

REPUBLIC OF KENYA



Enhancing Accountability

THE NATIONAL ASSEMBLY
PAPERS LAID

REPORT: 29 MAY 2025

DAY

Thursday

TABLED
BY:

Hon. Bays Yaa, MP
Deputy Leader of the Opposition

CLERK-AT
THE TABLE:

Halima Ahmed

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OF KENYA
LIBRARY

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THE AUDITOR-GENERAL

ON

**LUGARI DIPLOMA TEACHERS
TRAINING COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2023**



LUGARI DIPLOMA TEACHERS TRAINING COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2023**

**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 2023

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1.

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Acronyms & Definition of Key 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.
DSTE	Diploma in Secondary Teacher Education

b. Definition of Key Terms

Fiduciary Management	Key management personnel who have financial responsibility in the entity
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b.

Lugari Diploma Teachers Training College
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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, 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Principal	Mrs Anne Esese.
2.	Deputy principal	Mr Moses Shililu.
3	Registrar	Mrs Nellie Simiyu.
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 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	Saving s	01100534341200	Webuye
5	Kenya Commercial Bank	Lugari Diploma TTC- Service Gratuity A/C	Saving s	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	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
2.	 CPA Sylvester Butoyi	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
3.	 CPA Rashid Nasoro	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
4.		Bachelors of Education (B. Ed)

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	 Mrs. Mary Atalitsa	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. Currently serves the Board as Chairperson of the Academic Committee. Community Representative. Year of Birth: 1956
5.	 Mr. Robert Masese	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
6.	 Mr. Amai Olubayi Evani	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
7.		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.

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	Mr. Johnstone Ole Turana	Year of Birth: 1974.
8.	 Mr. John Mung'oni	Bachelors of Education (B. Ed) Joined the college in 2018 as a Board member. He has over 30 years in academia, management and leadership experience working with Ministry of Education as District Director of Education. Currently serves the Board as Audit Committee Member. County Education Board Representative. Year of Birth: 1958.
9.	 Mrs. Nellie Simiyu	Holder of Masters of Education (M.Ed) Lecturer at Lugari Diploma Teachers Training College. Staff Representative. Year of Birth: 1964
10.	 Ms. Elvira Wilunda	Bachelor of Law, Diploma in Law (KSL), Joined the college Board in 2022. Has over 15 years' experience in Cooperate and Private legal matters as an advocate of High Court of Kenya. Currently serves the Board as Member of Discipline Committee and Executive Board Member. Community Representative Year of Birth:1980
11.	 Ms. Clara Achitsa Suka	Bachelor of Arts, Masters in Counselling Psychology. Joined the college in 2022 as a Board member. Has over 20 years in Business Management, Relation and customer care management at ABSA Bank head office. Currently serves the Board as Member of the Discipline Committee County Education Board Representative. Year of Birth:1975
12.		Bachelor of Business Administration-Marketing,

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	 Ms. Caroline Shigholi	Masters in Business Administration (MBA). Joined the college in 2016 as a Board member. 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
13.	 Mrs Anne A. Esese	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.

4. Key Management Team

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

5. Chairman'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 2022/2023 financial year. The term of the Board of Management which I had the privilege of leading as a chairperson started on 22nd July 2022 when it was inaugurated.

Financial Performance

In the financial year that ended on June 30, 2023, the College received Kshs.54,000,000 and Kshs.35,000,000 as recurrent and development grants respectively. Further, the college received Kshs.6,395,300 as school fees and other income.

Academic Performance

The college's academic performance has been on an upward trajectory since the year 2018. The year 2022/2023 academic performance recorded a pass rate of 80%. The teaching and non-teaching staff together with the administration led by the Chief Principal Mrs. Anne Etese are greatly appreciated for their hard work and dedication.

Challenges:

In the year under review, the 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 other tertiary institutions particularly Universities which have a similar entry grade.

The college also requires adequate resources and facilities to implement Competency Based Secondary Teacher Education Training.

Partner Institutions

Lugari Diploma Teachers Training College commenced in October 2015 as a government funded project. On behalf of the Board of Management, I extend my gratitude to the Lugari NG-CDF for their contribution in this endeavour and 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, our principal and 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.

Thank you all for your support.

Prof. Lydiah M. Wamocha
Chairperson B.O.M.

6. Report of the Chief Principal

I take this opportunity to highlight the following in 2022/2023 Financial Year (FY)

1. 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 2022/2023. The BOM's tenure started on 22/7/2022 when the Board was inaugurated.

Grants

I wish to appreciate the National Treasury through the Ministry of Education (MOE) for funding the College both in Recurrent and Development fund. The college received all the allocated grants i.e. Recurrent grants Kshs54,000,000 and Development grants Kshs35,000,000. The college through the board intends to complete phase 1 of CBTE workshops.

