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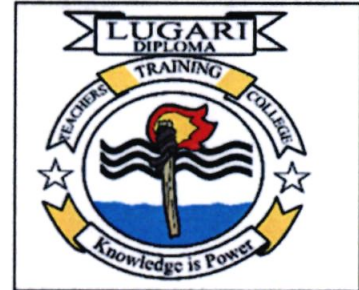
THE NATIONAL ASSEMBLY PAPERS LAID	
REPORT DATE: 30 APR 2025	DAY: 30/4/25
TABLED BY:	Leader of majority Party
CLERK-AT-THE-TABLE:	M. Mudo

THE AUDITOR-GENERAL

ON

**LUGARI DIPLOMA TEACHERS
TRAINING COLLEGE**

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



LUGARI DIPLOMA TEACHERS TRAINING COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE, 2024.

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

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

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1.

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Acronyms & Definition of Terms

A. Acronyms

BOM	Board of Management
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTC	Teacher Training College
DTE	Diploma Teacher Education.
CBC	Competency Based Curriculum
CBTE	Competency Based Teacher Education
KNEC	Kenya National Examination Council.
FY	Financial Year.
LDTTC	Lugari Diploma Teachers Training College
SCNA	Statement of Changes in Net Assets.
KUCCPS	Kenya Universities and Colleges Central Placement Service
DSTE	Diploma in Secondary Teacher Education.

B. Definition of Key Terms

Fiduciary Management	Key management personnel who have financial responsibility in the entity.
Comparative Year	Means the prior period.

b.

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2. Key College Information and Management

(a) Background information

The college was established under the Basic Education Act 2013 on 17th March 2015 to train and instruct secondary school diploma trainees. On 30th December 2020 the college's registration status was revised to include diploma training in ECDE and Primary options. The college is domiciled in Kenya, Kakamega county and Lugari Sub-County. The college operates under the Ministry of Education.

(b) Principal Activities

The principal activity / mandate of the college is to train and instruct Diploma teachers.

Vision

To be a model Diploma teacher training college.

Mission

To provide education that nurtures resourceful teachers for Kenya and beyond.

Motto

Knowledge is Power.

(c) Key Management

Lugari Diploma Teachers Training College's day-to-day management is under the following key organs:

1. Board of Management.
2. Accounting officer / Chief Principal / Secretary BOM

(d) Fiduciary Management

The key management personnel who held office during the period ended 30th June, 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Principal	Mrs Anne Esese.
2.	Deputy principal	Mr Moses Shililu.
3	Registrar	Mr. Peter Chesitit.
4	Dean of students	Mrs Bilha Ludeki.
5	Head of Finance	CPA. Michael Muholo.
6	Procurement Officer	Ms Jacklyn Luvisia.

(e) Fiduciary Oversight Arrangements

Full Board of Management

The full board of management is responsible to;

1. Promote the best interests of the institution and ensure its development;
2. Promote quality education for all learners in accordance with the standards set under this Act or any other written law;
3. Ensure and assure the provision of proper and adequate physical facilities for the institution;
4. Manage the institution's affairs in accordance with the rules and regulations governing the occupational safety and health;
5. Advise the County Education Board on the staffing needs of the institution;
6. Determine cases of student's discipline and make reports to the County Education Board;
7. Facilitate and ensure the provision of guidance and counselling to all learners;
8. Provide for the welfare and observe the human rights and ensure safety of the pupils, teachers and non-teaching staff at the institution;
9. Encourage a culture of dialogue and participatory democratic governance at the institution;
10. Promote the spirit of cohesion, integration, peace, 2013 Basic Education No. 14 255 tolerance, inclusion, elimination of hate speech, and elimination of tribalism at the institution;
11. Encourage the learners, teachers and non-teaching staff and other, parents and the community, and other stakeholders to render voluntary services to the institution;
12. Allow reasonable use of the facilities of the institution for community, social and other lawful purposes, subject to such reasonable and equitable conditions as it may determine including the charging of a fee;
13. Administer and manage the resources of the institution;
14. Receive, collect and account for any funds accruing to the institution;
15. Recruit, employ and remunerate such number of non-teaching staff as may be required by the institution in accordance with this Act; and

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16. Perform any other function to facilitate the implementation of its functions under this Act or any other written law.

The full BOM consists of the following 5 committees;

a. Finance, Procurement, Resource Mobilization and General-Purpose Committee

Perform financial, procurement and recruitment oversight responsibilities delegated by the full board of management.

b. Academic, Quality Standards and Environment committee.

Perform academic reviews and performance and set performance requirements in accordance to ministerial expectations.

c. College Infrastructure Committee.

Evaluate projects progress and implementation in liaison with the Public Works ministry and advise the Full BOM on appropriate actions to take.

d. Discipline Committee.

Carry out discipline procedures and policy development in all discipline cases on students and staff.

e. Audit Committee.

Internal audit Policy formulation and follow up on its implementation.

Follow up on implementation of external audit recommendation.

All the recommendation of committees are subject to approval by the Full BOM.

(f) College Headquarters

P.O. Box 229-50241

Kipkaren River

KENYA.

Physical Location: Lumakanda off Eldoret-Bungoma highway.

(g) College Contacts

Telephone: (254) 722655908

E-mail: lugaridttc2021@gmail.com

Website: www.lugaridttc.ac.ke

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(h) College Bankers

S.N O	Name of the Bank	Account Name	Type	Account No.	Branch
1	Kenya Commercial Bank	Lugari Diploma TTC- Recurrent A/C	Current	1166632431	Webuye
2	Kenya Commercial Bank	Lugari Diploma TTC- Development A/C	Current	1166632288	Webuye
3	Co-Operative Bank	Lugari Diploma TTC- College Fund A/C	Current	01129534341200	Webuye
4	Co-Operative Bank	Lugari Diploma TTC- Savings A/C	Savings	01100534341200	Webuye
5	Kenya Commercial Bank	Lugari Diploma TTC- Service Gratuity A/C	Savings	1303975629	Webuye

(i) Independent Auditors




Auditor General
Office of Auditor General
Anniversary Towers, College 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. Board of Management

SN.	Member	Details
1.	 Prof. Lydia M. Wamocha Chairperson BOM	<p>Bachelor of Education (B-Ed), Masters in Education (M-Ed), PhD (MMUST) and Associate Professor (MMUST) Joined the college Board in 2016 as the Academic and Quality Assurance Committee Chair. She has over 25 years of teaching, management and leadership experience working with MMUST and several other learning institutions. She has served as the Board Chairperson from 22nd July,2022. Year of Birth: 1968</p>
2.	 CPA. Sylvester Butoyi	<p>CPA, B. Commerce-Accounting, Master in Business Administration (MBA) and Postgraduate Diploma in Education. Joined the college Board in 2016 as a member of the Board. He has over 25 years in accounting, management and leadership experience with KNEC. He served as the Board Vice-Chairperson from 22nd July,2022. Currently serves as Chairperson of the Finance, Procurement Resource Mobilization and General-Purpose Committee Community Representative. Year of Birth :1962</p>
3.	 CPA. Rashid Nasoro	<p>CPA, Bachelor of Commerce-Accounting, Master in Business Administration (MBA). Joined the college in 2016 as the inaugural Chair of the Board. He has over 30 years in accounting, management and leadership experience working with County Government and Private Business Enterprises. Currently serves as Chairperson of College Infrastructure Committee. County Education Board Representative. Year of Birth: 1956</p>
4.		<p>Bachelors of Education (B. Ed) Joined the college in 2018 as a Board member. She has over 30 years in academia, management and leadership experience working with Ministry of Education as County Director of Education.</p>

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	 <p>Mrs. Mary Atalitsa</p>	<p>Currently serves the Board as Chairperson of the Academic Committee. Community Representative. Year of Birth: 1956</p>
5.	 <p>Mr. Robert Masese (OGW)</p>	<p>Bachelor of Education (B-Ed), Masters in Education (M-Ed) Joined the college in 2022 as a Board member. He has over 30 years in academia, management and leadership experience working with various learning institution, Director State Department of Basic Education and Chairperson of Directors NG-CDF Currently serves as Chairperson of Discipline Committee and Member of the Finance, Procurement Resource Mobilization and General-Purpose Committee. Community Representative Year of Birth: 1958</p>
6.	 <p>Mr. Amai Olubayi Evani</p>	<p>Bachelor of Commerce, Masters in Business Administration (MBA). Joined the college in 2022 as a Board member. He has over 20 years in Business Management, Risk Management and Insurance working with Pioneer Assurance Currently serves as Member of the Finance, Procurement Resource Mobilization and General-Purpose Committee. Community Representative. Year of Birth: 1965</p>
7.	 <p>Mr. Johnstone Ole Turana</p>	<p>Bachelor of Economics, Joined the college Board in 2018. He has over 15 years in Cooperate Management and Leadership at Kenya Power. Currently serves as Member of the Finance, Procurement Resource Mobilization and General-Purpose Committee Community Representative. Year of Birth: 1974.</p>
8.		<p>Bachelors of Education (B. Ed) Joined the college in 2018 as a Board member.</p>





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		<p>He has over 30 years in academia, management and leadership experience working with Ministry of Education as District Director of Education.</p> <p>Currently serves the Board as Audit Committee Member. County Education Board Representative.</p> <p>Year of Birth: 1958.</p>
	Mr. John Mung'oni	
9.		<p>Bachelor of Education (B-Ed), Masters in Education (M-Ed)</p> <p>Joined the college in 2017 as a Lecturer specialised in Mathematics.</p> <p>He has over 25 years in academia, management and leadership experience working with various learning institution.</p> <p>Currently serves the college as the Registrar and member of Staff representative to the Board.</p> <p>Year of Birth: 1965.</p>
	Mr. Chesitit Peter	
10.		<p>Bachelor of Law, Diploma in Law (KSL),</p> <p>Joined the college Board in 2022.</p> <p>Has over 15 years' experience in Cooperate and Private legal matters as an advocate of High Court of Kenya.</p> <p>Currently serves the Board as Member of Discipline Committee and Executive Board Member.</p> <p>Community Representative</p> <p>Year of Birth: 1980</p>
	Ms. Elvira Wilunda	
11.		<p>Bachelor of Arts, Masters in Counselling Psychology.</p> <p>Joined the college in 2022 as a Board member.</p> <p>Has over 20 years in Business Management, Relation and customer care management at ABSA Bank head office.</p> <p>Currently serves the Board as Member of the Discipline Committee</p> <p>County Education Board Representative.</p> <p>Year of Birth: 1975</p>
	Ms. Clara Achitsa Suka	
12.		<p>Bachelor of Business Administration-Marketing, Masters in Business Administration (MBA).</p> <p>Joined the college in 2016 as a Board member.</p>

