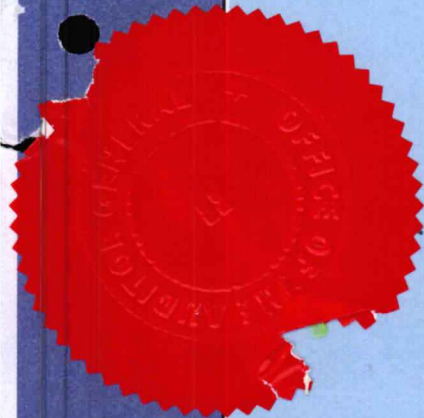
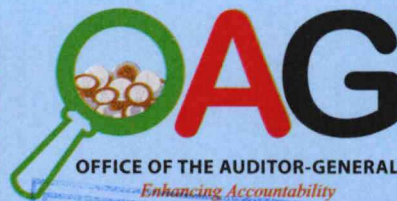


REPUBLIC OF KENYA



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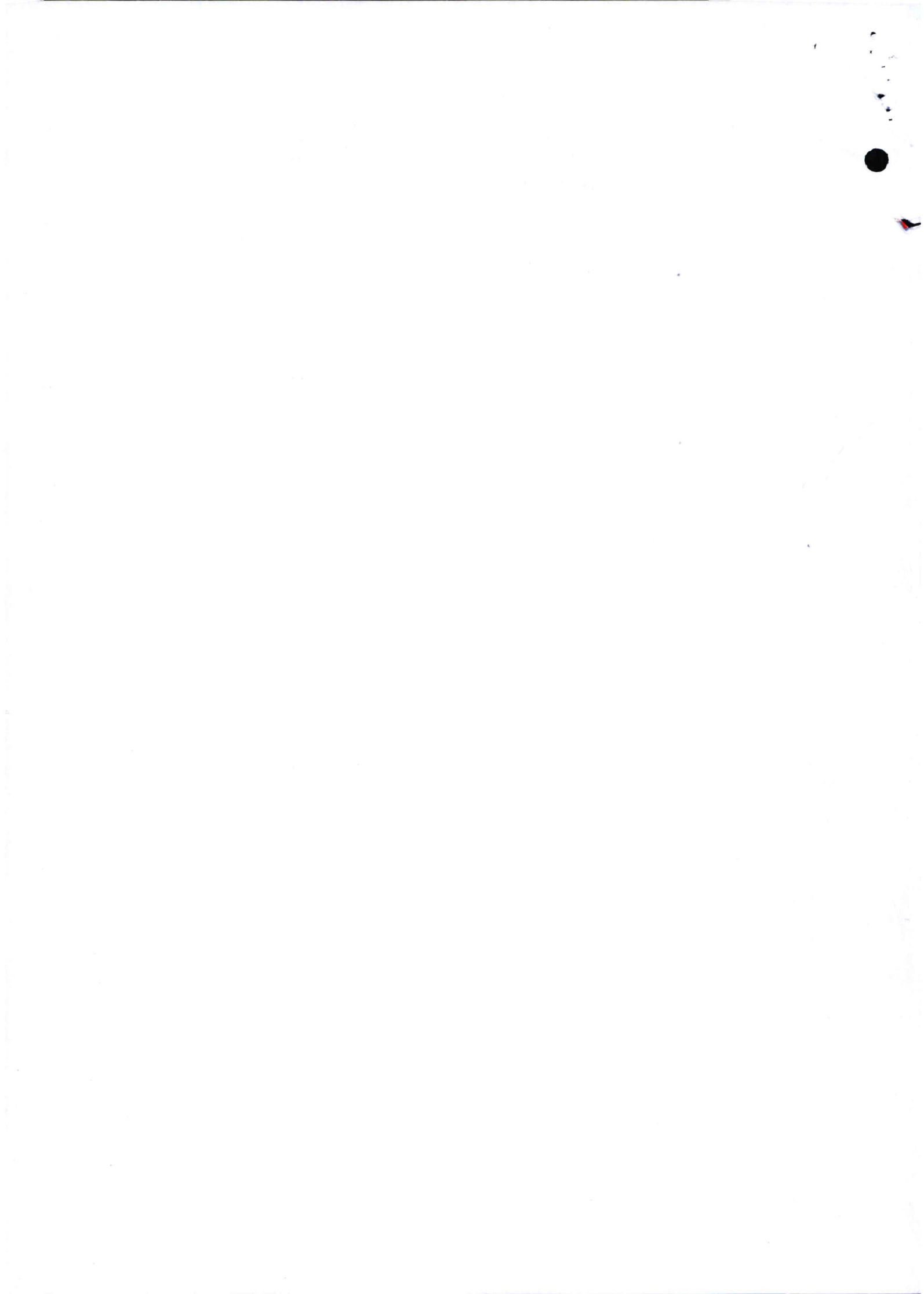
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ON

MANDERA TECHNICAL TRAINING INSTITUTE

**FOR THE YEAR ENDED
30 JUNE, 2025**



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MANDERA TECHNICAL TRAINING INSTITUTE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2025**

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

Mandera Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2025

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1. Acronyms and Definition of Key Terms

A. Acronyms

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
TTC	Teacher Training College
TVC	Technical Vocational College

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the entity's financial resources.

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

Mandera Technical Training Institute was established under the TVET Act of 2013 on 28th January 2016. The institute is located in the north-western part of Mandera East Sub-County, within the peripheral areas of Mandera Town, the headquarters of Mandera County.

The institution was established with the objective of providing technical and vocational training to develop middle-level manpower to serve both the public and private sectors of the economy. The trainee population comprises:

- Fresh secondary school graduates,
- Graduates from other tertiary institutions seeking additional qualifications,
- Employed individuals on part-time study release, and
- Members of the informal sector (Jua Kali) seeking skills upgrading.

Mandera TTI operates under the Ministry of Education and adheres to provisions of the Education Act. The curricula offered are developed and examined by the following accredited bodies:

- Kenya Institute of Curriculum Development (KICD)
- National Industrial Training Authority (NITA)
- Kenya Accountants and Secretaries National Examinations Board (KASNEB)
- Competency-Based Education and Training (CBET) under CDACC

Currently, the institution offers Artisan, Craft Certificate, and Diploma level programs, mainly under two departments:

- Technical Department
- ICT Department
- Department of Business Studies

The modes of delivery include full-time, part-time, and open and distance learning (ODL) to ensure flexible access to technical education.

(b) Principal Activities

The principal activity of Mandera Technical Training Institute is to produce graduates with competent skills that meet the dynamic demand of the industry.

Vision

To be a leader in provision of quality technical, vocational and entrepreneurial training in the region and beyond

Mission

To produce innovative and industrious graduates with relevant technical, technological and entrepreneurial knowledge and skills to fit in the labour market locally and globally

Mandate

-To produce highly skilled manpower that is also suitable for further training through quality, inclusive and equitable TVET programs responsive to National, Regional and Global competitiveness.

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- To train highly skilled workforce that is suitable for further professional development through quality inclusive and equitable TVET programs responsive to national and global competitiveness

(c) Key Management

Mandera Technical Training Institute day-to-day management is under the following key organs:

- The Board of Governors
- The Principal
- The fiduciary Management which comprises: The Principal, The Deputy Principals, The Registrar, The Dean of Students, and the Finance Officer.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

SN.	Designation	Name
1.	Principal	Mr. Jabir Ahmed Abdirahman
2	Deputy principal Academics	Mr. Vincent Bosire Maroro
3	Registrar (s)	Mr. Abass Rashid Hassan
4	Dean of students	Mr. Guliye Abdi Mohamed
5	Head of Finance	Mr. Abdiaziz Hussein Hassan

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

The fiduciary oversight arrangements are designed to ensure the financial and operational integrity of the institution, and the key activities include:

1. Audit and Risk Committee Activities

- **Mandate:** The Audit and Risk Committee is responsible for ensuring that proper financial controls are in place and that risks are identified, monitored, and mitigated.
- **Activities:**
 - Regular internal and external audits to evaluate compliance with financial regulations and reporting standards.
 - Risk assessments and implementation of risk management strategies.
 - Monitoring the effectiveness of internal controls and recommending improvements where necessary.

2. Finance and Operations Committee Activities

- **Mandate:** This committee oversees the financial planning, budgeting, and operations of the institution.
- **Activities:**
 - Review and approve annual budgets, financial reports, and forecasts.
 - Monitor the institution's financial health, including revenue streams, expenditures, and cash flow management.
 - Ensure operational efficiency and the alignment of financial resources with institutional goals.

3. Academic Committee Activities

- **Mandate:** The Academic Committee ensures academic integrity, compliance with education standards, and the proper allocation of resources for academic programs.
- **Activities:**
 - Oversight of curriculum development, quality assurance, and accreditation processes.
 - Monitoring academic performance and recommending necessary improvements.
 - Ensuring financial allocations support academic excellence and growth.

