.00
Finance costs	16	5,884,658.25	
<b>Other payments</b>			722,500.00
Remuneration of Directors	14	1,210,000.00	
Repairs and maintenance	15	2,499,474.00	
<b>Total Payments</b>		<b>93,918,834.50</b>	<b>55,621,350.00</b>
<b>Net Cash flows from operating activities</b>		<b>(2,103,233.52)</b>	<b>(1,359,938.00)</b>
<b>Cash flows from financing activities</b>			
Repayment of Borrowings	25	(2,232,009.75)	
<b>Net Cash flows used in financing activities</b>		<b>(2,232,009.75)</b>	
<b>Net Increase/(Decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at 1st July 2021	17	61,630,062.41	
<b>Cash and cash equivalents at 30th June 2022</b>	<b>17</b>	<b>27,546,932.79</b>	


The Financial Statements set out on pages 1. to 4 were signed on behalf of the Board of Management by:

  
 Chairperson Board of Management

Date: 29/03/2023

  
 Finance officer

ICPAK No.123448  
 Date: 29/3/2023

  
 Chief principal

Date: 29/3/2023

**XXIX. SHANZU TEACHERS TRAINING COLLEGE, MOMBASA**

Statement of comparison of Budget & Actual amounts for the year ended 30 June 2022.

	Original budget	Adjustments	Final budget	Actual on compararable basis	Performance difference	Utilisation Difference
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other Govt entities Govt grants	17,441,200.00	0.00	17,441,200.00	17,051,856.00	389,344.00	2.23
Rendering of services- Fees from students	10,295,158.00	15,896,400.00	26,191,558.00	30,548,890.67	(4,357,332.67)	(16.64)
Sale of goods:(i)Pastry	418,500.00		418,500.00	1,048,075.00	(629,575.00)	(150.44)
(ii)Farm	1,166,400.00		1,166,400.00	437,265.00	729,135.00	62.51
(iii)Canteen	120,000.00		120,000.00	57,585.00	62,415.00	52.01
Other Income:(i)hire of facilities	4,527,920.00		4,527,920.00	6,373,135.00	(1,845,215.00)	(40.75)
(iii) rental income	1,684,800.00		1,684,800.00	1,394,920.00	289,880.00	17.21
(iii)Business school	33,342,400.00		33,342,400.00	32,993,972.00	348,428.00	1.04
Finance income				1,781,712.31		
Gains on disposal, photocop, center fee, tender, miscellaneous and agency fees			0.00	128,190.00	(128,190.00)	
<b>Total income</b>	<b>68,996,378.00</b>	<b>15,896,400.00</b>	<b>84,892,778.00</b>	<b>91,815,600.98</b>	<b>(5,141,110.67)</b>	
<b>Expenses</b>						
Compensation of employees	18,235,600.00	759,000.00	18,994,600.00	22,351,811.00	(3,357,211.00)	(17.67)
Use of Goods and services	9,839,764.00	14,925,400.00	24,765,164.00	25,674,567.00	(909,403.00)	(3.67)
Business school	33,342,400.00		33,342,400.00	30,422,044.25	2,920,355.75	8.76
Other expenses(i):Rent	584,800.00		584,800.00	1,307,030.00	(722,230.00)	(123.50)
(ii)Pastry	381,360.00		381,360.00	37,160.00	344,200.00	90.26
(iii)Farm	1,101,600.00		1,101,600.00	155,850.00	945,750.00	85.85
(iii)Canteen	72,000.00		72,000.00	103,775.00	(31,775.00)	(44.13)
(iv)hire of facilities	4,318,854.00		4,318,854.00	4,160,956.00	157,898.00	3.66
Teaching practice	1,000,000.00		1,000,000.00		1,000,000.00	100.00
Remuneration of directors	120,000.00	212,000.00	332,000.00	678,000.00	(346,000.00)	(104.22)
Finance cost				5,584,658.25		
<b>Total expenditure</b>	<b>68,996,378.00</b>	<b>15,896,400.00</b>	<b>84,892,778.00</b>	<b>90,475,851.50</b>	<b>1,584.75</b>	
<b>Surplus for the period</b>						