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	 <p>Ms. Caroline Shigholi</p>	<p>Has over 20 years in Business Management, Risk Management and Marketing Strategy and Innovation with IPS Group PLC. Currently serves as Chair Audit and Risk Committee. Youth Representative Year of Birth: 1985</p>
13.	 <p>Mrs. Anne A. Esese</p>	<p>Bachelor of Education (B-Ed), Masters in Education (M-Ed)- Education and Home Science. Joined the college in 2015 as the Chief Principal. She has over 30 years in academia, management and leadership experience working with Teachers Service Commission in various learning institutions. Currently serves the Board as the Secretary and Chief Executive Officer. Registered TSC No:225601.</p>

4. Key Management Team

Team Member	Member's Profile
	<p>Mrs Anne A. Esese- Chief Principal</p> <p>Overall supervision and management of curriculum and college resources.</p>
	<p>Mr Moses Shililu- Deputy Principal.</p> <p>Curriculum implementation and student's discipline.</p>
	<p>Mrs Nellie Simiyu- Registrar</p> <p>Supervision and implementation of academic programmes.</p>
	<p>Mrs Bilha Ludeki- Dean of Students</p> <p>Students and staff affairs</p>
	<p>CPA. Michael Muholo- Finance Officer</p> <p>Finance and accounting functions</p>
	<p>Ms. Jacklyn Luvisia- Procurement Officer</p> <p>Procurement Officer Procurement and supply functions.</p>

5. Chairperson's Statement

Introduction

On behalf of the Board of Management of Lugari Diploma Teachers Training College, I am pleased to present the Annual Report and Financial Statements for the 2023/2024 financial year. The term of the Board of Management which I had the privilege of leading for the second year as the chairperson started on 22nd July 2022 when the board was inaugurated. During the financial year, the board held 3 full BOM meetings and several committee meetings as tabulated under corporate governance statement.

Financial Performance

In the financial year that ended on June 30, 2024, the College received Kshs.54,000,000 as recurrent grants from Ministry of Education. Further, the college collected Kshs.11,038,444 as school fees and other income. However, in the year under review, the college did not receive development grants for infrastructure development.

Academic Performance

The college's academic performance has been on an upward trajectory since the year 2018. The year 2023/2024 academic performance recorded a pass rate of 94% and an improved student completion rate.

Strategic Plan

College strategic plan 2022-2027 remains improvement academic results, resource mobilization, physical infrastructure, co-curricular activities and a conducive learning environment.

As the college, we have continually endeavoured to achieve the said strategic pillars amid financial challenges.

Challenges:

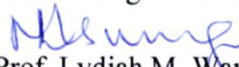
In the year under review, the board did not receive adequate funding particularly for infrastructure development. This hindered implementation of CBTE which has new learning areas.

Another challenge facing LDTTC is the continued shortage of students with grade C plus and above which is the entry grade for Diploma in Teacher Education Secondary option. This is because of competition from universities which have a similar entry grade.

Strengths

The college enjoys support from the community i.e., local community, political and administrative stakeholders. On behalf of the Board of Management, I extend my gratitude to the Government of Kenya through the Ministry of Education for their continued financial and technical support.

May I extend my sincere gratitude to Lugari Diploma Teachers Training College BOM, the entire Management team, staff, Students and all stakeholders for their commitment and support to the college. I am optimistic that the college is set for a great and prosperous future.


Prof. Lydiah M. Wamocho
Chairperson B.O.M.

6. Report of the Chief Principal

I take this opportunity to highlight the following in 2023/2024 Financial Year (FY)

Board of Management (BOM)

I wish to most sincerely thank and commend the BOM chaired by Prof. Lydia Wamocha for showing strategic leadership that has guided the operations of the College during the year 2023/2024. The BOM's tenure started on 22/7/2022 when the Board was inaugurated.

Funding

I wish to appreciate the National Treasury through the Ministry of Education (MOE) for funding the College in Recurrent operation. The college received all the allocated recurrent grants i.e. Kshs54,000,000. However, the college did not receive allocated Development grants which hindered completion of CBTE workshops. The college through the board intended to complete phase 2 of CBTE workshops.

There was growth in revenue from students' fees due to slight growth in enrolment by 82 students.

Academics and Co-curricular.

On the academic front, 20 students sat for Diploma in Teacher Education exams in March 2023 out of which 19 passed and one was referred. In 2024 87 students sat for DTE exams in March 2024. They are currently on Teaching Practice.

The college participated and won various awards in different games and sporting activities/disciplines. These were Choir, Ballgames, Athletics and Drama. Competitions were held both at Regional and National Championship.

Lugari Diploma Teachers Training College (LDTTC) Human Resource Policy

The BOM is in the process of refining LDTTC HR Policy that will guide the Non-Teaching Staff on duty performance and increase efficiency and service delivery.

Student Enrolment

This still remains a challenge to the College. The College had 235 students only. However, there has been an increase from previous period of 153 students. This affected efficient delivery of some services because of reduced income. It is however hoped that through continuous publicity and advertisement, the enrolment will improve.

Competency Based Teacher Education (CBTE)

I wish to state that the College has positively embraced the Competency Based Teacher Education (CBTE) and is doing everything possible to teach the new learning areas. Teachers Service Commission has continually placed tutors to help CBTE implementation. As directed by

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MOE, the BOM has already prioritized infrastructure development that will support teaching of CBTE i.e workshops. School Based Assessment by KNEC will be carried out in September 2024. The Board and management have put in place necessary infrastructure its administration.


Strategic Plan

Management reviewed the College Strategic Plan for 2022 – 2027 which will be approved by the Board. This will continue guiding the College as it is the guiding blueprint in giving direction.

Conclusion

I wish to thank and appreciate the Board, Teaching Staff and Non-Teaching Staff and the Community at large for working tirelessly to spearhead the College up to where it is right now. A big thank you to MOE for financial support and continued policy guidance. May God bless us all and may God bless Lugari Diploma TTC.

Thank You


CHIEF PRINCIPAL
LUGARI DIPLOMA T.T.C.
2024
KILIMAKEN RIVER
CHIEF PRINCIPAL / BOM SECRETARY

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7. Statement of Performance against Predetermined Objectives

Lugari Diploma T.T.C has five strategic pillars /issues/ themes and objectives within the current Strategic Plan for the FY2022 FY 2027. These strategic pillars are as follows:

- a) To Improve Academic Performance.
- b) To Improve Physical Infrastructure.
- c) To Improve Co-Curricular Activities.
- d) To Improve Resource Mobilization.
- e) To Create a Conducive Learning environment.

Lugari Diploma T.T.C develops its annual work plans based on the above five pillars. Lugari Diploma T.T.C partly achieved its performance targets set for the FY 2023/2024 period for its five strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
To Improve Academic Performance	i) Improve instructional resource ii) Increase teaching staff iii) Enough N.T.S personnel iv) improving students' entry behaviour v) Motivation of staff and students vii) E-Learning	1. Availability of instructional resources 2. Adequate teaching staff 3. Good academic performance 4. Quality work output 5. Increased work morale 6. Reduced quarrel and wrangles	1. Availability of instructional resources 2. Adequate teaching staff 3. Good academic performance 4. Quality work output 5. Increased work morale 6. Reduced quarrel and wrangles	1. Text books and learning material have been procured over years. 2. 39 computers are available to equip the computer lab. 3. Capacity building was done in 2019,2022 and 2023. 4. E-learning is being implemented.
To Improve Physical Infrastructure.	i) Administration facilities and learning facilities. ii) construction of staff quarters iii) College security	1. New administration block. 2. Staff residing in college 3. Improved learning and ICT USE 4. Improved	1. Construction of New administration block. 2. Construct staff houses 3. Increase security patrol 4. Have a constant	1. Tuition and admin block, ramp was done. 2. Workshops are on-going. 3. Staff houses are available. 4. There is a security firm in

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	iv) Improve sanitation	college security system 5. Have piped water 6. Enough stock of water at all times 7. A clear compound 8. Enough washrooms	water supply of tap water. 5. Construct CBTE workshops 6. Construct ramp to access tuition block.	place to secure the college. 5. Water was drilled, storage tanks installed. 6. There are adequate washrooms in the college. 7. WIFI connectivity was enhanced.
To Improve Co-Curricular Activities	i) Acquire more land ii) Improve fields iii) Acquisition of games equipment iv) Clubs and societies	1. Land to put up co-curricular facilities 2. Good playing fields 3. Existence of clubs and societies 4. Active involvement of staff and students 5. Existence of clubs and societies	1. Purchase land 2. Proper field marking 3. Acquire various games equipment e.g. ball games, athletics 4. Form and activate various clubs and societies. 5. Appoint competent patrons 6. Have rooms for club meetings	1. Land was purchased to construct a playfield. 2. All sporting and games activities i.e. ballgames, athletics, choir, drama were done 3. There are active clubs and societies eg Geography, Languages, CU.
To Improve Resource Mobilization	i) Improve fees collection ii) Improve college management system iii) To increase the level of resource mobilization	1. Reduced fee balances 2. Increased student population 3. Improved record keeping 4. Reduced unbudgeted expenditure	1. Computerized accounting system 2. Restrictions on fees payment 3. Encourage students to apply for scholarships, and bursaries from MOE, CDF, HELB, County etc. 4. Timely budgeting	1. Record keeping has improved through MIS. 2. Students pay school fees through pay bill direct to the college bank account. 3. Lugari NG-CDF stepped in to