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(f) Entity Headquarters

Mandera Technical Training Institute
P.O. Box 257-70300
Neboi Shopping Centre, Mandera-Khalalio-Aresa -Rhamu Road
MANDERA, KENYA

(g) Entity Contacts

Telephone: (254) 723 172 746
E-mail: manderatti@gmail.com

(h) Entity Bankers

Kenya Commercial Bank Mandera.
P.O. Box 275 - 70300
Mandera, Kenya

(i) Independent Auditors




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

(j) Principal Legal Adviser




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

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3.The Board of Governors

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	 Hussein Abdi Hassan Chairman	<p>D.O B: 14/05/1972</p> <p>Education PhD- Education administration studies Master in Education Administration and planning Bachelor in Education Certificate in P1 Primary Teacher</p> <p>Experience Currently working with IGAD</p> <p>Board Committee– Member Human Resource Committee/ Academic Committee</p>
2.	 Fatuma Billow Salat Member	<p>D.O.B: 24/12/1988</p> <p>Education Msc Disaster management and Sustainable Development Bachelor of Art in Community Development Diploma in Community Development and Social Work</p> <p>Experience Economic Recovery Manager at Danish Refugee Council – Mandera</p> <p>Board Committee– Chairperson Academic Committee</p>
3.	 Hassan Abdi Yussuf Member	<p>D.O.B: 17/07/1992</p> <p>Education: Bachelor in Architecture Bsc Architectural Technology Certificate in Project Management Certificate in Sustainable Architecture Certificate in policy making</p>

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		<p>Experience: Directorate of Public Work Mandera County Government</p> <p>Board Committee– Member Finance/Audit Committee/ Academic Committee</p>
4.	 Abdikadir M. Tache Member	<p>D.O.B: 15/10/1974</p> <p>Education: Master in Business Administration Bachelor of Commerce – Finance Option CPA holder</p> <p>Experience: Former CEO MADAWSO Current Chief Officer Finance- Mandera County Government</p> <p>Board Committee– Chairperson Finance/Audit Committee</p>
5.	 Mohamed Noor Abdi Member	<p>D.O.B: 15/05/1994</p> <p>Education: Bachelor Degree in Development studies and Advance Computer Studies Institute of Advance Technology Computer</p> <p>Experience: Current CDF Chairman Mandera East Constituency</p> <p>Board Committee– Member Finance/Audit Committee</p>
6.	 Abdullahi Mohamed Abdi Member	<p>D.O.B: 01/01/1974</p> <p>Education: Hold Executive Msc Leadership and policy studies Bachelor of Education Diploma in Management</p> <p>Experience: CEO Mandera County Education Bursary Board</p>

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		Board Committee– Member Human Resource Committee/ Academic Committee
7.	 <p>Ahmed Mahat Omar Member</p>	<p>D.O.B: 04/02/1953</p> <p>Education: Msc Conflict Resolution and peace building Bachelor of Art -University of South Africa Postgraduate Diploma in Education Diploma in Education Management \ Certificate in Public Administration and Management</p> <p>Experience: Regional Director - Network for Peace Cohesion and Heritage Trust</p> <p>Board Committee– Chairperson Human Resource Committee</p>
8.	 <p>Yussuf Mohamed Kassim Regional Director</p>	<p>D.O.B: 01/01/1969</p> <p>Education: Master of Business Administration Bachelor Education</p> <p>Experience: Regional Director TVET -Wajir and Mandera County Former High School Principal</p> <p>Board Committee– Member Human Resource Committee</p>
9.	 <p>Jabir Ahmed Abdirahman Principal/Secretary BoG</p>	<p>D.O.B: 01/01/1993</p> <p>Education: Bachelor Education Business mathematics</p> <p>Experience: Principal Elwak TVC Principal Wajir East TVC Current Principal Mandera TTI</p>

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4. Key Management Team

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	 Mr. Jabir Ahmed Abdirahman	D.O.B: 01/01/1993 Education: Bachelor Education Business mathematics Experience: Principal Elwak TVC Principal Wajir East TVC Current Principal Mandera TTI
2.	 Mr. Bosire Vincent Maroro	B.O.B: 01/01/1980 Education: Bachelor of Electrical and Electronics Engineering Experience: Mr. Vincent Bosire is the Current Deputy Principal Academics Mandera Technical Training Institute
3.	 Mr. Abass Rashid Hassan	D.O.B: 26/05/1998 Education: Bachelor of Information Communication Technology Experience: Mr. Abass Rashid has experience over 2 year as a Registrar and examination officer
4.	 Mr. Abdiaziz Hussein Hassan	D.O.B: 10/08/1995 Education: Bachelor of Commerce Finance Option from University of Nairobi Diploma in Purchasing and Supply Currently Doing CPA Experience: Abdiaziz Hussein has experience over 6 years in both Procurement and Accounting in Public Sector

5. Chairman's Statement

It is our responsibility to provide the required leadership in designing suitable plans and strategies that will contribute to high and sustainable socio-economic development. It is our undertaking to ensure that Mandera TTI has a credible Strategic Plan and Performance Contract that will deliver the desired goals.

It is also our undertaking that we will perform our responsibilities diligently and to the best of our abilities to support the achievement of the agreed performance targets.

The Strategic Plan of Mandera Technical Training Institute (MTTI) has been developed through an all- inclusive participatory process. It articulates the Institute's Vision for Kenya's TVET System and identifies the strategic imperatives to be implemented during the next five years. It goes on to prioritize specific resources upon which the college will be focused.

The Strategic Plan is developed in the context of increasing global competitiveness and the needs of Kenyan within Kenya Vision 2030. The underpinning values are inclusion, participation and relevance. In line with this, the Institute's priorities include tackling the various existing challenges especially given the fact that our college is in the Arid and Semi - arid Areas (ASAL). Through Strategic Planning the Institute seeks to provide relevant knowledge and skills that addresses the needs of the domestic and global economy.

Our challenge therefore is to identify the needs of our communities and infuse training in technologies and concepts that are practical in line with industry demands.

The college is committed to gradually introduce Competency Based Education and Training (CBET) with a major focus on infusing industry expectations in our training methodologies. In this regard, the Plan proposes a systematic facet of issues from which pertinent objectives are realized and addressed through derived strategies.

To provide appropriate evidence to Kenya's decision makers, MTTI should complement the efforts of the Government's Poverty Reduction Strategy; and its development objectives as articulated in various official policy documents. Strategic Planning of MTTI is expected to lead to the realization of a wide range of other important benefits including, increasing entrepreneurship, economic growth, enhanced productivity across sectors and increased income per capita. The Government recognizes that MTTI holds a vital key to implementation of the "Big four" initiatives and other national priorities in order to improve the quality of life of Kenyans and making Kenya globally competitive. The "Big Four" prioritizes on affordable housing, manufacturing, food security and affordable universal health care.

The successful implementation of the plan requires devoted collaboration all key stakeholders including the various level Government. The plan is therefore, contain the strategies for the increased collaboration between the stakeholders in the sector in terms of the resource mobilization, funding and governance.

The MTTI Strategic Plan essentially presents its Corporate Strategy. It provides a sufficient framework within which Annual Work Plans will be developed. In this regard, it has been aligned to the Ministerial Strategic Plan, Medium Term Plans within Kenya Vision 2030 paradigm etc. the purpose of this Strategic Plan is therefore: -

- To present key milestones in the Institution's TVET programs
- To present the institute's ideology on the TVET's Strategic options identified and modalities for the national respective agenda as a foundation for Vision 2030.

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- To avail a tool for engagement and negotiation between the Governments, key Stakeholders and Collaborators regarding the financing of TVET.
- To provide a basis for resource targeting.
- To provide a basis for programme implementation and performance evaluation.



Mr. HUSSEIN ABDI HASSAN
CHAIRMAN BOARD OF GOVERNORS



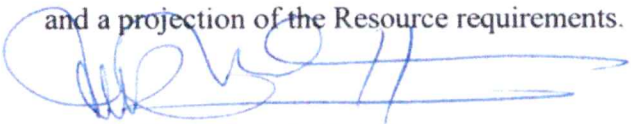
6. Report of the Senior Principal

In the global arena, Science, Technology and Innovation (ST&I) is the driver for rapid world's economic prosperity, social development and provision of tools and solutions to address global challenges. For this reason, the government through the Ministry of Education has strengthened the focus of Science, Technology and Innovation and Technical Education Policies as underlying the country's National Development efforts.

The Government's National Development Agenda is clearly outlined in various key policy documents including the Economic Recovery Strategy for Wealth and Employment Creation (ERSWEC) 2003-2007 and the National Development Plan 2002-2008. The government also recognizes that its Development Agenda can be accelerated if there is renewed focus on the integration of ST&I in all the Social-Economic sectors as outlined in the Kenya Vision 2030.

The government has therefore embraced Science, Technology and Innovation and Technical Education (TE) as one of its top priorities.

The State Department of Vocational and Technical Training in the Ministry of Education has been mandated to spearhead the integration of S.T & I. and T.E and Higher Education in National Development. It has prepared its Strategic Plan as a comprehensive statement on how it plans to pursue its mandate for the next five years. In line with the government and the Ministry's Development Agenda, MTTI as one of the TVET institutions charged with the mandate of training middle level technical manpower, presents this Strategic Plan as its Road Map to guide its Development Agenda for the next five years. The Strategic Plan reviews the Vision and Mission that will encompass all those involved in its execution. It also reviews the analysis of the Internal and External environment using Strengths, Weaknesses, Opportunities and Threats (SWOT) and Political, Economic, Social, Technological, Environmental and Legal (PESTEL) analysis. Subsequently, it identifies key stakeholders and their roles, outlines the Strategic issues and objectives and identifies the strategies to address them. The reviewed Plan prioritizes activities to be implemented under the strategies, and provides an Implementation Plan, a Monitoring and Evaluation system and a projection of the Resource requirements.


MR. JABIR A. ABDIRAHMAN
PRINCIPAL



Mandera Technical Training Institute
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7. Statement of Performance against Predetermined Objectives

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

Mandera Technical Training Institute has 3 strategic pillars and objectives within current Strategic Plan for the FY 2023- FY 2026. These strategic pillars are as follows:

Pillar 1: Physical Facilities and Infrastructure

Pillar 2: Increase Student enrolment

Pillar 3: Environmental management

Mandera Technical Training Institute develops its annual work plans based on the above 1,2 and 3 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Mandera Technical Training Institute achieved its performance targets set for the FY 2023/2026 period for its 3 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
Physical Facilities and Infrastructure	To improve on physical facilities and infrastructure	<ul style="list-style-type: none"> • Student Satisfaction with ICT Facilities <p>Increased Water Storage Capacity, Increase latrines, hostel capacity, and improve Classrooms.</p>	<ul style="list-style-type: none"> ▪ Qualify needs ▪ Identify Implementation stages ▪ Quantify financial requirements ▪ Identify sources of funding ▪ Tender ▪ Select Contractor <p>Certify Commission</p>	Improvement of 2 ICT Lab by connecting to starlink Internet and constructions of 7 new latrines and increase both boys and girls Hostel Capacity and improve the old latrines, renovation of Old twin workshop building and tilling of Block B,C and D Classes
Increase Student enrolment	To enhance student enrolment by improving student's wellbeing and	Attracting High Number of Trainees form all over the Country	<p>Mount aggressive publicity campaign</p> <ul style="list-style-type: none"> • Establish a marketing plan • Advertise in the media 	Increase Student enrolment

Mandera Technical Training Institute

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	cultivating a dynamic training environment that evolves with market demands.		<ul style="list-style-type: none"> • Carry out Outdoor Advertising Increase co-curricular activities Plan and participate in co-curricular activities 	
Environmental management	To enhance environmental management and sustainable development by establishing partnerships with relevant stakeholders	conduct environmental impact assessment for every new project	<ul style="list-style-type: none"> • Participate in environmental conservation days Landscape and beautify the compound 	Tree planting around New Administration Block, 10 New Classes, Around Mosque,

8. Corporate Governance Statement

i. Appointment of Board Members

Board members of Mandera TTI are appointed by the Cabinet Secretary for Education upon nomination by various stakeholders in accordance with the TVET Act, 2013. These stakeholders include the County Government, industry representatives, and the institution itself. The process involves stakeholder identification, vetting, and submission to the Ministry for final approval.