2. Academics

On the academic front, 20 students sat for Diploma in Teacher Education exams in March 2023 and are on teaching practice in 2nd term of secondary school calendar.

Lugari Diploma Teachers Training College (LDTTC) Human Resource Policy

The BOM has approved the LDTTC HR Policy that has gone a long way to guide the Non-Teaching Staff on duty performance and hence increased efficiency and service delivery.

3. Student Enrolment

This still remains a challenge to the Institution. The College had 153 students only. This affected efficient delivery of some services because of reduced income. It is however hoped that by assigning of specific programs to the 3 Diploma TTC's, will help improve the enrolment.

4. 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. 2 makeshift home science rooms are in place and the subject is already being taught. As directed by MOE, the BOM has already prioritized infrastructure development that will support teaching of CBTE.

5. Strategic Plan

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

6. Conclusion

I wish to appreciate all the BOM Committees, the Teaching Staff, and the Non-Teaching Staff that have worked hard to spearhead the College up to where it is right now. I do also thank and appreciate the Community within which the College is located for offering conducive learning environment. A big thank you to MOE for financial support and continued guidance. May God bless us all and may God bless Lugari Diploma TTC.

Thank You,

Anne A. Esese (Mrs)

CHIEF PRINCIPAL / BOM SECRETARY

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 2022/2023 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 worth Kshs. 222,000 have been bought. 2. 39 computers were bought 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 was completed. 2. Staff houses is complete. 3. There is a security firm in place to secure the college.

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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.	4. Water was drilled, storage tanks installed. 5. There are adequate washrooms in the college. 6. 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 and SDA.
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 though 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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		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.	& proposals 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.	- clear fees balances for 2018 DTE students. 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	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	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	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	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 various activities. 9. Exam results analysis done. 10. Educational trips

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

8. Corporate Governance Statement

The college BOM is presided by the Chairman 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 (PLWD)
- 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:

- Serves the appointing authority with a written notice of resignation;
- Is absent, without the permission of the Chairperson, from three consecutive meetings;
- or is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding twenty thousand shillings;
- or is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Board;
- 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	15/3/23	15/11/22	25/8/22	22/7/22
1	Prof. Lydia Wamocha	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	Mrs Nellie Simiyu	Member	✓	✓	✓	✓	✓

The full BOM consists of the following 5 committees;

b. Finance, Procurement and General-Purpose Committee

S.N	NAME	DESIGNATION	MEETING DATE		
			12/4/23	12/1/23	13/10/22
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.

		DESIGNATION	MEETING DATE		
S.N	NAME		16/6/23	7/2/23	11/11/22
1	Mrs. Mary Atalitsa	Chairperson	✓	✓	✓
2	Dr Henry Wanjala	Member	✓	✓	✓
5	Mrs Nellie Simiyu	Member	✓	✓	✓
6	Mr Kevin Osembo	Member	✓	✓	✓

d. College Infrastructure Committee.

		DESIGNATION	MEETING DATE	
S.N	NAME		16/6/23	10/2/23
1	CPA. Rashid Nasoro	Chairperson	✓	✓
2	Mrs. Mary Atalitsa	Member	✓	✓
3	Mr. Moses K. Shililu	Member	✓	✓
4	Mrs. Bilha Ludeki	Member	✓	✓

e. Discipline Committee

		DESIGNATION	MEETING DATE			
S.N	NAME		20/6/23	5/5/23	16/5/23	21/2/23
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

		DESIGNATION	MEETING DATE		
S.N	NAME		19/6/23	23/11/23	
1	Mrs. Carolyn Shigholi	Chairperson	✓	✓	
2	Mr. John W. Mung'oni	Member	✓	✓	
4	CPA. Evans Nyabuti	Member	✓	✓	

Lugari Diploma Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2023

	Regional sch. Auditor				
✓	. Means the member was present or had a justifiable apology.				