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		<ol style="list-style-type: none"> 5. Availability of records & information for decision making 6. Smooth execution of programmes 7. Minimum movement of students out of college. 8. Improved performance of students in educational programs. 	<p>& proposals</p> <ol style="list-style-type: none"> 5. Frequently update of stores and a/c records 6. Timely handing over of requisitions for activities. 7. Networking & automation of Admission records. 8. Proper projection of annual expenditure. 	<p>clear fees balances for 2018 DTE students in 2022.</p> <ol style="list-style-type: none"> 4. Candidate's results have always been on upward trajectory since 2018 when the 1st candidates sat for their exams. 5. The college has always had no pending bills at year end.
To Create a Conducive Learning environment	<ol style="list-style-type: none"> i) Improve discipline ii) Guidance and counselling iii) Establish Performance based management iv) Encourage consultative leadership Activities v) Time management vi) ICT vii) Improve HIV Services and awareness viii) Support persons living with disabilities 	<ol style="list-style-type: none"> 1. Students abiding by college rules & regulations 2. Improved results 3. Improved student participation in college activities. 4. Improved discipline 5. Improved student/staff discipline 6. Improved awareness on various issues 7. Improved performance 8. More student's participation in 	<ol style="list-style-type: none"> 1. College rules and regulations clearly stipulated. 2. Have a clear stipulated college program. 3. Strict disciplinary measures against indiscipline students. 4. Have a functional office for G&C 5. Form peer counselling groups 6. Establish award system for good performance 7. Motivation for staff and students 8. Training students in leadership skills 9. Have a suggestion box 	<ol style="list-style-type: none"> 1. Students abiding by college rules & regulations 2. Improved results 3. Improved student participation in college activities. 4. Improved discipline 5. Improved student/staff discipline 6. Improved awareness on various issues 7. Improved performance 8. Exam results analysis is done. 9. Educational trips done. 10. awards during graduation

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		<p>various activities.</p> <p>9. Exam results analysis</p> <p>10. Educational trips</p> <p>11. Giving awards</p> <p>12. Strong student leadership</p> <p>13. Cohesion in the college community.</p>	<p>10. lecturers and other staff.</p> <p>11. Have an annual calendar of events</p> <p>12. Allocation of responsibilities</p> <p>13. Enough personnel in every department and they should be qualified.</p> <p>14. Provide necessary facilities.</p>	<p>ceremony given.</p> <p>11. Best practices from bench marking</p> <p>12. Strong student leadership</p> <p>13. Cohesion in the college community.</p>
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VII.

8. Corporate Governance Statement

The college BOM is presided by the Chairperson of the board to govern the college operations. The BOM is appointed in accordance with the Basic Education Act 2013 by the Cabinet Secretary in charge of the Ministry of Education. The BOM provides strategic direction, exercises control and remains accountable through effective leadership, enterprise, integrity and good judgment. Its diversity in its composition, independence but flexible, pragmatic, objective and focused on balanced and sustainable performance of the college. The BOM retains responsibility for establishing and maintaining the institution's overall control of financial, operational and compliance issues as well as implementing strategies for the long-term success of the Institution.

The membership of the Board includes:

- a) Six (6) independent members appointed from the community.
- b) One (1) member representing the special needs (PWDs)
- c) One (1) member representing special interest (women and youth)
- d) Four (4) members representing the ministry through the County Education Board (CEB)
- e) The Chief Principal/Secretary BOM.
- f) One (1) member representing student's body.
- g) One (1) member representing the staff at the college.

Appointment and Removal of Board Members

Every appointment is by name and by notice of appointment by the Cabinet Secretary in the Ministry of Education. The appointment ceases if the Board member:

- a. Serves the appointing authority with a written notice of resignation;
- b. Is absent, without the permission of the Chairperson, from three consecutive meetings;
- c. or is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding twenty thousand shillings;
- d. or is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Board;
- e. or conducts himself/herself in a manner deemed by the appointing authority to be inconsistent with membership of the Board.

Ethics and Conduct

The Board adheres to the Code of Conduct and Ethics for State Corporations (SCs) which focuses on ethical conduct and integrity at the workplace. It defines the College Boards' commitment to the highest standards of behaviour so as to contribute to the achievement of the national development goals. The Code sets out expectations for individual behaviour necessary to meet these standards and includes requirements and guidance to help carry out their roles with integrity and in compliance with the law. The Board is expected to uphold Article 10 of the Constitution of Kenya on National Values and Principles of Governance and Chapter 6 on Leadership and Integrity.

Conflict of Interest Policy & Disclosures

A conflict of interest may arise where a Board member or close family member such as a spouse, child, parent or sibling has private interests that could improperly influence the performance of the Board member's official duties and responsibilities. Conflict may also arise where a Board member uses their office for personal gain.

Board members are required to avoid conflict of interest and deal at arms-length in any matter that relates to the college. However, a Board member who identifies an area of conflict shall be required to disclose any actual or potential conflict of interest to the Board. In so reporting, the Board member is required to provide all relevant information, including information which relates to their immediate family members by blood or marriage which is related to the area of conflict. When declared, the Board member shall abstain from decisions where the conflict exists.

Board Remuneration

Board members are reimbursed their transport and travel cost based on their destination and sitting allowance for the day at a flat rate of Kshs.10,000 while attending meetings and other official consultations for the college.

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Board Meetings and Governance

During the year, the Board held **meetings** as follows;

a. Full Board

S. N	NAME	DESIGNATION	MEETING DATE		
			26/6/23	15/11/23	22/5/2024
1	Prof. Lydia Wamocho	Chairperson	✓	✓	✓
2	CPA. Sylvester Butoyi	Chairperson	✓	✓	✓
3	CPA. Rashid Nasoro	Member	✓	✓	✓
4	Mrs Mary Atalitsa	Member	✓	✓	✓
5	Mrs. Elvira Wilunda	Member	✓	✓	✓
6	Dr Henry Wanjala	Member	✓	✓	✓
7	Mr Johnston Ole Turana	Member	✓	✓	✓
8	Mr. Robert Masese (OGW)	Member	✓	✓	✓
9	Mr John M. Wesonga	Member	✓	✓	✓
10	Mr. Evani Amai Olubayi	Member	✓	✓	✓
11	Ms Caroline Shigoli	Member	✓	✓	✓
12	Mrs Clara Achitsa Suka	Member	✓	✓	✓
13	Mr. Chesitit Peter	Member	✓	✓	✓

The full BOM consists of the following 5 committees;

b. Finance, Procurement and General-Purpose Committee

S.N	NAME	DESIGNATION	MEETING DATE		
			12/7/23	12/1/24	8/4/2024
1	CPA. Sylvester Butoyi	Chairperson	✓	✓	✓
2	Mr Johnston Ole Turana	Member	✓	✓	✓
3	Mr. Robert Masese (OGW)	Member	✓	✓	✓
4	Mr. Evani Amai Olubayi	Member	✓	✓	✓

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c. Academic, Quality Standards and Environment committee.

S.N	NAME	DESIGNATION	MEETING DATE	
			16/6/23	8/11/2023
1	Mrs. Mary Atalitsa	Chairperson	✓	✓
2	Dr Henry Wanjala	Member	✓	✓
3	Mrs Nellie Simiyu	Member	✓	✓
4	Mr Peter Chesitit	Member		✓

d. College Infrastructure Committee.

S.N	NAME	DESIGNATION	MEETING DATE			
			10/11/2023	11/1/2024	20/2/2024	15/4/2024
1	CPA. Rashid Nasoro	Chairperson	✓	✓	✓	✓
2	Mrs. Mary Atalitsa	Member	✓	✓	✓	✓
3	Mr. Moses K. Shililu	Member	✓	✓	✓	✓
4	Mrs. Bilha Ludeki	Member	✓	✓	✓	✓

e. Discipline Committee

S.N	NAME	DESIGNATION	MEETING DATE		
			20/6/23	4/10/2023	14/2/2024
1	Mr. Robert Masese (OGW)	Chairperson	✓	✓	✓
2	Mrs. Elvira Wilunda	Member	✓	✓	✓
3	Mrs Clara Achitsa Suka	Member	✓	✓	✓
4	Dr. Henry Wanjala	Member	✓	✓	✓

f. Audit Committee

S.N	NAME	DESIGNATION	MEETING DATE	
			19/6/23	12/9/2023
1	Mrs. Carolyne Shigholi	Chairperson	✓	✓
2	Mr. John W. Mung'oni	Member	✓	✓
4	CPA. Evans Nyabuti	Member	✓	✓

Lugari Diploma Teachers Training College
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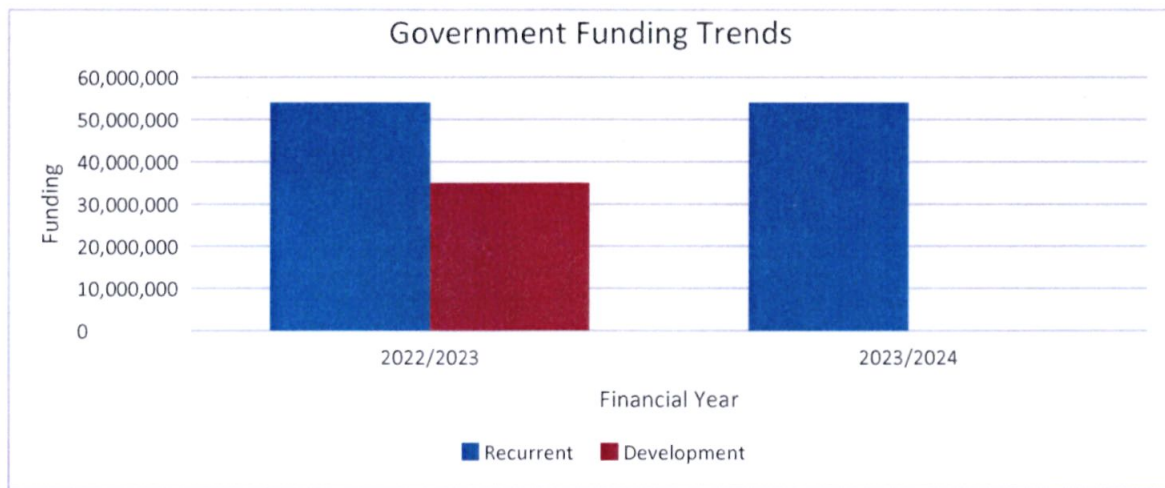
	Regional sch. Auditor			
✓ . Means the member was present or had a justifiable apology.				