The removal of directors is guided by the provisions of the TVET Act and includes circumstances such as misconduct, incapacity, or violation of the Board's code of conduct. The Board currently consists of nine (9) members with diverse professional backgrounds including education, finance, legal, and industry sectors. The demographic composition of the board ensures gender balance and representation of the local community.

A Board Charter exists and clearly outlines the roles, responsibilities, and operations of the Board in line with good governance principles.

ii. Roles and Functions of the Board

The Board provides strategic direction, formulates policies, oversees financial management, ensures legal compliance, and monitors institutional performance. It also plays a key role in resource mobilization, approval of budgets, infrastructure development, and oversight of the Principal's performance.

iii. Induction, Training, and Development

During the year under review, the Board did not undergo any formal induction or training sessions. However, plans are underway to conduct a comprehensive induction and capacity-building program in the next financial year. This training will be aligned with best practices in corporate governance and the Mwongozo Code to enhance the effectiveness and performance of the Board.

iv. Board and Members' Performance

The Board regularly evaluates its performance through internal self-assessments. Performance indicators include effectiveness in policy development, oversight, financial prudence, and support to management. Areas of improvement are addressed through retreats and targeted training.

v. Board Meetings and Attendance

In the 2024/2025 financial year, the Board held four (4) scheduled meetings. Attendance was consistently above 80%, with members demonstrating commitment to institutional goals. Attendance records are maintained and form part of performance evaluation.

vi. Succession Plan

Mandera TTI has developed a succession plan to ensure leadership continuity at both board and management levels. The plan includes identification of potential internal successors, mentorship, and continuous professional development. The plan also ensures a smooth transition upon retirement or resignation.

vii. Conflict of Interest Policy

The Board has adopted a Conflict of Interest Policy requiring members to declare any personal or financial interest in matters before the Board. Declarations are recorded in a register and members recuse themselves from related deliberations and decisions.

viii. Board Remuneration

Board members are remunerated in accordance with Ministry of Education State Department for Vocational and Technical Training and SRC guidelines. The remuneration includes sitting allowances, travel reimbursements, and honoraria for special assignments. There is transparency in payment, and it is reflected in the institution's financial reports.

ix. Ethics and Conduct

Mandera TTI enforces a strict Code of Ethics and Conduct for all Board members. It emphasizes integrity, professionalism, accountability, and respect for institutional policies. Board members sign the code upon appointment and are expected to uphold high ethical standards.

x. Governance Audit

The institute conducts governance audits periodically as part of institutional compliance with the Mwongozo Code of Governance. The latest audit was conducted in 2024 and showed significant compliance, with recommendations being implemented progressively.

xi. Communication Policy

The Board has a Communication Policy that outlines channels for both internal and external communication. This ensures transparency and timely dissemination of information to stakeholders including trainees, staff, the community, and government agencies.

xii. Committees and Terms of Reference

The Board operates through several committees, including:

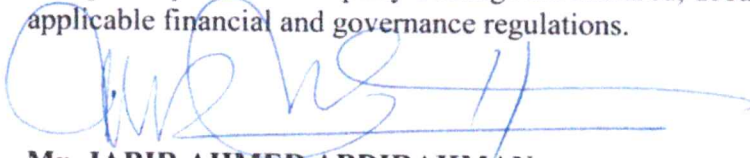
- Finance, Audit and Development Committee
- Academic Committee
- Human Resource and Governance Committee

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Each committee operates under clearly defined Terms of Reference approved by the Board and reports regularly during full Board meetings.

xiii. Related Party Transactions Policy

The Board has a policy on related party transactions to prevent abuse of position and ensure transparency. All related party dealings are declared, documented, and approved in line with applicable financial and governance regulations.



Mr. JABIR AHMED ABDIRAHMAN
PRINCIPAL/SECRETARY TO BOARD OF GOVERNORS



9. Management Discussion and Analysis

The College's operational and financial performance

The Insecurity in our area has heavily impacted on our revenue as there was no students coming from outside this County.

- I. The Board commits to ensure that a proper management structure is in place and to make sure that the structure functions to maintain corporate integrity, reputation and responsibility.
- II. The Board has a commitment to monitor and evaluate the implementation of strategies, policies, and management criteria and plans of Mandera Technical Training Institute and its mentored institutions.
- III. The Board constantly reviews the viability and financial sustainability of the College once every year.
- IV. The Board commits to ensure that Mandera Technical Training Institute complies with all the relevant laws, regulations, governance practices, accounting and auditing standards.

Challenges

- In Security in the region has hindered growth in the College and this has contributed to Low enrolment in the College.
- Hardship related issues hinder capacity growth of our staff and this results to low staff moral and little or no income generating activities to generate more income to the institution
- Inadequate physical facilities in the College such as student hostels are some of the challenges relating to low enrolment.

1. Operational Performance Overview

The institution has experienced growth in both enrolment and program offerings over the past year, as highlighted by several key performance indicators (KPIs):

Indicator	2024/2025 Target	2024/2025 Performance
Student Enrolment Growth	30%	34%
Graduation Rate	85%	95%
Staff Retention Rate	90%	98%

Enrolment Growth: Student enrolment has increased by 28%, surpassing the target of 30%, which has placed additional demand on classroom facilities.

Classroom Utilization: Utilization remains high, but there is still room for optimizing schedules to increase efficiency.

Staff Retention Rate: The institution aimed to keep at least 90% of its workforce, expecting a possible 10% turnover. This is a realistic target in many organizations, acknowledging that some turnover is natural due to retirement, resignations, or other personal reasons. Achieving 98% retention indicates that no employees left during the

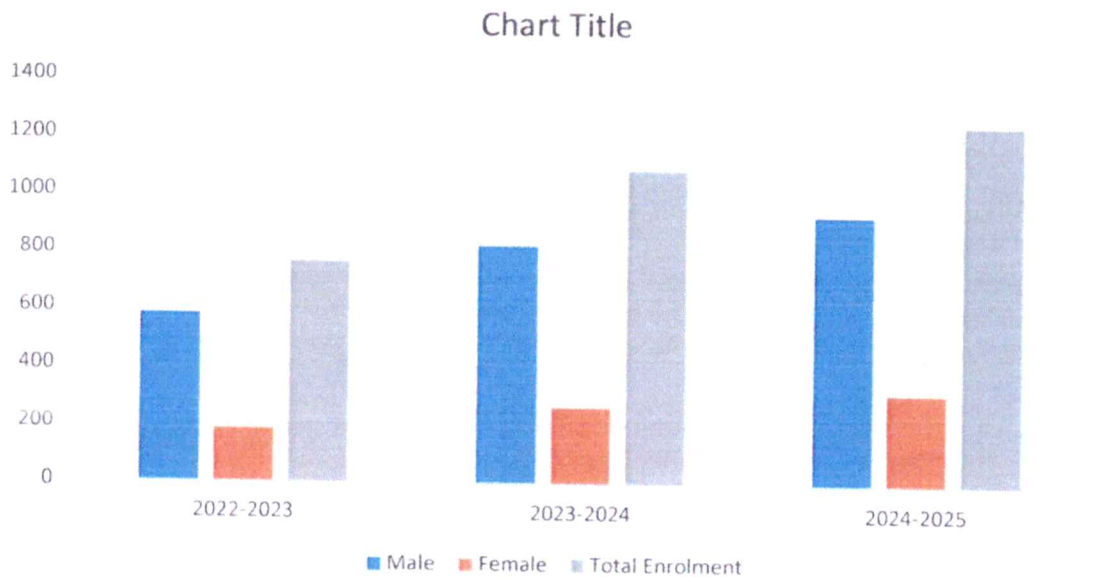
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period under review. This is an excellent outcome and reflects very positively on Mandera TTI's work environment, employee satisfaction, and overall management.

Graph 1: Enrollment Growth Over the Past 3 Years

Year	Male	Female	Total Enrolment
2022-2023	579	182	761
2023-2024	816	264	1080
2024-2025	926	316	1242

Graph 1: Enrollment Growth Over the Past 3 Years



2. Financial Performance Overview

The institution's financial performance reflects strong revenue growth due to higher enrolment, but operational costs have also risen, primarily due to inflation and infrastructure expansion projects.

Financial Indicator	2024/2025 Target	2024/2025 Performance
Revenue Collection Rate	50%	49%
Debt Repayment (Statutory & Other)	100%	95%

- Revenue Collection: The institution collected 49% of expected revenue, slightly Below target due to delayed student fee payments and Capitation Delay.
- Debt Repayment (Statutory & Other): This means that the goal for Mandera TTI is to fully repay all its debts within a set period, likely a financial year, ensuring no arrears. The 95% performance suggests that while the institution has been able to repay a significant portion of its debts (95%), it fell short of the full target by 5%. This could indicate delays or difficulties in repaying some of the statutory or other financial obligations, or it could be due to cash flow issues.