9. Management Discussion and Analysis

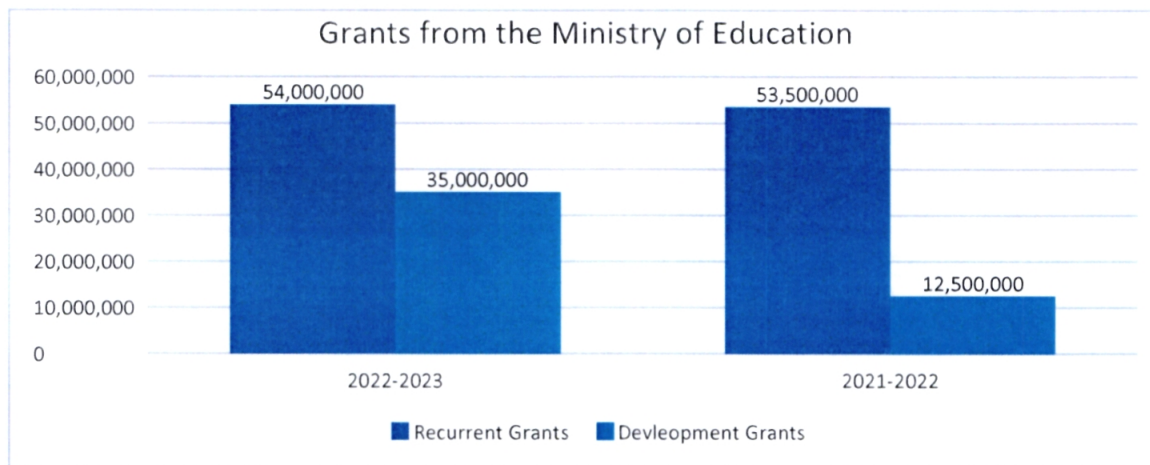
The College Financial and Operational Performance

Recurrent Grants

In the 2022/2023FY, the college received the entire budgeted Kshs.54,000,000 from the Ministry of Education. This reflected an increase of Kshs.500,000 from the Kshs.53,500,000 budgeted and received during the 2021-2022 FY.

Development Grants

The budgeted sum for development projects during the year was Kshs.35,000,000. The funds were allocated for construction of ICT and Learning Resource Centre (LRC) for implementation of Competency Based Teacher Education (CBTE). Whereas the Ministry of Education successfully disbursed Kshs.8,750,000 within the Financial Year, the college received Kshs.26,250,000 on 7th July 2023. As at the end of the FY on 30th June 2023, the Bills of Quantities for phase 1 construction of ICT and LRC labs and plans for the same are ready awaiting approval by Ministry of Education.



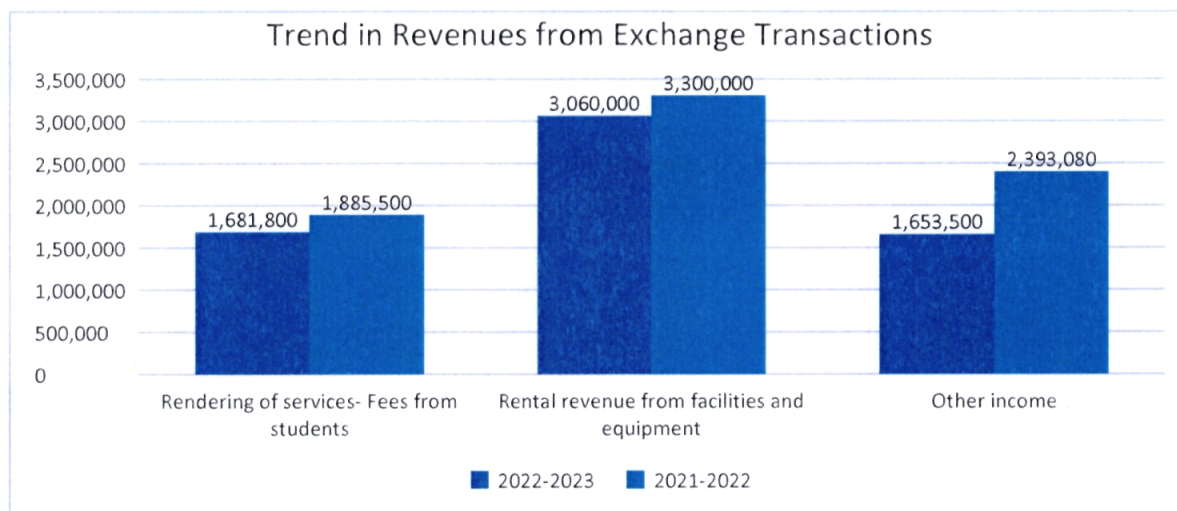
Fees Collection

The College collected fees from exchange transaction (153 students) in the period under review on an accrual basis amounting to Kshs.6,395,300 compared to Kshs7,578,580 in the 2021/2022 FY (165 students). There was a reduction in fee collection which was attributable to lower enrolment and student's financial challenges.

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In the period under review, the total income was Kshs.60,395,300 compared to Kshs.61,078,580 in the 2021/2022 FY.

Expenditure amounted to Kshs.66,766,470 during the current period, reflecting a decrease of Kshs.2,041,259 from the Kshs.68,807,729 during the previous reporting period.