9. Management Discussion and Analysis

The College Financial and Operational Performance

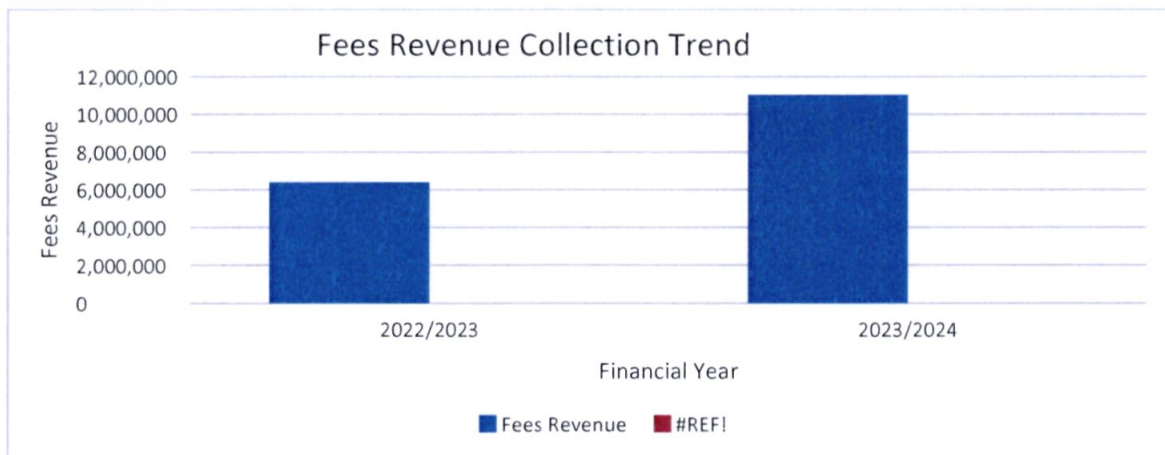
Grants

In the 2023/2024FY, the college received the entire budgeted Kshs.54,000,000 from the Ministry of Education. However, the college did not receive Kshs.35,000,000 Development grants as budgeted. This hindered planned implementation of construction of phase 2 of CBTE workshops.

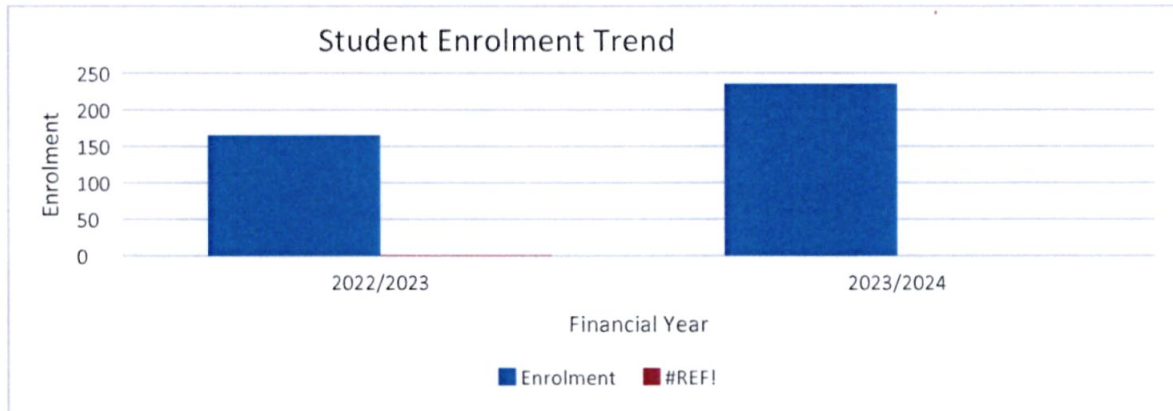


Fees Collection

The College collected fees from exchange transaction (235 students) in the period under review on an accrual basis amounting to Kshs.11,038,444 compared to Kshs6,395,300 in the 2022/2023 FY (153 students). There was an increase in fee collection which was attributable to increased enrolment.



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In the period under review, the total income was Kshs.65,038,444 compared to Kshs.60,395,300 in the 2022/2023 FY.

Expenditure amounted to Kshs.75,329,867 during the current period, reflecting an increase of Kshs. 8,563,397 from the Kshs.66,766,470 during the previous reporting period. The increase in expenditure was attributable to increased cost of foodstuff e.g. Maize, Beans, Sugar, Rice, Cooking Oil and other shop food items.

Deficit Status

The deficit in the 2023/2024 FY was Kshs.10,291,423 compared to a deficit of Kshs.6,371,170 in 2022/2023 FY. The surplus would have been Kshs.218,952 were it not for Kshs10,510,375 depreciation and amortization (Note13) which is not a budgetary / non-cash item. The deficit has been reconciled in the Statement of Comparison of Budget and Actual Amount to disclose the above.

Statement of Financial Position

In the period under review, total current assets were Kshs.31,522,949 (Note 16,17,18 and 19) while current liabilities were Kshs.3,813,949 (Note 23 and 24). This resulted in a positive working capital of Kshs.27,709,000 and a current ratio of 8.3:1 compared to current assets of Kshs57,172,991 and Current Liabilities of Kshs2,872,168 a working capital of Kshs54,679,765 and a current ratio of 19.4:1 in 2022/2023 FY.

Non-Current Assets

Non-current assets were Kshs.295,196,897 compared to Kshs.278,472,495 for the comparative period. The increase in the asset net book values is attributable to absorption of development grants to work in progress on development projects.

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Bearer Biological assets (Note 22) which are Ayrshire cow and dorper sheep has been re-valued upwards due to re-production.

Statement of Cash Flows

Cash receipts from operating activities amounted to Kshs. 65,038,444 during the period under review compared to Kshs.60,395,300 which had been received in 2022/2023 FY. Further, payments were Kshs.64,819,492 compared Kshs.55,957,306 during the 2022/2023 FY.

Kshs.25,681,146 was absorbed in development projects while Kshs.26,250,000 was received under financing activities.

Budget Performance

a. Revenue

The college received the budgeted recurrent funds amounting to Kshs.54,000,000 within the financial year, while Kshs.11,038,444 was collected as fees from students.

b. Expenditure

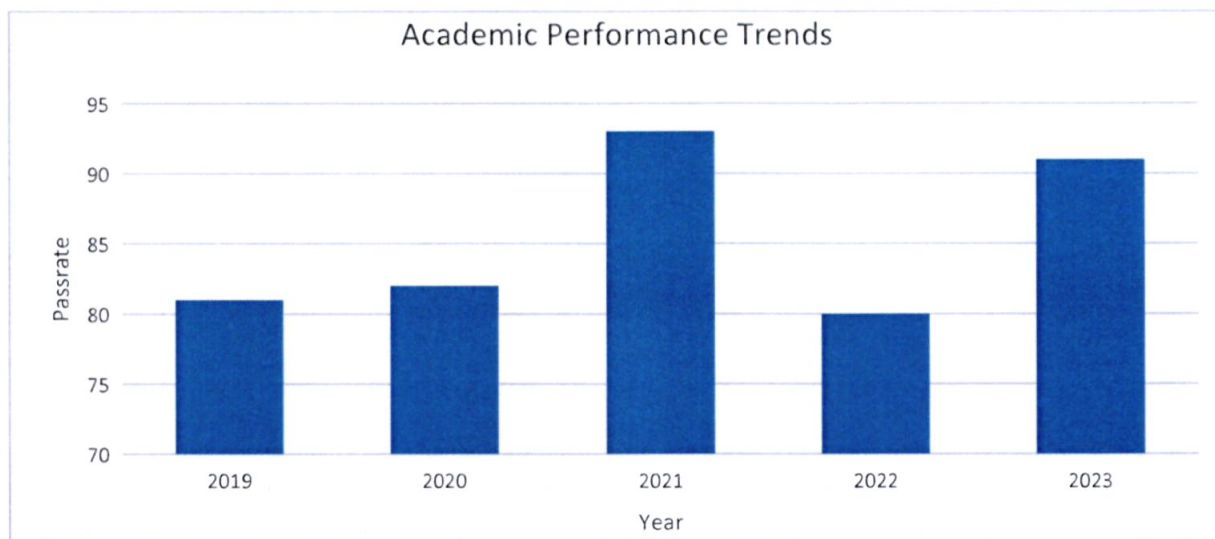
- a. Compensation of employees (13%) was under-absorbed by Kshs942,078 due to non-employment of internal security guard and ICT Officer. The HR policy which is being developed is almost ready for reference during recruitment.
- b. Remuneration of directors (29%) was under absorbed by Kshs724,000 due to most committee meetings being held virtually hence reducing on the cost of travel and meals.

Academic Performance and results

Year	2023		2022		2021		2020		2019	
Qualified	19	90.48%	40	80%	125	93.28%	155	82.50%	124	81.60%
Referred	2	9.52%	7	14%	7	5.24%	28	14.90%	25	16.30%
Fail	0	0	1	2%	1	0.75%	4	2%	1	0.65%
X	0	0	2	4%	0	0.00%	0	0%	0	0.00%
CRNM	0	0	0	0	1	0.75%	1	0.50%	3	1.96%
ENTRY	21	100%	50	100%	134	100%	188	100%	153	100%
Mean index	4.5119		4.6736		4.287		4.42		5.003	

NOTE: The lower the mean index, the better the results.

LDTTC pass rate is as follows for current and previous years;



i. Compliance with Statutory Requirements

By the end of the year, Lugari Diploma T.T.C had paid all its statutory requirements in terms of NSSF, NHIF, PAYE, Housing Levy, NITA and all withholding taxes from contractor's payable to KRA. The college has been withholding taxes on all payment made to contractors and remitting them to KRA. The college is operating under legal frame works necessary under public sector requirement such as;

- a. The Constitution of Kenya, 2010
- b. Public Finance Management Act, 2012
- c. Procurement and Assets Disposal Act, 2015
- d. IPSAS standards.
- e. Basic Education Act 2013
- f. All other relevant laws in its operation (circulars from The National Treasury and Ministry of Education).

ii. Major risks the college is facing;

Operational Risks

The college faces competition for resources including; students, teaching staff and financial resources from Ministry of Education.