**SHANZU TEACHERS TRAINING COLLEGE, MOMBASA**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED**  
**30<sup>TH</sup> JUNE 2022**

**I. NOTES TO THE FINANCIAL STATEMENTS**

**1. General information**

Shanzu Teachers Training College is established by and derives its authority and accountability from PFM Act. The college is wholly owned by the Government of Kenya and is domiciled in Kenya. The college's principal activity is Basic education.

**2. Statement of compliance and basis of preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the college accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note .....

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

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

**SHANZU TEACHERS TRAINING COLLEGE, MOMBASA**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
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Notes to the financial statements (Continued)

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2022.

IPSASB deferred the application date of standards from 1st January 2022 owing to covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of College future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between the college risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>

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Standard	Effective date and impact:
<b>IPSAS 42:</b> Social Benefits	<b>Applicable: 1<sup>st</sup> January 2023</b> The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting college provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the college (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the college's financial performance, financial position and cash flows.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<b>Applicable: 1st January 2023:</b> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.
Other improvements to IPSAS	<b>Applicable 1<sup>st</sup> January 2023</b> ➤ <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). ➤ <i>IPSAS 39: Employee Benefits</i>

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Standard	Effective date and impact:
	<p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <p style="text-align: center;">➤ <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></p> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p>
IPSAS 43	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the college. The new standard requires college to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1<sup>st</sup> January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

**iii. Early adoption of standards**

Shanzu Teachers Training College did not early-adopt any new or amended standards in year 2022.

**SHANZU TEACHERS TRAINING COLLEGE, MOMBASA**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
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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. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

**Rendering of services**

The college 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.

**Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 Summary of significant accounting policies (Continued)**

**a) Revenue recognition (Continued)**

**ii) Revenue from exchange transactions (continued)**

**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 2020-2021 was approved by the Board of Management on 14<sup>th</sup> November 2020. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the college upon receiving the respective approvals in order to conclude the final budget.

The college's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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 under section IV of these financial statements

**c) Taxes**

**Sales tax/ Value Added Tax**

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

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

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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.

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

Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the college recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 summary of significant accounting policies (Continued)**

**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 so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

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

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

**g) Intangible assets**

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

**h) Research and development costs**

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

- i. The technical feasibility of completing the asset so that the asset will be available for use or sale
- ii. Its intention to complete and its ability to use or sell the asset
- iii. How the asset will generate future economic benefits or service potential
- iv. The availability of resources to complete the asset
- v. 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.

**SHANZU TEACHERS TRAINING COLLEGE, MOMBASA**  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 summary of significant accounting policies (Continued)**

**i) Financial instruments**

*Financial assets*

*Initial recognition and measurement*

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The college determines the classification of its financial assets at initial recognition.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

*Held-to-maturity*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the college has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

*Impairment of financial assets*

The college assesses at each reporting date whether there is objective evidence that a financial asset or an entity of financial assets is impaired. A financial asset or a college of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the college of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 Summary of significant accounting POLICIES (Continued)**

**i) Financial instruments (Continued)**

*Financial assets (Continued)*

*Impairment of financial assets (Continued)*

- The debtors or a college of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

*Financial liabilities*

*Initial recognition and measurement*

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

*Loans and borrowing*

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

**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

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 Summary of significant accounting policies (Continued)**

**Inventories (Continued)**

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.

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 college has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the college expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

***Contingent liabilities***

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

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**4 Summary of significant accounting policies (Continued)**

**l) Nature and purpose of reserves**

The college creates and maintains reserves in terms of specific requirements.

**m) Changes in accounting policies and estimates**

The college recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**n) Employee benefits**

**Retirement benefit plans**

The college 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 college (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are 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.