3. Key Projects and Investment Decisions

a. ICT Labs improvement

The ICT labs improvement project has been completed, which likely involved upgrading infrastructure, increasing the number of computers and tables, improving internet connectivity, enhancing software resources, or modernizing teaching aids.

Performance:

Performance of the ICT Labs would be assessed based on the objectives set at the beginning of the project. This could include factors like:

Access: Increased capacity for students to use ICT facilities.

Technology Upgrade: Introduction of new hardware (computers, projectors, smart boards) and software.

Internet Connectivity: Improved bandwidth and Wi-Fi coverage for students and staff.

Maintenance: Better management and upkeep of ICT equipment.

Training: Providing instructors and students with updated training on how to use the new or improved systems.

b. Latrines, increases Hostel Capacity and improve in renovations of Classrooms

To address sanitation challenges and promote hygiene, the institute constructed new latrines in strategic locations within the campus. This initiative supported both male and female trainees and was aligned with the institution's health and safety standards

In response to rising enrolment, the institute undertook hostel expansion by constructing and refurbishing existing ones. The project was completed within the year and has significantly improved the living standards for boarding students.

A phased renovation of old classrooms was initiated and partially completed during the period. Works included Tilling, repainting, replacement of broken windows and doors, and installation of ceiling fans and better lighting.

Performance Metrics:

Improved sanitation access, especially during peak training hours.

Reduced waiting times and congestion in existing washrooms.

Better compliance with public health and safety guidelines.

Accommodation capacity increased by 20%, enabling more students to reside on campus.

Reduced student congestion in shared facilities.

Improved security and supervision due to consolidated housing structures.

Enhanced classroom comfort, lighting, and ventilation.

Boosted student morale and concentration during learning sessions.

Extended the usability and lifespan of existing infrastructure.

4. Compliance with Statutory Requirements

The institution has remained compliant with all statutory obligations, including tax filings, social security contributions, and health insurance for employees.

- Compliance with Tax Payments: 100% compliance rate
- Pension Contributions: All payments are up-to-date
- Environmental Compliance: Water conservation and waste management initiatives are in place, adhering to national environmental regulations.

10. Environmental And Sustainability Reporting Statement

The College affirms that good corporate governance is simply good business. The College commits to ensure that we comply with all the legal requirements as well as meeting set deadlines. We commit to provide excellent training environment for our students who are our major clients.

Sustainability strategy and profile

Mandera Technical Training Institute (TTI) top management is committed to advancing sustainability initiatives in line with national and global priorities. Our sustainability strategy focuses on integrating environmental stewardship, social responsibility, and economic resilience into our core operations.

Broad Trends and Priorities:

- **Political and Macroeconomic Trends:** The changing political landscape and macroeconomic conditions in Kenya, including policies aligned with Kenya Vision 2030 and the United Nations Sustainable Development Goals (SDGs), are influencing Mandera TTI's sustainability priorities. As part of the Technical and Vocational Education and Training (TVET) sector, we emphasize equipping learners with the skills necessary for a green economy, while also working to ensure the institution's operations are environmentally and socially sustainable.
- **International Best Practices:** Our sustainability strategy draws from international best practices in green campus initiatives, energy efficiency, and resource conservation. Mandera TTI is actively working towards adopting practices aligned with the Global Reporting Initiative (GRI) standards for sustainability reporting, while also incorporating the principles of the Paris Climate Agreement on reducing carbon emissions.

• Key Achievements:

Water Management: Completion of the underground water tank expansion project to ensure water security and reduce reliance on external water sources.

Challenges: Despite these achievements, challenges remain in areas such as renewable energy adoption and waste management infrastructure, where further investments are required

Environmental performance

Mandera TTI is guided by an environmental policy that emphasizes resource conservation, sustainable waste management, and biodiversity protection. This policy aligns with Kenya's National Environmental Policy and the Environmental Management and Coordination Act (EMCA) of 1999.

The college have planted over 1200 trees especially the neem trees around the compound which provide shade for the students, staff and visitors. The trees help to filter out the dust and carbon dioxide from the environment hence improving the quality of air that we breathe inside and around the institution. Despite the Institution being in a semi-arid area, the management has ensured that there is adequate flowing water for sanitation, consumption. And watering of the trees.



Mandera Technical Training Institute hosted a tree planting event during its annual Tree Planting Day.



Mandera Technical Training Institute hosted a tree planting event during its annual Tree Planting Day.

Employee welfare

Hiring Policies:

Mandera TTI follows strict guidelines for equitable hiring, focusing on maintaining a gender-balanced workforce. The institution strives to meet a gender ratio in its staffing that reflects the wider population while adhering to Kenya's 2/3 gender rule. Stakeholder engagement, including consultations with staff unions and local communities, is considered in the hiring process, which is reviewed annually to ensure compliance with evolving labor laws.

Career Development and Skill Enhancement:

The institute places a strong emphasis on staff training and development. Employees are encouraged to attend workshops, seminars, and other professional development opportunities to enhance their skills. A structured appraisal system is in place, which evaluates staff performance and ensures that career progression is tied to skill development and competencies. The reward system at Mandera TTI recognizes outstanding performance, contributing to high employee retention rates, as evidenced by a recent 100% staff retention performance.

Safety and Health Compliance:

Mandera TTI adheres strictly to the Occupational Safety and Health Act (OSHA) of 2007. The institution has a comprehensive safety policy that includes regular training for staff and students on safety procedures. Health and safety audits are conducted periodically to ensure compliance with OSHA standards, and any identified risks are promptly addressed. The institution also ensures that safety equipment, such as fire extinguishers and first aid kits, are available and maintained in all key facilities.

Market place practices-

Mandera Technical Training Institute (TTI) is committed to upholding high standards of ethical conduct in all its marketplace practices, promoting fairness, integrity, and responsibility in its operations. Below is an outline of the organization's efforts to maintain responsible business practices.

a) Responsible Competition Practice

Mandera TTI is dedicated to ensuring that it competes fairly within the education sector while maintaining the highest standards of integrity and transparency.

- **Anti-Corruption:** The institute has strict anti-corruption policies in place to ensure all activities are conducted ethically. The leadership enforces compliance with national anti-corruption laws, including the Public Officers Ethics Act, which guides employees to act with integrity.
- **Responsible Political Involvement:** Mandera TTI maintains a neutral stance on political issues and avoids any undue political involvement. The institution ensures that staff and students engage with political matters responsibly and without bias, ensuring no disruption to learning and operations.
- **Fair Competition:** In the education sector, Mandera TTI focuses on maintaining ethical practices by providing quality training and upholding excellence in service delivery. The institution fosters

Mandera Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2025

collaboration with other educational institutions and avoids practices that could be considered detrimental to competitors.

- **Respect for Competitors:** Mandera TTI respects its competitors by focusing on its strengths rather than undermining other institutions. The organization emphasizes continuous improvement in the quality of education and does not engage in negative campaigns against competing institutions.

b) Responsible Supply Chain and Supplier Relations

Mandera TTI recognizes the importance of maintaining a responsible and fair relationship with its suppliers to ensure long-term, sustainable partnerships.

- **Good Business Practices:** The institution adheres to ethical procurement practices, ensuring transparency, accountability, and fairness in the tendering process. Suppliers are selected based on merit, quality, and adherence to sustainable practices.

- **Honouring Contracts:** Mandera TTI ensures that all contracts with suppliers are honoured in a timely and professional manner. The institution avoids delays in payments and provides clear terms of engagement to ensure mutual understanding and respect.

- **Respecting Payment Practices:** The institute prioritizes prompt payment of suppliers and contractors to build trust and maintain good relationships. Payment practices are monitored regularly to ensure compliance with agreed terms, avoiding any delays that could damage supplier relationships

c) Responsible Marketing and Advertisement

Mandera TTI takes great care in ensuring that all marketing and promotional activities are conducted ethically and reflect the values of the institution.

- **Ethical Marketing Practices:** The institution avoids misleading or exaggerated claims in its marketing and communication efforts. Marketing campaigns focus on promoting the quality of education, the institution's infrastructure, and student success stories without resorting to unethical or false advertising.

- **Transparency:** Mandera TTI provides accurate and verifiable information about its courses, admissions, fees, and policies to prospective students and stakeholders. The institution strives to ensure that all its marketing materials, whether digital or print, are clear, truthful, and representative of the services offered.

d) Product Stewardship

Mandera TTI is committed to safeguarding the rights and interests of its students, who are the primary consumers of its educational services.

- **Safeguarding Consumer Rights:** Mandera TTI ensures that students have access to high-quality, accredited educational programs that meet industry standards. The institution is transparent about its course offerings, fees, and academic policies, ensuring students are fully informed when making decisions.

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- **Student Support Services:** The institution offers robust support services, including counselling, academic advising, and career development resources, to ensure that students are set up for success. Feedback mechanisms are in place to ensure that students' concerns and grievances are addressed promptly and fairly.
- **Continuous Improvement:** Mandera TTI regularly reviews its curricula and teaching methods to ensure they remain relevant and aligned with industry needs. The institution also seeks feedback from students, employers, and industry experts to continuously improve the quality of its programs.

Other Contributions to Society:

In addition to responsible marketplace practices, Mandera TTI contributes to broader societal development through various initiatives.

- **Education:** Mandera TTI is focused on providing accessible and high-quality technical and vocational education to students from diverse backgrounds, contributing to workforce development in the region.
- **Sports Development:** The institute actively promotes sports by organizing and participating in inter-institutional competitions, providing students with opportunities to develop physical fitness, teamwork, and leadership skills.
- **Labour Relations:** The institution maintains good labour relations by ensuring that all staff have contracts that comply with Kenyan labour laws. Open channels of communication between management and staff help resolve any issues quickly and fairly.
- **Staff Training and Development:** Mandera TTI prioritizes continuous professional development for its staff, offering training programs to improve their skills and knowledge. Performance appraisals and promotions are merit-based, ensuring a fair and transparent process.
- **Water and Sanitation Initiatives:** Following the completion of the underground water tank expansion, the institution ensures access to clean water for both staff and students. Efforts to maintain high standards of sanitation across campus help create a healthy learning environment.