The college's financial assets are trade receivables from students as well as cash and short-term deposits which arise directly from its operations. The college has no financial liabilities apart

from retention and examination money which is available in the savings account. The management has ensured timely payment to suppliers, contractors and other service providers, hence no pending bills.

Liquidity Risk

Liquidity risk is the risk that the college will not be able to meet its financial obligations as they fall due. The college's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the college's reputation.

Credit Risk

Credit risk is the risk of financial loss to the college if a customer/learner or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the organization's receivables from customers/learners. The College receives fees from students as well as capitation from the Government which minimizes the credit risk exposure. For this reason, the college has a fees payment policy which is in force. This mitigates accumulation of fees arrears.

Market Risk

To mitigate market risk, students are placed by KUCCPS and some students are admitted based on request and availability of chances.

The college has experienced the following challenges:

- a. Inadequate funding to support the infrastructure development,
- b. Competition from higher learning institution e.g. universities and national polytechnics,
- c. Drugs and substance abuse by youths that form a larger population of the largest group,
- d. Negative attitude towards diploma teacher education.

Opportunities included:

- a. Linkages with secondary schools around to offer attachment and employment.
- b. Government policies strategies and commitments in offering subsidized fees through government allocations.
- c. Government funding for development projects.
- d. Deployment of highly experienced lectures by TSC.

10. Environmental And Sustainability Reporting Statement

Sustainability strategy and profile

From the year 2016, the education sector reforms that focused on improvement of the quality of Education resulted in a reduction in number of students qualifying for Diploma in Teacher Education (DTE) in Kenya. This affected the Higher Education sectors across the country as most of the DTE colleges were unable to get students to fill their declared capacity.

Lugari Diploma T.T.C (LDTTC) was equally affected with student numbers decreasing significantly. This meant that fees collection stream was adversely affected. The college found itself competing for the same students with Local Public and Private Universities.

To ensure sustainability; -

- a. LDTTC through Kenya Institute of Curriculum Development (KICD) reviewed learning areas and developed new market driven programs that will be attractive to students and aligned to Competence Based Curriculum.
- b. The college has also invested in its human resource by training and capacity building of tutors to ensure quality learning is offered to students and other stakeholders.
- c. To enhance student enrolment, the college has been marketed in print and social media forums to increase its publicity and enrolment.

Environmental Performance.

The college climate change and waste management framework has highlighted the following areas which are being addressed to conserve environment.

Environmental Pollution and Management.

- a. The college has put up plans to manage plastic pollution through recycling and procurement of reusable goods. Currently there is a collection and storage mechanism for plastic materials for disposal to recycling companies or vendors who would like to re-use the containers.
- b. The college in liaison with the community planted over 4000 tree seedlings. There was a shortage of land and as results the college collaborate with the community by supplying seedlings to farmers to plant. Three thousand trees were given to the community in the spirit of sharing the environment while 600 trees were planted within the college environment.

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

Of the 4000 tree seedlings, 2000 seedlings were donated by Kenya Forest Service while the college purchased 2000 seedlings.

The college raised 1000 tree seedlings which will be ready for transplant by December 2024.

- c. The college has also ensured sufficient vegetation cover on the open spaces to ensure minimal soil erosion takes place.
- d. Members of the College are always communicated to and encouraged to switch off all lights and turn off taps when not in use.
- e. The college has a sewer system to manage wastes from water closet.
- f. An incinerator has been installed to burn waste.

Economic Impact Reporting.

To achieve economic sustainability, the college; -

- a. Suppliers are identified and selected through competitive bidding adhering to Public Procurement and Asset Disposal Act 2015.
- b. Allocates 40% of its procurement budget for local goods, services and works to promote buy Kenya, Build Kenya.
- c. Allocates 30% of its procurement budget to women, youth and PWDs of which 2% is reserved for PWDs.
- d. Engages suppliers for supplies, services or works only after confirmation and control of allocated funds to minimise instances of pending bills. This ensures financial sustainability.

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

11. Report of the Board of Management

The Board submits their financial report for the year ended June 30, 2024 which show the state of Lugari Diploma T.T. C's affairs.

Principal activities

The principal activities of Lugari Diploma T.T.C is instructing and training of D.S.T.E students.

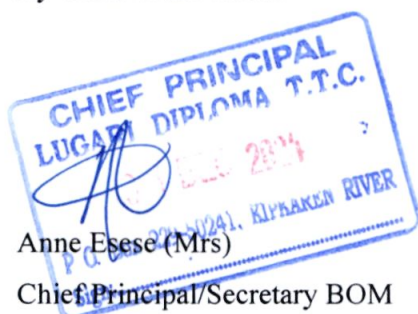
Board of Management

The members of the Board who served during the year are shown on page vi to viii. The board term started on 22nd July, 2022.

Auditors

The Auditor General is responsible for the statutory audit of the College in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the College for the year ended June 30, 2024.

By Order of the Board



Anne Esese (Mrs)
Chief Principal/Secretary BOM

Date.....

12. Statement of Board of Management

Section 81 of the Public Finance Management Act, 2012 and the Basic Education act 2013 require the Board of Management (BOM) to prepare financial statements in respect of the College, which give a true and fair view of the state of affairs of the College at the end of the financial year / period and the operating results of the College for that year / period. The Board members are also required to ensure that the College keeps proper accounting records, which disclose with reasonable accuracy the financial position of the College. The BOM members are also responsible for safeguarding the assets of the College.

The BOM is responsible for the preparation and presentation of the College's financial statements, which give a true and fair view of the state of affairs of the College for and as at the end of the financial year (period) ended on June 30, 2024. 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 College;
- (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 College;
- (v) Selecting and applying appropriate accounting policies;
- (vi) Making accounting estimates that are reasonable in the circumstances.

The BOM members accept responsibility for the College'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 Basic Education act 2013. The BOM members are of the opinion that the College's financial statements give a true and fair view of the state of College's transactions during the financial year ended June 30, 2024, and of the College's financial position as at that date. The Board members further confirm the completeness of the accounting records maintained for the College, which have been relied upon in the preparation of the College's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The College's financial statements were approved by the Board on 27th September, 2024 and signed on its behalf by:

Name Prof. Lydia M. Wamocha
Signature.....

Name: Anne A. Esese (Mrs)
Signature.....


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

Chairperson of the Board

Accounting Officer/Principal

REPUBLIC OF KENYA

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



Enhancing Accountability

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

REPORT OF THE AUDITOR-GENERAL ON LUGARI DIPLOMA TEACHERS TRAINING COLLEGE FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Lugari Diploma Teachers Training College set out on pages 36 to 68, which comprise the statement of financial

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

position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison budget and actual amounts for the year then ended 30 June, 2024 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Lugari Diploma Teachers Training College as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Accuracy and Presentation of the Financial Statements

The statement of financial performance reflects depreciation and amortization expense of Kshs.10,510,375. However, Note 13 to the financial statements reports the amount as Kshs.10,518,849 resulting in a variance of Kshs.8,474. In addition, the statement reports the comparative amount as Kshs.10,809,164 and the corresponding Note 13 reflects the amount as Kshs.14,860,966 resulting in an unexplained variance of Kshs.4,051,802.

Further, examination of the financial statements against the Public Sector Accounting Standards Board (PSASB) financial reporting template for 2023/2024 financial year revealed that the page numbers did not tally with the ones in the table of contents.

In the circumstances, the accuracy and completeness of the respective financial statements' balances could not be confirmed.

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

Emphasis of Matter

Financial Performance

The statement of financial performance reflects a deficit of Kshs.10,291,423 (2022-2023: Kshs.6,371,170, 2021-2022: Kshs.7,729,149 and 2020-2021: Kshs.9,077,551). Although, the Management and as disclosed under the statement of Board of Management states that the College will remain a going concern for at least the next

twelve months from the date of the statement, strategies need to be put in place to avert such an occurrence so that it does not face financial challenges in the future.

In the circumstances, the College is likely to face financial challenges in future if the current situation is not reversed.

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 matter described in the Basis for Qualified Opinion section, I have determined that there were no other key audit matters to report on during the year.

Other Matter

Unresolved Prior Year Matters

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the Management has not resolved the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates.

Other Information

Management is responsible for the other information set out on page 5 to 34 which comprise of Key College Information and Management, Board of Management, Key Management Team, Chairman's Statement, Report of the Chief Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting Statement, Report of the Board of Management and Statement of Board of Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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. Regularity of Human Resource Management Practices

1.1 Ethnic Representation of Staff

Review of the staff biodata provided for audit revealed that out of the twenty-four (24) non-teaching staff twenty-one (21) or 88% came from the local dominant ethnic community which is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which provides that, no public establishment shall have more than one third of its staff from one ethnic community.

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

2. Compliance with Prescription on Board and Chief Executive Officers' Terms of Service and Entitlement

2.1 Failure to Undertake Board Evaluation

It was observed that the Board did not set performance targets, undertake evaluation on the full Board Committee and individual members and submit the performance reports to its stakeholders. Further, the Board of Management did not prepare a termly report on all areas of its mandate and submit the report to the County Education Board.

This was contrary to Section 59(g) of the Basic Education Act, 2013 which states that, the functions of the Board of Management of a basic education institution shall be to prepare a comprehensive termly report on all areas of its mandate and submit the report to the County Education Board and Section 11 of Chapter 1 of Mwongozo Code of Governance for State Corporations issued in January, 2015 which requires that the board should determine its performance and undertake an evaluation of its performance.

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

3. Delayed Completion in Construction of Workshops (Phase 1)

A local contractor was awarded a tender for the construction of workshops (Phase 1) at a contract sum of Kshs.26,903,706 for a duration of eight (8) months with expected completion date of September 2024. A total of Kshs.16,830,694 was paid to the contractor. However, physical inspection conducted at the site in November, 2024

revealed that the project was incomplete with no proof of extension but the contractor was still on site. The project was estimated to be 80% complete as evidenced by the site meeting held in September, 2024 between the Project Manager, Client and the Contractor and payments to date represented 61% of the contract sum. It was observed that plumbing works, electrical works, fittings, painting and site clearance were still pending. No explanation was provided on why the project was not completed within the period as stipulated.