**o) 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.

**p) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### q) Related parties

The college regards a related party as a person or college with the ability to exert control individually or jointly, or to exercise significant influence over the college, or vice versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

#### r) Service concession arrangements

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

#### s) 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 period. 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 period.

#### t) Comparative figures

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

#### u) Subsequent events

There have been no events subsequent to the financial period end with a significant impact on the financial statements for the period ended December 31<sup>st</sup>, 2022.

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**5. Significant judgments and sources of estimation uncertainty**

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

**Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The college based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the 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 college
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

**Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 24

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.

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NOTES TO THE FINANCIAL STATEMENT

6 Transfer from National Government Ministries

Descriptions	2021/2022	2020/2021
<b>Unconditional Grants</b>	Kshs	Kshs
Operational Grant	17,051,856.00	14,036,580.00
<b>Conditional Grants</b>		
Msambweni TTC project	-	50,000,000.00
<b>Total Government Grants</b>	<b>17,051,856.00</b>	<b>64,036,580.00</b>

7 Rendering of Services-Fees from students

Descriptions	2021/2022	2020/2021
	Kshs	Kshs
Boarding, Equipment and Stores	8,331,359.83	1,575,501.00
Contingencies	933,004.17	203,129.00
Teaching, Equipment & Stores	1,865,301.83	698,292.00
Local, Transport & Travelling	955,599.00	304,200.00
Electricity, Water and Conservancy	1,683,697.67	386,904.00
Repair, Maintenance and Improvement	1,353,976.83	225,433.00
Vehicle Repair & Maintenance	1,573,151.33	206,200.00
Gratuity	668,882.67	113,000.00
Medical Fund	234,147.00	61,200.00
Teaching Practice	727,292.00	172,200.00
Activity	1,366,179.00	537,600.00
Examination Fund	4,450,452.00	277,600.00
Students Governance	153,300.00	24,300.00
Personal Emoluments Subsidy	1,730,492.00	158,580.00
Computer Studies	1,288,096.67	325,000.00
Covid -19 Response	616,500.00	116,000.00
Club and environmental Subsidy	265,366.67	109,000.00
Track Suit	552,000.00	272,500.00
Registration	49,000.00	
Practicum Fee	743,092.00	
Students other items	1,008,000.00	
<b>TOTAL</b>	<b>30,548,890.67</b>	<b>5,766,639.00</b>

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**NOTES TO THE FINANCIAL STATEMENT (continued)**

**8 SALE OF GOODS**

Descriptions	2021/2022	2020/2021
	Kshs	Kshs
Sale of Farm produce	437,265.00	534,310.00
Cafeteria	57,585.00	53,000.00
Pastry	1,048,075.00	
<b>TOTAL</b>	<b>1,542,925.00</b>	<b>587,310.00</b>

**9 HIRE OF FACILITIES**

Descriptions	2021/2022	2020/2021
	Kshs	Kshs
Hire of facilities	6,373,135.00	1,863,100.00
Rent	1,394,920.00	1,409,730.00
<b>TOTAL</b>	<b>7,768,055.00</b>	<b>3,272,830.00</b>

**10 FINANCE INCOME**

Descriptions	2021/2022	2020/2021
Interest income from call deposit account (MSAMBWENI TTC)	1,781,712.31	
<b>Total</b>	<b>1,781,712.31</b>	

**11 OTHER INCOME**

Description	2021/2022	2020/2021
	Kshs	Kshs
Photocopy	10,500.00	3,000.00
Centre fees	90,000.00	278,000.00
Income from sale of tender	-	66,000.00
Disposal	16,400.00	236,328.00
Graduation	-	0.00
Business school	32,993,972.00	29,897,225.00
Miscellaneous-Sale of empty jerricans	11,290.00	500.00
<b>Total other income</b>	<b>33,122,162.00</b>	<b>30,481,053.00</b>