Corporate Social Responsibility / Community Engagements Water Supply to Local Schools
Mandera Technical Training Institute (TTI) is dedicated to supporting the local community through various CSR initiatives, including providing essential resources such as water to educational institutions. This effort is particularly impactful in regions where access to clean water is limited.

Schools Benefiting from the Water Supply Initiative:

- **Neboi Secondary School:**

Overview: Mandera TTI supplies clean water to Neboi Secondary School, addressing a critical need for reliable water sources. This support ensures that the school can maintain proper hygiene and health standards for its students and staff.

Impact: Improved access to water helps in preventing waterborne diseases, enhances the school environment, and supports various school activities.

Special Schools for Deaf and Blind Students:

Overview: Two special schools catering to deaf and blind students also receive water supply support from Mandera TTI. These institutions face unique challenges and benefit greatly from a reliable water source.

Impact: Ensuring a steady supply of water contributes to the well-being of students with special needs, supporting their daily activities and enhancing their educational experience.

2. Scholarship for Special Students

Mandera TTI is committed to promoting inclusive education by providing scholarships specifically for students with special needs. This initiative aligns with the institution's broader goal of supporting underrepresented and disadvantaged groups.

Key Aspects of the Scholarship Program:

- **Target Group:** Scholarships are awarded to students with special needs who are enrolled in Mandera TTI. This includes students with disabilities who require additional support to pursue their technical and vocational education.
- **Support Offered:** The scholarships cover various aspects such as tuition fees, learning materials, and other related expenses. This financial support helps to alleviate the burden on families and ensures that students can focus on their studies.
- **Impact:** By providing scholarships, Mandera TTI enhances educational opportunities for students with special needs, allowing them to acquire valuable skills and knowledge that can lead to meaningful employment and greater independence.

Overall Impact of CSR Initiatives:

- **Educational Advancement:** The provision of water and scholarships helps improve the quality of education for all students, particularly those from marginalized backgrounds. Access to clean water and financial support contributes to a better learning environment and greater academic success.
- **Health and Well-being:** Ensuring a reliable water supply addresses health concerns related to waterborne diseases, while scholarships reduce financial stress and support the well-being of students with special needs.
- **Inclusive Education:** By focusing on special needs education and providing targeted support, Mandera TTI promotes an inclusive approach to education, ensuring that all students have the opportunity to succeed regardless of their circumstances.

Mandera Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2025

11. Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Mandera Technical Training Institute affairs.

Principal activities

The principal activities of the Mandera Technical Training Institute are to provide quality technical Education

Results

The results of the Mandera Technical Training Institute for the year ended June 30 are set out on page 46

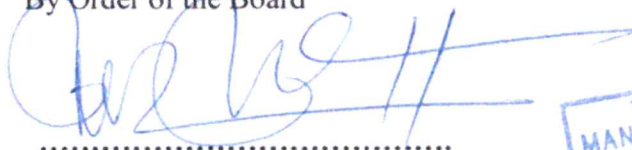
Council/Board of Governors

The members of the Board who served during the year are shown on page vii, viii and ix. During the year 2024/2025 no director retired/ resigned.

Auditors

The Auditor General is responsible for the statutory audit of the Mandera TTI in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Institute of Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Mandera TTI for the year/period ended June 30, 2025, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

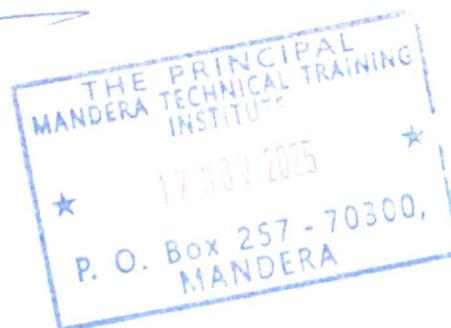


.....
Secretary of the Board

Nairobi

Date:

12/11/2025



12. Statement of Board of Governors Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the Board members to prepare financial statements in respect of that Mandera Technical Training Institute, which give a true and fair view of the state of affairs of the Mandera Technical Training Institute at the end of the financial year/period and the operating results of the Mandera Technical Training Institute for that year/period. The Board members are also required to ensure that the Mandera Technical Training Institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the Mandera Technical Training Institute. The council members are also responsible for safeguarding the assets of the Mandera Technical Training Institute.

The Board members are responsible for the preparation and presentation of the Mandera Technical Training Institute financial statements, which give a true and fair view of the state of affairs of the Mandera Technical Training Institute for and as at the end of the financial year (period) ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period, (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity, (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the Mandera Technical Training Institute, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Board members accept responsibility for the Mandera Technical Training Institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act 2013. The council members are of the opinion that the Mandera Technical Training Institute financial statements give a true and fair view of the state of Mandera Technical Training Institute transactions during the financial year ended June 30, 2025, and of the Mandera Technical Training Institute financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the Mandera Technical Training Institute, which have been relied upon in the preparation of the Mandera Technical Training Institute financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Principal has assessed the Mandera Technical Training Institute ability to continue as a going concern. Nothing has come to the attention of the Council members to indicate that the Mandera Technical Training Institute will not remain a going concern for at least the next twelve months from the date of this statement.

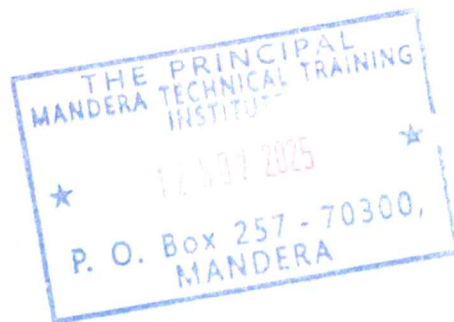
Mandera Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2025

Approval of the financial statements

The Mandera TTI financial statements were approved by the Board on 22/08/2025 and signed on its behalf by:

.....
Name **HUSSEIN ABDI HASSAN**
Chairperson of the Board

.....
Name **Abu Ahmed**
Accounting Officer/Principal



REPUBLIC OF KENYA

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HEADQUARTERS
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NAIROBI

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

PREAMBLE

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

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Manderu Technical Training Institute set out on pages 1 to 42, which comprise of the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all

the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Mandera Technical Training Institute as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Inaccurate Revenue from Non-Exchange Transactions

The statement of financial performance and the statement of cash flows reflect revenue from non-exchange transactions amounting to Kshs.17,431,513 in respect of transfers from other National Government entities as disclosed in Note 6 to the financial statements. However, review of statement of comparison of budget and actual amounts and revenue records revealed that the Institute received revenue in respect of operation grant from Ministry of Education of Kshs.14,932,375 for Mandera TTI, operational grant of Kshs.499,828 for Lafey Technical and Vocational College, operational grant of Kshs.1,999,310 for Eldas Technical and Vocational College and development grant of Kshs.3,215,735 for Lafey TVC all totalling Kshs.20,647,248 resulting in an unexplained variance of Kshs.3,215,735.

In the circumstances, the accuracy and completeness of revenue from non-exchange transactions amounting to Kshs.17,431,513 in respect of transfers from other National Government entities could not be confirmed.

2. Inaccuracies and Doubtful Recoverability of Receivables from Exchange Transactions

The statement of financial position reflects current portion of receivables from exchange transactions balance of Kshs.76,122,755 which as disclosed in Note 17(a) to the financial statements is in respect of student debtors. However, the aging analysis was not provided in support of the accounts receivables. Further, it was noted that the Institute did not have a Debtors Management Policy which serves as a guide in management of fees debtors.

In addition, it was noted that receivables increased from Kshs.56,278,561 as of 30 June, 2024 to Kshs.76,122,755 as at 30 June, 2025, representing an increase of Kshs.19,844,194 or 35%. However, no provision for bad and doubtful was made and there was no evidence of efforts undertaken to collect the outstanding amounts.

In the circumstances, the accuracy and recoverability of current portion of receivables from exchange transactions balance of Kshs.76,122,755 could not be confirmed.

3. Unsupported Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.10,255,506 and as disclosed in Note 19 to the financial statements which is at variance of Kshs.20,973 with the recomputed balance of Kshs.10,234,533.

In addition, review of documents provided for audit and physical inspection carried in the month of October, 2025 revealed that the Institute acquired property, plant and equipment and received development grants for construction of buildings, infrastructure, plant and equipment, furniture and fittings of unknown value from Mandera County Government. However, the respective assets acquired were not revalued and the balance of Kshs.10,255,506 disclosed in the financial statements was therefore understated. The property plant and equipment balance excluded undetermined value of a parcel of land belonging to the Institute where the building structures sit.

Further, the fixed assets register maintained by the Management did not indicate the values of assets and was not in the format prescribed by the National Treasury Circular No. 5/2020 of 25 February, 2020 on preparation of fixed asset and liability registers for public entities.

In the circumstances, it was not possible to confirm the accuracy and completeness of the property, plant and equipment balance of Kshs.10,255,506.

4. Inaccurate Receivables from Non-Exchange Transactions Balance

The statement of financial position reflects receivables from non-exchange transaction balance of Kshs.29,128,000 as disclosed in Note 18 to the financial statement. The receivables were in respect of capitation grants from the Government. However, the balance has been outstanding for more than a year. The balance was recognized in full yet IPSAS 23 on revenue from non-exchange transactions requires that the revenue is measured at fair value and recognized on obtaining control of the asset.

In the circumstances, the accuracy, completeness and recoverability of receivables from non-exchange transaction balance of Kshs.29,128,000 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Mandera Technical Training Institute Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects revenue budget and actual on comparable basis of Kshs.70,597,819 and Kshs.43,662,638 respectively, resulting in an under-funding of Kshs.26,935,182 or 38% of the budget. Similarly, the

Institute spent Kshs.42,074,773 against actual receipts of Kshs.43,662,638, resulting in an under-expenditure of Kshs.1,587,865 or 4% of the receipts.