In the circumstances, value for money may not be achieved due to delayed project completion.

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 effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Un-tagged Biological Assets

Review of the biological asset's records revealed that the College had one (1) mature cow, six (6) dorper sheep and one (1) calf. However, it was observed that the livestock were not tagged for identification purposes.

In the circumstances, the effectiveness of biological assets management and controls 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 those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual

Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the College's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the College or cease operations.

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

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

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


Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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

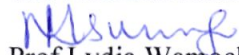
Nairobi


31 December, 2024

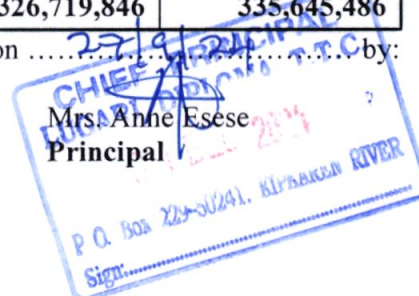
**Lugari Diploma Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2024**

		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	15	30,093,119	29,305,313
Receivables from exch. transactions	16	556,559	590,305
Receivables from non-exch transactions	17	-	26,250,000
Inventories	18	873,271	1,027,373
Total Current Assets		31,522,949	57,172,991
Non-Current Assets			
Property, plant, and equipment	19	294,307,897	276,780,995
Intangible assets	20	817,500	1,635,000
Biological Assets	21	71,500	56,500
Total Non-Current Assets		295,196,897	278,472,495
Total Assets		326,719,846	335,645,486
Liabilities			
Current Liabilities			
Trade and other payables from Exch. transactions	22	3,411,790	2,322,069
Prepaid Fees	23	402,159	550,099
Total Current Liabilities		3,813,949	2,872,168
Non-Current Liabilities			
Non-Current Provisions - Service Gratuity	24	1,795,642	1,386,640
Total non- current liabilities		1,795,642	1,386,640
Total Liabilities		5,609,591	4,258,808
Net Assets			
Revaluation Reserves		144,812,177	144,797,177
Accumulated Surplus		- 12,322,549	- 6,259,681
Capital Fund		188,620,627	192,849,182
Total Net Assets		321,110,255	331,386,678
Total Net Assets and Liabilities		326,719,846	335,645,486

The Financial Statements set out on pages 1 to 6 were signed on 27/9/2024 by:


Prof Lydia Wamocha
Chairperson of Board


CPA Michael Muholo
Finance Officer
ICPAK No 19843



Lugari Diploma Teachers Training College
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16. Statement of Changes in Net Asset for The Year Ended 30 June 2024.

Description	Revaluation reserve	Accumulated Surplus	Capital Grants / Fund	Total
At July 1, 2022	136,766,424	- 16,806,700	164,645,226	284,604,950
Revaluation gain	8,030,753	-	-	8,030,753
Surplus/(deficit) for the year	-	- 6,371,170	-	6,371,170
Capital grants received during the year	-	-	35,000,000	35,000,000
Development Grant Underposted during 2021-2022 Financial Year	-	-	10,122,145	10,122,145
Transfer of depreciation from capital fund to Retained earnings	-	16,918,189	-	-
At June 30, 2023	144,797,177	- 6,259,681	192,849,182	331,386,678
At July 1, 2023	144,797,177	-6,259,681	192,849,182	331,386,678
Revaluation gain on Biological Assets	15,000	-	-	15,000
Surplus/(deficit) for the year	-	- 10,291,423	-	10,291,423
Transfer of depreciation from capital fund to Retained earnings	-	4,228,555	- 4,228,555	-
At June 30, 2024	144,812,177	- 12,322,549	188,620,627	321,110,255

The Revaluation Gain of Kshs.15,000 relates to increase by re-production of biological assets which was 3 dorper lambs.

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17. Statement of Cash Flows for The Year Ended 30 June 2024

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities	6 b)	54,000,000	54,000,000
Rendering of services- fees from students	7	3,126,050	1,681,800
Rental revenue from facilities and equipment	8	5,414,845	3,060,000
Miscellaneous income	9	2,497,549	1,653,500
Total Receipts		65,038,444	60,395,300
Payments			
Use of goods and services	10	49,747,554	43,185,765
Employee costs	11	6,409,996	6,130,868
Board Expenses	12	1,796,000	2,189,760
Repairs and maintenance	14	6,865,942	4,450,913
Total Payments		64,819,492	55,957,306
Net Cash Flows from operating activities	25	218,952	4,437,994
Cash flows from investing activities			
Purchase of Property, Plant, Equipment		-	- 692,640
Payment for W.I.P	19	-25,681,146	- 1,184,022
Purchase of Bearer Biological Assets			- 56,500
Proceeds from sale of property, plant and equipment			
Net cash flows used in investing activities		-25,681,146	- 1,933,162
Cash flows from financing activities			
Development Grant Received	17	26,250,000	8,750,000
Net cash flows used in financing activities		26,250,000	8,750,000
Net Increase/(Decrease) in Cash and Cash equivalents		787,806	11,254,832
Cash and Cash equivalents at 1 JULY	15	29,305,313	18,050,481
Cash and Cash equivalents at 30 JUNE	15	30,093,119	29,305,313

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

18. Statement of Comparison of Budget & Actual amounts for the Year Ended 30 June, 2024.

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization difference
	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Transfers from other Govt entities Govt grants	54,000,000	-	54,000,000	54,000,000	-	0%
Rendering of services- Fees from students	1,665,000	1,374,000	3,039,000	3,126,050	87,050	3%
Rental Income	3,000,000	2,214,000	5,214,000	5,414,845	200,845	4%
Other incomes	708,150	484,533	1,192,683	2,497,549	1,304,866	109%
Total income	59,373,150	4,072,533	63,445,683	65,038,444	1,592,761	3%
Expenses						
Compensation of employees	7,352,074	-	7,352,074	6,409,996	942,078	-13%
Use of Goods and services	42,538,576	4,072,533	46,611,109	49,747,554	3,136,445	7%
Repairs & Maintenance	6,962,500	-	6,962,500	6,865,942	96,558	-1%
Board Expenses	2,520,000	-	2,520,000	1,796,000	724,000	-29%
Sub-Total expenditure	59,373,150	4,072,533	63,445,683	64,819,492	1,373,809	2%
Surplus for the period	-	-	-	218,952	218,952	
Add Depr. & Amortization exp.		0	0	10,510,375		
TOTAL EXPENDITURE	59,373,150	-	59,373,150	75,329,867		
Net Deficit for the year	0	0	0	10,291,423		
Capital Expenditure	35,000,000	-	35,000,000	-	35,000,000	100%

Budget notes

- c. Compensation of employees (13%) was under-absorbed by Kshs942,078 due to non-employment of internal security guard and ICT Officer. The HR policy which is being developed is almost ready for reference during recruitment.

- d. Remuneration of directors (29%) was under absorbed by Kshs724,000 due to most committee meetings being held virtually hence reducing on the cost of travel and meals.

19. Notes to the Financial Statements

1. General Information

Lugari Diploma TTC is established by and derives its authority and accountability from the Basic Education Act 2013. The College is wholly owned by the Government of Kenya and is domiciled in Kenya. The College's principal activity is teaching and instructing students in Secondary Diploma Teacher Education.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for financial instruments which have been expressed at fair value. The preparation of financial statements is in conformity with International Public Sector Accounting Standards (IPSAS) which allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the College's accounting policies.

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

The financial statements have been prepared in accordance with the PFM Act 2012, the Basic Education Act 2013, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2024.

Standard	Effective date and impact:
IPSAS 43: Leases	Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. The standard did not have impact on College Financial Statements.
IPSAS 44: Non- Current Assets Held for	Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at

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Sale and Discontinued Operations	<p>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 did not have impact on College 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 did not have impact on College 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> <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 did not have impact on College Financial Statements.</p>
IPSAS 47: Revenue	<p>Applicable 1st January 2026</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 did not have impact on College Financial Statements.</p>
IPSAS 48: Transfer Expenses	<p>Applicable 1st January 2026</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 did not have impact on College Financial Statements.</p>
IPSAS 49: Retirement	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for</p>

Benefit Plans	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. The standard did not have impact on College Financial Statements.
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ii. Early adoption of standards

The college did not early-adopt any new or amended standards in Financial Year 2023-2024.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

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

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2023/2024 was approved by the Board on 26th June, 2023. The budget was later revised on 22nd May, 2024 due to increase in student enrolment from earlier projection of 150 to 225 students.

The college's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance,

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whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented the face of the statement of comparison of budget versus actual amounts.

c) Taxes

Current income tax

The College is exempt from paying corporate taxes. However, it is authorised to withhold VAT at 2 per cent and withholding tax at 3 per cent from construction works and remit to KRA.

Value Added Tax

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

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

d) Property, plant and equipment

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

Lugari Diploma Teachers Training College applies reducing balance method of depreciation on its assets as follows;

Asset Description	Rate (%)
Land	0
Building	2
Motor Vehicle	25
Furniture and Fittings	12.5
Computers	33.33
Library books	20
Plant and Equipment	12.5

e) 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.

Intangible assets are depreciated at a rate of 25% on straight-line method.

f) 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.

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

g) Provisions

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

Contingent liabilities

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

Contingent assets

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

h) Social Benefits

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

i) Nature and purpose of reserves

The college creates and maintains reserves in terms of specific requirements. The college maintains a revaluation reserve into which all gains or losses on revaluation of directly updated. Further an accumulated surplus account is maintained for annual surpluses / deficits and a capital fund into which all development grants received from the Ministry of Education is updated.

j) Changes in accounting policies and estimates

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

k) Related parties

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

l) 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.

m) Comparative figures

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

n) 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, 2023.

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

- a. The condition of the asset based on the assessment of experts employed by the Entity.
- b. The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c. The nature of the processes in which the asset is deployed.
- d. Availability of funding to replace the asset.
- e. 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 13.