**NOTES TO THE FINANCIAL STATEMENT (continued)****12 USE OF GOODS AND SERVICES**

Description	2021/2022	2020/2021
	Kshs	Kshs
Boarding Equipment and Stores	9,085,223.00	2,041,542.00
Contingencies	910,429.00	349,839.00
Teaching, Equipment & Stationery	1,823,933.00	393,168.00
Local, Transport & Travelling	1,511,810.00	689,115.00
Electricity, Water and Conservancy	2,250,405.00	1,619,713.00
Medical Fund	166,980.00	48,323.00
Rent expenses	1,307,030.00	310,010.00
Activity	1,391,280.00	7,000.00
Busines school	30,422,044.25	28,416,415.00
Tender advertising	62,000.00	122,178.00
Examination fees	3,813,250.00	287,250.00
Income generating activities)	6,613,357.00	1,567,722.00
Student council	153,085.00	
Teaching practice	25,400.00	
Covid-19 response	59,430.00	
Computer	609,980.00	
Clubs & Enviromental Subsidy	147,746.00	
Tracksuit	500,000.00	
Students other items	1,008,000.00	
Msambweni TTC expenditure	111,509.00	
<b>Total good and services</b>	<b>61,972,891.25</b>	<b>35,852,275.00</b>

**13 EMPLOYEE COSTS**

Description	2021/2022	2020/2021
	Kshs	Kshs
Salaries and wages	18,739,755.00	18,476,575.00
Gratuity Services	3,612,056.00	570,000.00
<b>Employee costs</b>	<b>22,351,811.00</b>	<b>19,046,575.00</b>

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**NOTES TO THE FINANCIAL STATEMENT (continued)**

**14 REMUNERATION OF DIRECTORS**

Description	2021/2022	2020/2021
Board of Management Allowance	Kshs	Kshs
main college	678,000.00	722,500.00
Msambweni TTC	532,000.00	
<b>Total B. O. M. Allowances</b>	<b>1,210,000.00</b>	<b>722,500.00</b>

**15 REPAIRS AND MAINTENANCE**

Description	2021/2022	2020/2021
	Kshs	Kshs
Property	1,334,990.00	214,150.00
Vehicles	1,164,484.00	111,200.00
<b>Total repairs and maintenance</b>	<b>2,499,474.00</b>	<b>325,350.00</b>

**16 FINANCE COSTS**

Description	2021/2022	2020/2021
Interest on loans from Kingdom Bank	5,884,658.25	
<b>Total Finance Costs</b>	<b>5,884,658.25</b>	

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**NOTES TO THE FINANCIAL STATEMENT (continued)**

**17 CASH AND CASH EQUIVALENTS**

Description	2021/2022	2020/2021
	Kshs	Kshs
Current account	6,726,425.14	4,563,444.42
On - call deposits	14,067,066.72	50,000,000.00
Savings account	1,965,478.79	378,503.79
Fixed Deposit Account	1,000,000.00	
Others( Business School accounts)	3,787,740.14	6,471,212.20
Others(cash in hand)	222.00	216,902.00
<b>Total cash and cash equivalents</b>	<b>27,546,932.79</b>	<b>61,630,062.41</b>