The under-funding and under-expenditure affected planned activities and may have adversely impacted on service delivery to students, workers and other stakeholders.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

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

No.	Financial Year	Audit Issue
1	2023/2024	Unsupported Transfers from Other National Government Entities
2	2023/2024	Doubtful Recoverability of Current Portion of Receivables from Exchange Transactions
3	2023/2024	Unsupported Property, Plant and Equipment
4	2023/2024	Unapproved Budget
5	2023/2024	Non-Compliance with Law on Ethnic Composition
6	2023/2024	Non-Compliance with Law on Gender Balance
7	2023/2024	Non-Disclosure of Institute of Certified Public Accountants of Kenya Membership Number
8	2023/2024	Lack of Internal Audit Function
9	2023/2024	Lack of Segregation of Duties

Other Information

The Management is responsible for the Other Information set out on page iii to xxxi which comprise of Key Entity Information and Management, the Board of Governors, Key Management Team, Chairman's Statement, Report of the Senior Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Board of Governors and Statement of Board of Governors Responsibilities.

The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Unapproved Budget

The statement of comparison of budget and actual amounts reflects total final revenue budget of Kshs.56,748,995 and expenditure budget of Kshs.56,748,995. However, no evidence was provided to confirm that the budget was approved by the Ministry of Education. This is contrary to Section 22(2) of the Technical and Vocational Education and Training Act, 2013 which requires the Board of Governors to incur expenditure for the purpose of the Institution in accordance with estimates approved by the Cabinet Secretary and any approved expenditure under any head of the estimates may not be exceeded without the prior written approval of the Cabinet Secretary.

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

2. Non-Compliance with Law on Gender Balance

Review of the staff report data presented for audit revealed that the Institute had a total of forty-one (41) employees consisting of five (5) BoG tutors, twelve (12) support staff and twenty-four (24) staff deployed by Public Service Commission. Out of the total workforce of forty-one (41), Thirty-seven (37) employees represented approximately 90% of the male gender and four (4) represented approximately 10% of the female gender. This is

contrary to Section B22(2) of the Human Resources Policies and Procedures Manual for Public Service, 2016, which states that the Government will endeavour to have a gender balanced Civil Service by ensuring that not more than two-thirds of positions in its establishment are filled by either gender.

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

3. Non-Disclosure of Institute of Certified Public Accountants of Kenya Membership Number

The Institute of Certified Public Accountants of Kenya membership number for the Finance Officer who signed the financial statements was not disclosed in the relevant sections of the financial statements. This is contrary to the requirement of the Public Sector Accounting Standards Board Reporting Template (Revised June, 2025) for Technical and Vocational Education and Training.

In the circumstances, the financial statements are not compliant with the requirement by the Public Sector Accounting Standards Board.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Segregation of Duties

Review of the operations of the Institute revealed that the Finance Officer was also executing procurement roles and responsibilities. In view of this state of affairs, there was an increased risk of irregularities due to lack of segregation of duties.

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

2. Lack of Internal Audit Function

The Institute did not have an internal audit unit during the year under review as required by Section 73(1)(a) of the Public Finance Management Act, 2012 which stipulates that every national government entity shall ensure that it has appropriate arrangements in place for conducting internal audit according to the guidelines of the Public Sector Accounting Standards Board.

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

3. Absence of Annual Work Plan by the Board of Governors

The Board of Governors did not prepare or approve an Annual Work Plan to guide its activities and oversight responsibilities during the year under review. There was no documented plan outlining the scheduled board meetings, committee engagements, performance monitoring activities, policy reviews, training, or other governance functions expected to be undertaken during the year. Additionally, several board meetings and expenditure totalling Kshs.650,000 was incurred without reference to any pre-approved board activity schedule or framework.

In the circumstances, the effectiveness of internal controls and overall governance in the Institute could not be confirmed.

4. Inability to Confirm Ethnic Balance of the Staff Employed by the Institute

The payroll and human resource records provided did not indicate the ethnicity of staff employed by the Institute. Therefore, adherence to regional balance as required by Section 7(1) and (2) of the National Cohesion and Integration Act, 2008, could not be ascertained.

In the circumstances, adherence to regional balance in the Institute 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 effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and Board of Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material

misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Governance is responsible for overseeing the Institute's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

14 November, 2025


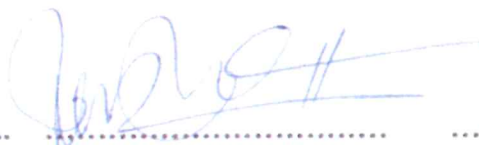
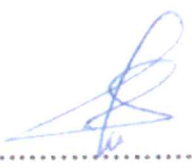


Mandera Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2025

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

	Notes	2024/2025	2023/2024
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	17,431,513	31,262,307
		17,431,513	31,262,307
Revenue from Exchange transactions			
Rendering of services- fees from students	7	42,231,303	49,982,060
Rental revenue from facilities and equipment	8	471,281	-
Miscellaneous income	9	157,000	40,000
Revenue from Exchange transactions		42,859,584	50,022,060
Total Revenue		60,291,097	81,284,367
Expenses			
Use of goods and services	10	24,476,931	24,754,343
Employee costs	11	6,944,177	6,983,587
Board Expenses	12	650,000	728,000
Depreciation and amortization expense	13	209,296	20,973
Repairs and maintenance	14	2,390,450	1,061,750
Transfer to Eldas and Lafey TVC	15	1,734,165	4,577,472
Total Expenses		36,405,019	38,126,125
Other Gains/(Losses)			
Net surplus/(deficit) for the year		23,886,078	43,158,242

The Financial Statements set out on pages 1 to 6 were signed by:

		
.....
Chairman of Board	Principal	Finance Officer
Date 12/11/2025	Date 12/11/2025	ICPAK No
		Date 12/11/2025



Mandera Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2025

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

Description	Notes	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	16	4,675,029	6,302,900
Current portion of receivables from exchange transactions	17(a)	76,122,755	56,278,561
Receivables from non-exchange transactions	18	29,128,000	29,128,000
Total Current Assets		109,925,784	91,709,461
Non-Current Assets			
Property, plant, and equipment	19	10,255,506	4,585,752
Total Non-Current Assets		10,255,506	4,585,752
Total Assets		120,181,290	96,295,213
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	20	3,431,079	3,431,080
Total Current Liabilities		3,431,079	3,431,080
Non-Current Liabilities			
Total Liabilities		3,431,079	3,431,080
Net Assets		116,750,211	92,864,133
Represented By:			
Accumulated Surplus		92,622,465	68,736,387
Capital Fund		24,127,746	24,127,746
Net Assets		116,750,211	92,864,133

The Financial Statements set out on pages 1 to 6 were signed by:

[Signature]

Chairman of Board

Date 12/11/2025

[Signature]

Principal

Date 12/11/2025

[Signature]

Finance Officer

ICPAK No

Date 12/11/2025

THE PRINCIPAL
 MANDERA TECHNICAL TRAINING INSTITUTE
 2 NOV 2025
 P. O. BOX 257 - 70300
 MANDERA

THE PRINCIPAL
 MANDERA TECHNICAL TRAINING INSTITUTE
 12 NOV 2025
 P. O. BOX 257 - 70300,
 MANDERA

Mandera Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2025

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

Description	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2023	25,578,145	24,127,746	49,705,891
Surplus for the year	43,158,242	0	43,158,242
At June 30, 2024	68,736,387	24,127,746	92,864,133
At July 1, 2024	68,736,387	24,127,746	92,864,133
Surplus/(deficit) for the year	23,886,078	-	23,886,078
At June 30, 2025	92,622,465	24,127,746	116,750,211



Mandera Technical Training Institute
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17. Statement of Cash Flows For The Year Ended 30 June 2025

Description	Note	2024/2025	2023/2024
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities	6	17,431,513	16,803,307
Rendering of services- fees from students	7	22,387,109	24,884,832
Rental revenue from facilities and equipment	8	471,281	-
Miscellaneous income	9	157,000	40,000
Total Receipts		40,446,902	41,728,139
Payments			
Use of goods and services	10	24,476,931	21,453,113
Employee costs	11	6,944,177	6,983,587
Board /Council Expenses	12	650,000	728,000
Repairs and maintenance	14	2,390,450	931,900
Transfer Lafey TVC	15	580,800	1,038,400
Transfer Eldas TVC	15	1,153,365	3,539,072
Total Payments		36,195,723	34,674,072
Net Cash Flows from operating activities		4,251,179	7,054,067
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	19	(5,879,050)	(3,558,060)
Net cash flows used in investing activities		(5,879,050)	(3,558,060)
Cash flows from financing activities			
Net Increase/(Decrease) in Cash and Cash equivalents		(1,627,871)	3,496,007
Cash and Cash equivalents at 1 JULY		6,302,900	2,806,893
Cash and Cash equivalents at 30 JUNE		4,675,029	6,302,900

THE PRINCIPAL
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INSTITUTE
★ 17/07/2025 ★
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MANDERA

Mandera Technical Training Institute
Annual Report and Financial Statements for the year ended 30th June 2025

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

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%	
Transfers from other National Government entities	22,022,500	-	22,022,500	14,932,375	7,090,125	32%	a)
Lafey TVC Operation Grant	500,000		500,000	499,828	173	0%	
Elads TVC Operation Grant	2,000,000		2,000,000	1,999,310	690	0%	
Rental revenue from facilities and equipment	471,281		471,281	471,281	-	0%	
Miscellaneous income	157,000		157,000	157,000	-	0%	
Rendering of services- fees from students	42,231,303	-	42,231,303	22,387,109	19,844,194	47%	b)
Development of Lafey TVC	3,215,735		3,215,735	3,215,735	-	0%	
Total Income	70,597,819	-	70,597,819	43,662,638	26,935,182	38%	c)
Expenses							
Use of goods and services	39,832,104	-	39,832,104	24,476,931	15,355,173	39%	d)
Employee costs	10,800,000	-	10,800,000	6,944,177	3,855,823	36%	e)
Board Expenses	1,600,000	-	1,600,000	650,000	950,000	59%	f)
Repairs and maintenance	3,040,000	-	3,040,000	2,390,450	649,550	21%	g)
Transfer to Eldas TVC	1,999,310		1,999,310	1,153,365	845,945	42%	
Transfer to Lafey TVC	499,828		499,828	580,800	-80,973	-16%	
Development	12,826,577		12,826,577	5,879,050	6,947,527	54%	h)
Total Expenditure	70,597,819	-	70,597,819	42,074,773	28,523,046	40%	
Surplus for the Period	-	-	-	1,587,865	-1,587,864		
Capital Expenditure	-	-	-	-	-	-	