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

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

Lugari Diploma Teachers Training College
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Notes To the Financial Statements (Continued)

6. a) Transfers from other National Government entities

Description	2023-2024	2022-2023
	Kshs	Kshs
Unconditional Grants		
Operational Grant	54,000,000	54,000,000
Unconditional Development grants	0	35,000,000
Total unconditional Grants	54,000,000	89,000,000

(b) Transfers from other Government entities (Breakdown)

Name of the Entity Sending the Grant	Amount recognized to Statement of Financial Performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year
	Kshs.	Kshs.	Kshs.	Kshs.
Ministry of Education	13,500,000	0	0	13,500,000
Ministry of Education	13,500,000	0	0	13,500,000
Ministry of Education	13,500,000	0	0	13,500,000
Ministry of Education	13,500,000	0	0	13,500,000
Total	54,000,000	0	0	54,000,000

7. Rendering of Services

Description	2023-2024	2022-2023
	KShs	KShs
Tuition/T.E. S	1,183,000	535,500
Activity and Games Equipment	233,000	153,000
R.M. I	428,250	229,500
Local Travel & Transport	544,100	348,600
Medicare	93,200	61,200
Electricity, Water & Conservancy	518,500	306,000
Registration	126,000	48,000
Total Rendering of Services	3,126,050	1,681,800

8. Rental revenue from facilities and equipment

Description	2023-2024	2022-2023
	KShs	KShs
Year 1 Students Boarding Fees	2,854,845	800,000
Year 2 Students Boarding Fees	820,000	1,860,000
Year 3 Students Boarding Fees	1,740,000	400,000
Total	5,414,845	3,060,000

9. Other Income

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Description	2023-2024	2022-2023
	KShs	KShs
Bank clearance fee	26,250	10,000
Contingencies	769,200	447,200
Computer Course and Maintenance	349,500	229,500
Games Equipment	105,000	40,000
P.E Uniforms	262,500	100,000
Graduation Fee	0	92,000
Student Council Fees	63,000	24,000
Student welfare	69,900	45,900
Postage	23,300	15,300
Rehabilitation	233,000	153,000
KUCCPS Fees	0	60,000
Rent income from staff houses	109,000	132,000
Tender Fees	23,000	14,000
Hire of College Vehicles	342,300	262,400
Disposal of Wastes	34,835	28,070
Loss and Damages	3,654	130
Sundry Incomes	83,110	0
Total other income	2,497,549	1,653,500

Notes To the Financial Statements (Continued)

10. Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Boarding Equipment and Supplies (B.E.S)	13,980,746	13,456,814
Computer Course Expenses	1,202,983	729,556
Electricity	2,138,635	1,738,635
Water	637,776	402,416
Contingencies	6,724,949	5,475,528
Local Travel and Transport	7,792,938	8,222,389
Medicare	413,473	527,010
Activity Expenses	6,446,441	3,501,632
Postage Costs	12,275	13,680
Student Welfare & Council Expenses	48,395	412,096
Tuition Expenses	9,292,943	7,171,032
Security Expenses	1,056,000	1,248,000
P.E Uniforms	0	274,500
Bank Charges	0	12,477
Total good and services	49,747,554	43,185,765

11. Employee Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Salaries and wages	6,143,415	5,865,848
Employer Social contributions	266,581	265,020
Employee Costs	6,409,996	6,130,868

12. Board Expenses

Description	2023-2024	2022-2023
	KShs	KShs
Board Sitting Allowances	1,007,183	1,228,000
Board Travelling Allowances	330,336	402,760
Airtime Facilitation	159,873	73,000
Other Board Expenses	298,608	486,000
Total	1,796,000	2,189,760

Notes To the Financial Statements (Continued)

13. Depreciation and Amortization expense

Description	2023-2024	2022-2023
	Kshs	Kshs
Property, plant and equipment	9,701,349	14,043,466
Intangible assets	817,500	817,500
Investment property carried at cost		
Total depreciation and amortization	10,518,849	14,860,966

14. Repairs and Maintenance

Description	2023-2024	2022-2023
	Kshs	Kshs
Property	6,483,308	1,609,590
Equipment and machinery	294,624	2,064,633
Furniture and fittings	88,010	658,830
Computers and accessories	0	117,860
Total Repairs and Maintenance	6,865,942	4,450,913

15. Cash and Cash Equivalents

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Description	2023-2024	2022-2023
	KShs	KShs
Current account	30,060,596	29,302,756
On - call deposits	0	-
Fixed deposits account	0	-
Staff car loan/ mortgage	0	-
Others (Cash in Hand)	32,523	2,557
Total cash and cash equivalents	30,093,119	29,305,313

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

Financial institution	Account number	2023-2024	2022-2023
		KShs	KShs
a) Current account			
Kenya Commercial Bank-Recurrent A/c	1166632431	5,230,193	4,618,166
Kenya Commercial Bank-Development A/c	1166632288	19,347,871	20,879,486
Co-operative Bank-College fund A/c	01129534341200	348,100	184,395
b) Savings account			
Co-operative Bank-EXAM fees Savings A/c	01100534341200	3,338,790	2,234,069
Kenya Commercial Bank -Service Gratuity A/c	1303975629	1,795,642	1,386,640
Sub- total		30,060,596	29,302,756
c) Others(specify)			
cash in hand		32,523	2,557
Sub- total		32,523	2,557
Grand total		30,093,119	29,305,313

Notes To the Financial Statements (Continued)

16. Receivables from Exchange transactions

(a) Current Portion of Receivables from Exchange transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Receivables		
Student Debtors	556,559	590,305
Total Current Receivables	556,559	590,305

16 (b) Ageing Analysis of Receivables from Exchange transactions

Description	2023-2024		2022-2023	
	Kshs	% of the total	Kshs	% of the Total
Less than 1 year	556,559	100%	590,305	100%
Between 1- 2 years	-	0%	-	0%
Total	556,559	100%	590,305	100%

17. Receivables from Non-Exchange transactions

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Description	2023-2024	2022-2023
	Kshs	Kshs
Current Receivables		
Transfers from the Ministry of Education - Development Grants	0	26,250,000
Total Current Receivables	0	26,250,000

The development grants amounting to Kshs.26,250,000 was received by the college on 7th July 2023 and relate to the Financial Year 2022-2023 have been recognised as Receivables as at the 30th June 2023.

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

Description	2023-2024		2022-2023	
	Kshs	% of the total	Kshs	% of the total
Less than 1 year	0	0	26,250,000	100%
Between 1- 2 years	-	0%	-	0%
Total	0	0	26,250,000	100%

18. Inventories

Description	2023-2024	2022-2023
	KShs	KShs
Stationery & Consumable stores	121,510	240,000
Health Unit stores	88,520	40,467
Catering stores	623,863	746,906
Vehicle Fuel (Diesel)	39,378	0
Total Inventories at lower of Cost and Net Realizable Value	873,271	1,027,373

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19. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Library Books	Plant and Equipment	Capital Works in Progress	Total
DEPRECIATION RATE		2%	25%	12.5%	33.3%	20%	12.5%		
COST	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
As at 1ST JULY 2022	21,000,000	191,879,135	15,008,000	14,584,600	6,424,899	825,308	29,497,568	47,364,091	326,583,601
Additions			5,144,800	450,000	170,000	27,640	45,000	738,920	6,576,360
Revaluation gain			8,030,753						8,030,753
Transfer/adjustments		35,751,442						-	-
As at 30th JUNE 2023	21,000,000	227,630,577	28,183,553	15,034,600	6,594,899	852,948	29,542,568	12,351,569	341,190,714
As at 1st JULY 2023	21,000,000	227,630,577	28,183,553	15,034,600	6,594,899	852,948	29,542,568	12,351,569	341,190,714
Additions								27,219,777	27,219,777
Revaluation gain									-
Prior year adjustment				450,000					450,000
As at 30th JUNE 2024	21,000,000	227,630,577	28,183,553	15,484,600	6,594,899	852,948	29,542,568	39,571,346	368,860,491
BOOK VALUES		211,427,748	9,881,665	3,998,388	777,025	22,112	17,322,488		243,429,426
DEPRECIATION AND IMPAIRMENT									-
At 1st JULY 2022	-	12,431,991	15,008,000	9,606,888	4,773,754	749,325	8,527,259	-	51,097,217
Depreciation	-	4,552,612	3,293,888	1,879,324	1,044,120	81,511	3,692,821	-	14,544,276
Transfer/adjustment		-							-
As at 30th JUNE 2023	-	16,202,829	18,301,888	11,486,212	5,817,874	830,836	12,220,080	-	64,859,719
At 1st JULY 2023	-	16,202,829	18,301,888	11,486,212	5,817,874	830,836	12,220,080	-	64,859,719
Depreciation	-	4,228,555	2,470,416	499,799	324,372	4,422	2,165,311	-	9,692,875
As at 30th JUNE 2024	-	20,431,384	20,772,304	11,986,011	6,142,246	835,258	14,385,391	-	74,552,594
NET BOOK VALUES									
As at 30th JUNE 2024	21,000,000	207,199,193	7,411,249	3,498,590	452,653	17,690	15,157,177	39,571,346	294,307,897
At 30th June 2023	21,000,000	211,427,748	9,881,665	3,548,388	777,025	22,112	17,322,488	12,351,569	276,780,995

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Notes To the Financial Statements (Continued)

20. Intangible Assets

Description	2023-2024	2022-2023
	KShs	KShs
Cost	3,270,000	3,270,000
At beginning of the year	3,270,000	3,270,000
Additions		
At end of the year	3,270,000	3,270,000
Additions-internal development		
At end of the year	3,270,000	3,270,000
Amortization and impairment		
At beginning of the year	1,635,000	817,500
Amortization	817,500	817,500
At end of the year	2,452,500	1,635,000
Impairment loss		
At end of the year	817,500	1,635,000
NBV	817,500	1,635,000

21. Biological Assets

Description	Number s	2023-2024	2022-2023
		KShs	KShs
Cost			
At beginning of the year			-
Ayrshire Cow	1	26,500	26,500
Dorper Sheep	3	30,000	30,000
Additions			
Dorper Sheep (Lamb)	3	15,000	-
Cost end of the year		71,500	56,500
NBV		71,500	56,500