**17(b) DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS**

		2021/2022	2020/2021
Financial institution	Account Number	Kshs	Kshs
<b>a) Current account</b>			
College Main Account 1 No.	01021007524800	3,707,494.14	3,033,316.42
College Fund Account 2 No.	01021007598000	2,486,080.95	901,168.95
Development A/C No.	01022007965301	304,184.39	394,173.39
Shanzu TTC Chapel A/C No.	01285072978600	228,665.66	234,785.66
<b>b) Savings account</b>			
Exam Account No.	01242007718000	1,613,089.92	50,113.92
Caution Money A/c No.	01242007717900	212,432.16	218,132.16
Gratuity Fund A/C No.	01242007965400	139,956.71	110,257.71
<b>c) On - call deposits</b>			
Msambweni TTC college A/C No.	01139838900000	14,067,066.72	50,000,000.00
<b>c) Fixed Deposit account</b>			
Teaching practice -DECTE /DEPTE	01300007524800	400,000.00	-
Teaching practice-UPGRADE	01300007717900	600,000.00	-
<b>d) Business school accounts</b>			
Income Gen. Activities A/C No.	0460292639081	1,507,453.42	98,611.00
PI Module Account No.	2101711931007	1,476,037.49	2,232,735.49
Exam savings a/c No.	2101711931004	268,234.52	5,057,524.00
Caution money a/c No.	2101711931006	164,731.00	1,691.00
Graduation a/c No.	2101711931002	371,283.71	(919,349.29)
<b>Sub- total</b>		<b>27,546,710.79</b>	<b>61,413,160.41</b>
cash in hand		222.00	216,902.00
<b>Grand total</b>		<b>27,546,932.79</b>	<b>61,630,062.41</b>

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 NOTES TO THE FINANCIAL STATEMENT (continued)

18 **Receivables from Exchange Transactions**

Description	2021/2022	2020/2021
	Kshs	Kshs
<b>Current receivables</b>		
Student debtors	26,588,741.40	24,373,268.40
Rent debtors	176,000.00	85,000.00
Salary advance	16,700.00	511,000.00
<b>Total current receivables</b>	<b>26,781,441.40</b>	<b>24,969,268.40</b>

19 **RECEIVABLES FROM NON- EXCHANGE TRANSACTIONS**

Description	2021/2022	2020/2021
	Kshs	Kshs
<b>Current receivables</b>		
Capitation grants*	-	6,893,290.00
<b>Total current receivables</b>	<b>-</b>	<b>6,893,290.00</b>

20 **INVENTORIES**

Description	2021/2022	2020/2021
	Kshs	Kshs
Stationery stores	226,142.25	104,250.00
Health unit stores	118,755.00	10,340.00
Cleaning materials stores	-	32,580.00
Catering stores	736,933.50	146,490.00
<b>Total inventories at the lower of cost and net realizable value</b>	<b>1,081,830.75</b>	<b>293,660.00</b>

21 **TRADE AND OTHER PAYABLES**

Description	2021/2022	2020/2021
	Kshs	Kshs
Trade payables	27,863,189.84	37,132,059.64
Fees paid in advance	458,689.00	75,134.00
Graduation account (Business school)	-	919,349.29
<b>Total trade and other payables</b>	<b>28,321,878.84</b>	<b>38,126,542.93</b>

22 **REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS**

Description	2021/2022	2020/2021
	Kshs	Kshs
Caution money	10,000.00	7,000.00
<b>Total deposits</b>	<b>10,000.00</b>	<b>7,000.00</b>

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NOTES TO THE FINANCIAL STATEMENT (continued)

23 CURRENT PROVISIONS

Description	Leave provision	Gratuity	Total
	KShs		KShs
Balance at the beginning of the year		110,257.71	110,257.71
Additional Provisions during the year		388,319.00	114,385.00
Provision utilised		(358,620.00)	(358,620.00)
Total provisions at end of the period		139,956.71	139,956.71

24. EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Other Provisions	Prior period audited
	KShs	KShs	KShs
Current benefit obligation	983,880.00	-	-
Total employee benefits obligation	<b>983,880.00</b>		

25 BORROWINGS

Description	2021/2022	2020/2021
HOSTEL LOAN	Kshs	Kshs
kingdom bank loan(Shanzu Business school)		KShs
Balance at beginning of the year	45,176,436.39	45,176,436.39
Repayments during the year	(2,232,009.75)	
Balance at end of the year	<b>42,944,426.64</b>	

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I. 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 implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

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 Dr. Peter K. Ekabu  
 Accounting Officer  
 Shanzu Teachers Training College.  
 Date 29.3.2023