Budget notes

- a) Movement is due to less capitation Received from Ministry of education state department for TVET. The budgeted turnout was 716 students where each was supposed to receive kshs. 30,000 for 2024-2025 financial Year but instead the institution received kshs. 20,100 for 716 students. Capitation from the government has not been realized in time.
- b) Movement is due to the fees collected from students through direct payment from parents and bursaries. Much of this fund has not been realized as a result of Drought in Mandera County and all students were from Needy Society.
- c) Movement is due to realization of capitation funds from the government. This has resulted to a utilization of only the A-I-A funds from collected from the students and other internally incomes although not sufficient.
- d) Movement is due to cost cutting measures in the prudence use of the available funds to meet the target goals.
- e) Movement is due to the use of temporary or contractual staff have been less than anticipated, resulting in savings.
- f) Movement is due to the board induction that have been deferred to a future date due to operational priorities leading to the postponement of the associated expenses.
- g) Movement is due to the initial budget was prepared based on projected RMI needs, which may have included contingency for unforeseen issues. However, actual requirements were lower than anticipated, leading to reduced spending.
- h) Movement is due to the initial budget did not account for all financial requirements, leading to a funding gap that affected the software purchase. The project was underfunded, which restricted the procurement process.



19. Notes to the Financial Statements

1. General Information

Mandera TTI is established by and derives its authority and accountability from PFM Act. The Mandera TTI is wholly owned by the Government of Kenya and is domiciled in Kenya. The Mandera TTI principal activity is providing Technical 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 judgment in the process of applying the Mandera TTI accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Mandera TTI. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented

Mandera Technical Training Institute
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3. Adoption of New and Revised Standards

- i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*
- ii. There are no new and amended standards issued in the financial year ended 30th June 2025.
- iii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.*

Standard	Effective date and impact:
IPSAS 43: Leases	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Mandera TTI.</p> <p>The new standard requires Mandera TTI to recognise, measure and present information on right of use assets and lease liabilities.</p> <p>The standard had no impact in preparation of financial statements.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p>The standard had no impact in preparation of financial statements.</p>
IPSAS 45: Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p>The standard had no impact in preparation of financial statements.</p>
IPSAS 46: Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p>

Mandera Technical Training Institute
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	<ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p>The standard had no impact in preparation of financial statements.</p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>The standard had no impact in preparation of financial statements.</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p>The standard had no impact in preparation of financial statements.</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>The standard had no impact in preparation of financial statements.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements

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 Mandera TTI and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that have been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the Council or Board on **02/06/2024**. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the Mandera TTI budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Cashflows has been presented.

c) Taxes

Current income tax

The Mandera Technical Training Institute is exempt from paying taxes under Income Tax Act cap 470 Section 13(1), Part I of the First schedule (10)

Sales tax/ Value Added Tax

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

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 20-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Mandera TTI. 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 Mandera TTI also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Mandera TTI 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 Mandera TTI. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

h) Biological Assets

The Mandera TTI recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the Mandera TTI, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i) Research and development costs

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

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

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

j) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The Mandera TTI does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one

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Mandera TTI and a financial liability or equity instrument of another entity. At initial recognition, the Mandera TTI measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

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

Financial liabilities

Classification

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

k) Inventories

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

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

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Inventories (Continued)

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the *Mandera TTI*.

l) Provisions

Provisions are recognized when the Mandera TTI has a present obligation 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 Mandera TTI 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 Mandera TTI 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 Mandera TTI 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 Mandera TTI 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.

m) Social Benefits

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

n) Nature and purpose of reserves

The *Mandera TTI* creates and maintains reserves in terms of specific requirements.

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

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

q) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

r) 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.

s) Related parties

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

t) Service concession arrangements

The Mandera TTI 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 Mandera TTI 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 Mandera TTI also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u) Cash and cash equivalents

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

v) Comparative figures

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

w) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Mandera TTI 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 Mandera TTI 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 Mandera TTI. 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 Mandera TTI.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

Provisions

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

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6. Transfers from other National Government entities

Description	2024/2025	2023/2024
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	14,932,375	23,107,500
Operational Grant	2,499,138	1,500,000
Total unconditional Grants	17,431,513	24,607,500
Conditional Grants amortised/ recognised in revenue		
Learning facilities and Administration block- Eldas TVC	0	3,439,072
Learning facilities and Administration block-LafeY TVC	0	3,215,735
Total Government Grants and Subsidies	17,431,513	31,262,307

7.

7. Rendering of Services

Description	2024/2025	2023/2024
	Kshs	Kshs
Tuition Fees	24,963,762	22,584,890
Activity Fees	3,222,000	1,086,000
Industrial Attachment Fees	256,800	986,000
Examination Fees	6,227,900	3,731,770
Facilities and Materials	7,560,841	21,593,400
Total Revenue from The Rendering of Services	42,231,303	49,982,060

8. Rental revenue from facilities and equipment

Description	2024/2025	2023/2024
	Kshs	Kshs
Hire of Facilities and Equipment	471,281.00	0
Total	471,281.00	0

9. Miscellaneous Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Reimbursements and refunds	157,000	0
Others Elwak TVC contribution to TVET 100	0	40,000
Total other income	157,000	40,000

10. Use of Goods and Services

Description	2024/2025	2023/2024
	Kshs	Kshs
Teaching and learning materials	4,665,260	2,847,109
Industrial attachment costs	-	0
Electricity	300,000	480,000
Water	510,000	2,881,972
Activity	519,000	165,000
Professional and consultancy services	-	0
Subscriptions	-	180,000
Advertising	219,700	466,000
Examination fees	4,616,080	3,731,770
Travelling and accommodation	3,781,605	4,687,800
Fuel and oil	699,000	445,400
Insurance	15,536	18,500
Firewood	780,000	565,500
Food supply	4,711,700	5,837,589
Postage	18,900	18,900
Printing and stationery	1,609,500	830,180
Hire charges	602,750	825,725
Bank charges	60,400	41,398
Staff uniform	-	148,000
Telephone expenses	-	30,000
Internet expenses	760,000	150,000
Training expenses	199,500	101,000
Other (<i>students election and kuccps registration</i>)	408,000	302,500
Total good and services	24,476,931	24,754,343

11. Employee Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries and wages	6,365,921	6,272,435
Employee related costs - contributions to pensions and medical aids	113,224	112,176
Performance and other bonuses	-	244,000
Social contributions	465,032	354,976
Employee Costs	6,944,177	6,983,587

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12. Board Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Directors Emoluments	650,000	728,000
Total	650,000	728,000

13. Depreciation and Amortization expense

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	209,296	20,973
Total depreciation and amortization	209,296	20,973

14. Repairs and Maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Property	2,096,800	986,250
Computers and accessories	293,650	75,500
Total Repairs and Maintenance	2,390,450	1,061,750

15. Transfer to Mentor Account

Description	2024/2025	2023/2024
	Kshs	Kshs
Lafey TVC	580,800	1,038,400
Eldas TVC	1,153,365	3,539,072
Total contracted services	1,734,165	4,577,472

16. Cash and Cash Equivalents

Description	2024/2025	2023/2024
	Kshs	Kshs
Current Account	4,675,029	6,302,900
Total Cash and Cash Equivalents	4,675,029	6,302,900

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

Financial Institution	Account number	2024/2025	2023/2024
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1197776346	2,582,923	4,501,450
Kenya Commercial Bank	1197775870	2,092,106	1,801,451
Sub- Total			6,302,900
b) Others(Specify)			
Cash in Hand		0	0
Sub- Total		0	0
Grand Total		4,675,029	6,302,900

17. Receivables from Exchange transactions

17 (a) Current Receivables from Exchange transactions

Description	2024/2025	2023/2024
	Kshs	Kshs
Current Receivables		
Student Debtors	76,122,755	56,278,561
Total Current Receivables	76,122,755	56,278,561

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18. Receivables from Non-Exchange transactions

Description	2024/2025	2023/2024
	Kshs	Kshs
Current Receivables		
Capitation Grants	29,128,000	29,128,000
Total Current Receivables	29,128,000	29,128,000

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

Description	2024/2025		2023/2024	
	Kshs	% of the total	Kshs	% of the total
	2024/2025	% of the total	2023/2024	% of the total
Less than 1 year	29,128,000	32.2%	29,128,000	63.3%
Total	29,128,000	32.2%	29,128,000	63.3%

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19. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Other Assets (specify)	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation Rate		2 %							
At 1 July 2023	-	1,027,692	-	-	-	-	-	-	1,027,692
Additions	-	3,558,060	-	-	-	-	-	-	3,558,060
At 30th June 2024	-	4,585,752	-	-	-	-	-	-	4,585,752
Additions	-	5,879,050	-	-	-	-	-	-	5,879,050
Disposals	-	-	-	-	-	-	-	-	-
At 30th June 2025	-	10,464,802	-	-	-	-	-	-	10,464,802
Depreciation and Impairment									
At 1 July 2024	-		-	-	-	-	-	-	
Depreciation	-	20,973	-	-	-	-	-	-	20,973
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
At 30 June 2025			-	-	-	-	-	-	
Depreciation	-	209,296	-	-	-	-	-	-	209,296
At 30th Jun 2025	-	209,296	-	-	-	-	-	-	209,296
Net Book Values			-	-	-	-	-	-	
At 30th Jun 2024	-	4,585,752	-	-	-	-	-	-	4,585,752
At 30th Jun 2025	-	10,255,506	-	-	-	-	-	-	10,255,506

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Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines Issued June 2020.