22. Trade and Other Payables

Description	2023-2024		2022-2023	
	KShs		KShs	
Examinations fees - KNEC	1,136,267		2,234,069	
Retention Funds	2,202,523		-	
Caution money	73,000		88,000	
Total trade and other payables	3,411,790		2,322,069	
Ageing analysis:	2022-2023	% of the Total	2021-2022	% of the Total
Under one year	3,411,790	100%	2,322,069	100%
1-2 years		0%		0%
Total	3,411,790	100%	2,322,069	100%

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Notes To the Financial Statements (Continued)

23. Refundable Deposits from Students

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Student Fees	402,159		550,099	
Total Deposits	402,159		550,099	
Ageing analysis:	2022-2023	% of the Total	2021-2022	% of the Total
Under one year	402,159	100%	550,099	100%
1-2 years		0%		0%
Total (to tie to totals deposits above)	402,159	100%	550,099	100%

24. Non-Current Provisions – Ser vice Gratuity

Description	2023-2024	2022-2023
	Kshs	Kshs
Balance at the beginning of the year	1,386,640	1,013,699
Additional Provisions	409,002	372,941
Total	1,795,642	1,386,640

25. Reconciliation of Cash generated from Operations

Description	2023-2024	2022-2023
	Kshs	Kshs
Surplus for the Year	-	-
	10,291,423	6,371,170
Adjusted for:		
Depreciation and Amortization Expense	10,510,375	10,809,164
Contribution to provisions	-1,795,642	372,941
Working Capital Adjustments		
Decrease/Increase in Inventory	154,102	252,447
Decrease/Increase in Current Receivables - Exchange Transactions	33,746	- 65,880
Decrease/Increase in Payments received in advance	- 147,940	77,159
Decrease/Increase in Accounts Payables	1,653,682	- 636,667
Net Cash Flow from Operating Activities	218,952	4,437,994

Notes to the Financial Statements (Continued)

26. Financial Risk Management

The College's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The college'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 college 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 College's financial risk management objectives and policies are detailed below:

(i) Credit risk

The College has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due e.g. trade and other receivables.

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

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

(ii) Liquidity risk management

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

(iii) Market risk

The College has put in place an internal audit function to assist it in assessing the risk faced by the College on an on-going 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 College's 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.

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Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The College's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

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

iv) Capital Risk Management

The objective of the College's capital risk management is to safeguard the College's ability to continue as a going concern. The College capital structure comprises of the following funds:

Description	Revaluation reserve	Accumulated Surplus	Capital Grants / Fund	Total
At July 1, 2023	144,797,177	- 6,259,681	192,849,182	331,386,678
Revaluation gain on Biological Assets	15,000	-	-	15,000
Surplus/(deficit) for the year	-	- 10,291,423	-	- 10,291,423
Transfer of depreciation from capital fund to Retained earnings	-	4,228,555	- 4,228,555	-
At June 30, 2024	144,812,177	- 12,322,549	188,620,627	321,110,255

27. Related Party Balances

Nature of related party relationships

Entities and other parties related to the College include those parties who have ability to exercise control or exercise significant influence over its operation 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 College, holding 100% of the College's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the College, both domestic and external. Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;

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- iii) Key management;
- iv) Board of management.

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Transactions with Related Parties		
Grants from National Govt	54,000,000	89,000,000
Total	54,000,000	89,000,000

28. Events After the Reporting Period

The college did not have any material event after the reporting date.

29. Ultimate And Holding Entity

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


30. Currency

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

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NAME:		LUGARI DIPLOMA TACHERS TRAINING COLLEGE		
Break down of Transfers from the State Department of Basic Education				
FY 2023/2024				
a.	Recurrent Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>FY to which the amounts relate</u>	
	6/08/2023	4,500,000	2023/2024	
	15/9/2023	4,500,000	2023/2024	
	26/10/2023	4,500,000	2023/2024	
	16/11/2023	4,500,000	2023/2024	
	11/12/2023	4,500,000	2023/2024	
	4/1/2024	4,500,000	2023/2024	
	10/2/2024	4,500,000	2023/2024	
	5/3/2024	4,500,000	2023/2024	
	10/4/2024	4,500,000	2023/2024	
	9/5/2024	4,500,000	2023/2024	
	6/6/2024	4,500,000	2023/2024	
	26/6/2024	4,500,000	2023/2024	
	Sub-Total	54,000,000		
	Total	54,000,000		

The above amounts have been communicated to and reconciled with the parent Ministry

Sign 

Finance Officer
Officer

Sign -----

Head of Accounting Unit
Ministry of Education



20. Appendices

Appendix II: 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	Board recommendation/ Resolution	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1. Inaccuracies in Financial Statements 1.1 Omission of Capital Grant	Notes to the financial statements under Note 6 (a) reflects capital grant of Kshs.12,500,000 which was omitted from the statement of changes in net assets.	Management believed that for the funds to be included in statement of changes in net assets, the funds would need to be absorbed to budgeted projects first. As at the time of reporting, management had not received approval from	i) Management to provide evidence of existence of the funds disbursed and all documents to support the income. ii) The Statement of Changes in Net Assets be revised to	Not Resolved.	30 th June 2025

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		Ministry of Education for construction of workshops phase 1 due to inadequate funding.	give the correct financial position and report be annexed to these minutes. iii) Management to fully adopt to IPSAS accrual while reporting.		
1.2 Unsupported Revenue from Exchange Transactions	The statement of financial performance reflects revenue from non-exchange transactions of Kshs.7,578.580 while the supporting schedules reflect Kshs.7,014,245 resulting into unexplained variance of Kshs.564,335. In the circumstances, the accuracy and completeness of respective components in the financial statements could not be confirmed.	The unexplained variance of Ksh564,335 is made up of; CBC Training- Kshs457,200. Interest Income from fixed deposit account Kshs139,260. Supporting documents for interest income was submitted to OAG for verification but CBC	i) Management to follow up on acquisition of support documents for CBC training. ii) Management to have written guideline with other state agencies before engagement in any program. Support detailed schedule for all income including CBC training and Interest	Not Resolve d.	30 TH June 2025

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		<p>training income did not have supporting documents though the funds were received by the college.</p> <p>Management is still following up on acquisition of support documents for CBC training.</p>	<p>income be provided and be attached to this report.</p>		
<p>2. Failure to Revalue Fully Depreciated Motor Vehicles</p>	<p>The statement of financial position reflects property, plant and equipment balance of Kshs.275,486,384, and as disclosed under Note 19 to the financial statements. Included in this balance is accumulated depreciation amount of Kshs.51,097,217 out of which depreciation of Kshs.15,008,000 relates to three (3) motor vehicles which are fully depreciated but are in good condition and are offering service to the College.</p>	<p>College vehicles have been re-valued by Ministry of Roads Public Works and Energy.</p> <p>Values have been attached to all vehicles.</p> <p>The values were reported in Annual Report and Financial Statement FY 2022-2023.</p> <p>The re-valuation reports are</p>	<p>i. The re-valued amount be reported in Annual Report and Financial Statement FY 2022-2023. (Refer to Note 19-PPE schedule on revaluation gain for Motor Vehicle)</p> <p>The re-valuation reports be availed for future</p>	<p>Not Resolved</p>	<p>30th June 2025</p>

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	<p>However, Management has not revalued the motor vehicles to give them new value as required by Section 44 of International Public Sector Accounting Standards 17 which provides that an asset whose fair value can be measured reliably shall be carried at a revalued amount.</p> <p>In the circumstances, the accuracy of the property, plant and equipment balance of Kshs.275,486,384. could not be confirmed.</p>	attached to this report.	reference.		
3. Lack of Approved Staff Establishment	<p>Review of personnel records revealed that the College had twenty-three (23) non-teaching staff as at 30 June, 2022. Eight (8) were recruited during the year under review.</p> <p>However, the college did not have an approved staff establishment in the 2022/2023 financial year, and therefore</p>	<p>The staff establishment has been developed and included in the college Human Resource Policy. The Policy document is attached to this report.</p>	<p>i) Staff establishment be developed and included in the Human Resource Policy for the college.</p> <p>The establishment be</p>	Not Resolved	30 th June 2025

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	<p>the optimal staffing levels for all cadres of non-teaching staff had not been established. Management did not provide a satisfactory explanation on mechanisms relied upon to identify existence of the vacancies filled during the year under review.</p> <p>In the circumstances, the basis for declaring vacancies, advertising and subsequently recruitment could not be confirmed. Further, the Management was in breach of the law.</p>		attached to these minutes.		
<p>4.Lack of Staff Ethnic Diversity</p>	<p>Analysis of payroll and staff listing provided for audit review indicates that the College had twenty-three (23) non-teaching staff as at 30 June, 2022. However, out of this number, nineteen (19) or 83% were from the same ethnic community. This is contrary to Section 7(2) of the National Cohesion and Integration Commission Act, 2008</p>	<p>Management will endeavour to ensure that one third ethnic diversity is achieved in subsequent recruitment.</p>	<p>Management to ensure one third ethnic diversity is achieved in subsequent recruitment most particularly during filling the staff establishment and</p>	<p>Not Resolved</p>	<p>30th June 2025</p>

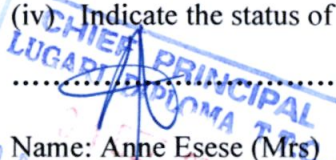
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	<p>which requires that no public establishment shall have more than one third of its staff from the same ethnic community.</p> <p>In the circumstances, Management was in breach of the law.</p>		retirement of staff.		
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Guidance Notes:

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

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Name: Anne Esese (Mrs)
 Accounting Officer
 Lugari Diploma TTC
 Date

Appendix III: Projects Implemented by the College

Project	Total project Cost (Kshs.)	Total expended to date	Completion % to date	Budget (Kshs.)	Actual Cost (Kshs.)	Sources of funds
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			(Kshs.)				
1	Construction of Ramp at LDTTC Tuition Block	10,389,084	10,389,084	100	10,389,084	10,389,084	Ministry of Education
2	Workshop Construction Phase 1 at Lugari DTTC	26,903,706	16,830,695	65	26,903,706	26,903,706	Ministry of Education.