19 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Buildings	10,464,802	209,296	10,255,506
Total	10,464,802	209,296	10,255,506

20. Trade and Other Payables

Description	2024/2025		2023/2024	
	Kshs		Kshs	
Trade payables	3,431,079		3,431,080	
Total Trade and Other Payables	3,431,079		3,431,080	
Ageing analysis:	FY 2024/2025	% of the Total	FY 2023/2024	% of the Total
Under one year	3,431,079	6.52%	3,431,080	9.76%
Total	3,431,079	6.52%	3,431,080	9.76%

21. Financial Risk Management

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

The Mandera TTI financial risk management objectives and policies are detailed below:

(i) Credit risk

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

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

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables from exchange transactions	56,278,561	25,057,228	-	-
Receivables from non-exchange transactions	29,128,000	-	-	-
Bank balances	6,302,900	2,806,893	-	-
Total	91,709,461	27,864,121	--	-
At 30 June 2025				
Receivables from exchange transactions	76,122,755	22,387,109	-	-
Receivables from non-exchange transactions	29,128,000	-	-	-
Bank balances	4,675,029	6,302,900	-	-
Total	109,925,784	28,690,009	-	-

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The Mandera TTI has significant concentration of credit risk on amounts due from 2021

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

Financial risk management (continued)

(ii) Liquidity risk management

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

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade Payables	-	-	3,431,080	3,431,080
Total	-	-	3,431,080	3,431,080
At 30 June 2025				
Trade Payables			3,431,079	3,431,079
Total			3,431,079	3,431,079

(iii) Market risk

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

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

The Mandera TTI Finance Department is responsible for the development of detailed risk management policies and for the day-to-day implementation of those policies.

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

22. Related Party Balances

Nature of related party relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the Mandera TTI holding 100% of the Mandera TTI equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors;

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

Description	2024/2025	2023/2024
	Kshs	Kshs
Transactions with Related Parties		
a) Sales to related parties		
B) Purchases from related parties		
Purchases of electricity from kplc	300,000	480,000
Total	300,000	480,000
b) Grants /Transfers from the Government		
Grants from National Govt	17,431,513	24,607,500
Total	17,431,513	24,607,500
c) Expenses incurred on behalf of related parties		
d) Key Management Compensation		
Directors' emoluments	650,000	728,000
Total	650,000	728,000

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23. Events After the Reporting Period

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

24. Ultimate And Holding Entity

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

25. Currency

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

26. 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:	Timeframe:
OAG/GRO/AUD/TTI/MDR/2023/2024 (14)	Budgetary Control and Performance	To address these challenges and improve budget execution, management is implementing the following measures: Strengthening fee collection mechanisms, including timely invoicing, student sensitization, and flexible payment plans, Continuous follow-up with the Ministry of Education to ensure timely and full disbursement of capitation funds, prioritizing critical expenditures to ensure uninterrupted service delivery and Strengthening financial forecasting and expenditure monitoring to mitigate budget shortfalls. Management remains committed to ensuring prudent financial management and adherence to Public Finance Management	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		regulations to enhance service delivery and institutional sustainability.		
OAG/GRO/AUD/TTI/MDR/2023/2024 (14)	Unsupported Transfers From other National Government Entities	Management acknowledges the observation regarding the inability to verify the accuracy and completeness of capitation and operational grants received due to the introduction of the new funding model for TVET institutions. The Differentiated Unit Cost (DUC) model was introduced in 2013, but at that time, Mandera TTI had not yet been established. As a result, the institution does not have access to the initial circulars or documentation outlining how capitation was disbursed per student under the previous model. However Management is actively engaging the Ministry to obtain official documentation and clarity on the funding model used, under the previous DUC system framework. A formal request has been made to access historical records and methodology for	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		<p>capitation allocation and The finance department is implementing measures to ensure that all grants received are accurately recorded and reported in compliance with public finance regulations.</p> <p>Management remains committed to ensuring compliance with the Technical and Vocational Education and Training Act, 2013, and will continue seeking clarification on the funding methodology to enhance financial transparency.</p>		
OAG/GRO/AUD/TTI/MDR/2023/2024 (14)	Doubtful Recoverability of current Portion of Receivables from Exchange Transaction	<p>The financial statements do not include a provision for bad and doubtful debts, which is necessary to reflect a more realistic receivables balance. Going forward, management will assess overdue balances and implement an appropriate provision for doubtful debts in line with accounting standards.</p> <p>The financial statements did not include an aging analysis of outstanding fee balances to</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		<p>differentiate between short-term and long-term receivables. Management will ensure that future financial statements include an aging schedule to improve transparency and guide debt recovery strategies.</p> <p>Management remains committed to enhancing financial accountability and ensuring prudent management of receivables in line with the Public Finance Management Act, 2012.</p>		
OAG/GRO/AUD/TTI/MDR/2023/2024 (14)	Unsupported Property, Plant and Equipment	<p>The financial statements currently reflect PPE based on available documentation. However, the values of furniture, fittings, computers, and land were not included due to the absence of a formal valuation. Management is in the process of engaging a certified valuer to determine the accurate values of these assets for proper recognition in the financial statements.</p> <p>The land on which the Institute is built was allocated by the Mandera County Government, and the allotment certificate land ownership</p>	Not resolved	31st January 2026

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		<p>is available.</p> <p>The depreciation rate applied for buildings in the financial statements differed from the rate stipulated in the Institute's Finance Manual due to an oversight. Management will review and correct the depreciation rate in line with the prescribed guidelines to ensure consistency in financial reporting.</p> <p>The existing fixed assets register did not capture asset values as required by National Treasury Circular No. 5/2020. Management is in the process of updating the fixed assets register to conform to the prescribed format, ensuring all assets are properly recorded with accurate valuations.</p> <p>The balance of Kshs.4,580,508 for buildings in the financial statements does not reflect their fair value, as the assets were recently handed over by the Mandera County Government. Management plans to undertake a comprehensive asset revaluation exercise to ensure that the financial</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		statements accurately reflect the fair value of all Institute assets.		
OAG/GRO/AUD/TTI/MDR/2023/2024 (14)	Unresolved Prior Year Matters	<p>Management acknowledges that some issues raised in the previous audit report have not been fully resolved. Some of the prior year issues required budgetary allocations, policy adjustments, or approvals, which have taken time to implement. The Board of Governors (BoG) and Management are committed to ensuring all outstanding audit recommendations are addressed. The Institute has developed an action plan to systematically address unresolved audit issues. Any pending matters will be resolved within the current financial year to ensure full compliance with audit recommendations. A progress report will be submitted as required by Section 31(1)(a) of the Public Audit Act, 2015. Management remains committed to strengthening internal controls, risk management, and governance.</p>	resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
OAG/GRO/AUD/TTI/MDR/2023/2024 (14)	Unapproved Budget	<p>Management acknowledges the observation regarding the lack of evidence of budget approval by the Ministry of Education. The budget was duly approved by the Board of Governors (BoG) as required by institutional governance procedures. However, the approved budget was not submitted to the Ministry of Education for approval as required by Section 22(2) of the TVET Act, 2013.</p> <p>Going forward, management will ensure full compliance with the law by submitting the BoG-approved budget to the Ministry of Education for formal approval. Internal processes will be strengthened to track and document all necessary approvals for future audits. Management remains committed to adhering to the TVET Act, 2013 and ensuring proper budgetary controls.</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
OAG/GRO/AUD/TTI/MDR/2023/2024 (14)	Non-Compliance with Law on Ethnic Composition and Gender balance	<p>Management acknowledges the observation regarding ethnic and gender imbalance in the institution's staffing. The current staffing composition is a result of historical recruitment patterns and the limited availability of qualified personnel from diverse backgrounds within the region. The recruitment process has not intentionally favoured any ethnic or gender group but has been influenced by the applicant pool and the local labour market.</p> <p>Future recruitment exercises will ensure compliance with legal requirements on ethnic and gender diversity. The Institute will adopt inclusive hiring practices to encourage applications from a wider pool of qualified candidates. The Board of Governors (BoG) will oversee the implementation of measures to achieve diversity and inclusivity in line with the law.</p>	resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
OAG/GRO/AUD/TTI/MDR/2023/2024 (14)	Non-Inclusion of ICPAK Registration Number	<p>Management acknowledges the observation regarding the disclosure of the ICPAK membership number for the Head of Finance in the financial statements.</p> <p>Management remains committed to adhering to the Public Finance Management Act, 2012, and the guidelines set by the Public Sector Accounting Standards Board.</p>	Not Resolved	30 June 2026

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**Appendix II: Projects Implemented by Mandera Technical Training Institute
Projects**

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

Mandera Technical Training Institute is not running any development project at the moment

Status of Projects completion

Mandera Technical Training Institute is not running any development project at the moment

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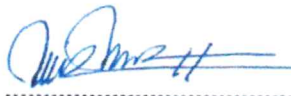
Appendix III- Inter-Entity Confirmation Letter

Name of transferring: MANDERA TECHNICAL TRAINING INSTITUTE
 Name of beneficiary: LAFEY TECHNICAL AND VOCATIONAL COLLEGE
 Name of beneficiary: ELDAS TECHNICAL AND VOCATIONAL COLLEGE


Confirmation of amounts received by Lafey TVC and Eldas TVC as at 30 th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
MOE/DTE/CAP9/38(50)	01/11/2024	580,800		580,800	
MOE/DTE/CAP9/47 (4)	19/06/2025	1,153,365		1,153,365	
Total		1,734,165		1,734,165	

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


Head of Accounts Department – Mandera TTI:

Name JABIR AHMED ABDIRAHMAN Sign  Date 12/11/2025

Head of Accounts Department – Lafey TVC:

Name OMAR RASHID ABDI Sign  Date 12/11/2025

Head of Accounts Department – Eldas TVC:

Name JIMALE ABDIILE MOHASHMED Sign  Date 12/11/2025

THE PRINCIPAL
 MANDERA TECHNICAL TRAINING INSTITUTE
 19/06/2025
 P. O. Box 257 - 70300,
 MANDERA