Deficit Status

The deficit in the 2022/2023 FY was Kshs.6,371,170 compared to a deficit of Kshs.7,729,149 in 2021/2022 FY. The surplus would have been Kshs.4,437,994 were it not for Kshs10,809,164 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.57,172,991 (Note 16,17,18 and 19) while current liabilities were Kshs.2,872,168 (Note 23 and 24). This resulted in a positive working capital of Kshs.54,300,823 and a current ratio of 19.91:1 compared to current assets of Kshs24,494,632 and Current Liabilities of Kshs16,814,867 a working capital of Kshs7,679,765 and a current ratio of 1.4:1 in 2021/2022 FY.

Non-Current Assets

Non-current assets (fixed assets) were Kshs.278,472,495 compared to Kshs.277,938,884 for the comparative period. The decline in the asset net book values is attributable to continued depreciation and amortization of this assets.

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Bearer Biological assets (Note 25) which are Ayrshire cow and dorper sheep has been introduced as it was procured for learning purposes in agriculture subject.

Statement of Cash Flows

Cash receipts from operating activities amounted to Kshs.59,950,198 during the period under review compared to Kshs.60,514,245 which had been received in 2021/2022 FY. Further, payments were Kshs.55,957,306 compared Kshs.45,494,188 during the 2021/2022 FY.

Kshs.8,750,000 had been received for the period under review compared to Kshs.12,500,000 which had been received in 2021/2022 FY under financing activities for development projects.

Budget Performance

a. Revenue

The college received the budgeted recurrent funds amounting to Kshs.54,000,000 within the financial year, while Kshs.26,250,000 of the development grants was received after the end of the financial year with Kshs.8,750,000 was received within the FY.

b. Expenditure

Compensation of employees was under-absorbed by Kshs.1,257,206 due to delayed employment of internal security guard, office assistant and salary increment for non-teaching staff. Increased electricity cost/tariffs escalated the cost of electricity by 12% Kshs.404,449.

Remuneration of directors was under absorbed due to delay in appointment of the BOM.

Academic Performance and results

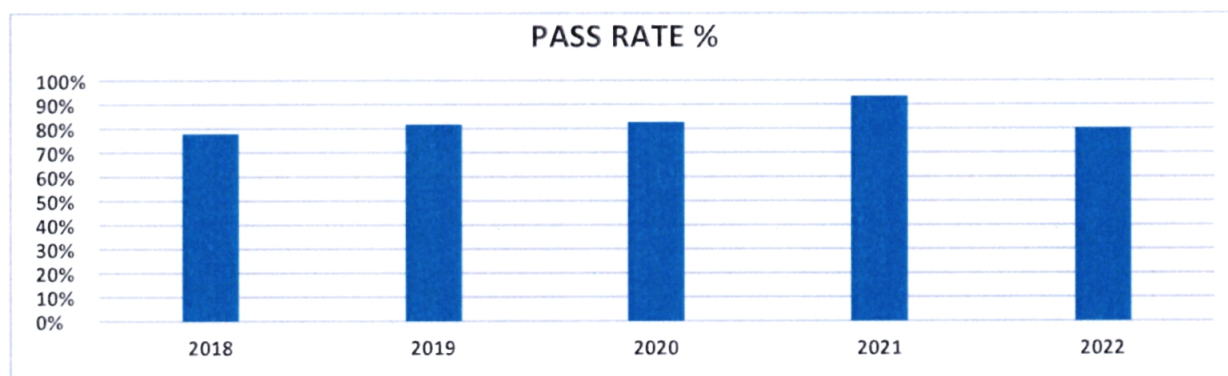
	2022		2021		2020		2019		2018	
TOTAL PASSED TO GRADUATE	40	80%	125	93.28%	155	82.50%	124	81.60%	87	77.70%
REFFERALS	7	14%	7	5.24%	28	14.90%	25	16.30%	27	22.90%
CRNM	3	2%	1	0.75%	4	2%	1	0.65%	4	3.40%
FAIL	0	0	1	0.75%	1	0.50%	3	1.96%	0	0
TOTAL	5	100	134	100%	188	100%	153	100%	118	100%

Lugari Diploma Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2023

	0	%								
MEAN			4.28				5.00		4.86	
INDEX		4.673	7		4.42		3		3	

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 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;

- The Constitution of Kenya, 2010
- Public Finance Management Act, 2012
- Procurement and Assets Disposal Act, 2015
- IPSAS standards.
- Basic Education Act 2013
- 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 development 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.

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Annual Report and Financial Statements for the year ended 30th June 2023

- 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, 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.

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.

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.

- 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.
- The college in liaison with the community planted over 1000 tree seedlings. There was a shortage of land and as results the college collaborate with the community by supplying seedlings to farmers to plant. 600 trees were given to the community in the spirit of sharing

Lugari Diploma Teachers Training College
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the environment while 400 trees were planted within the college compound.

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

11. Report of the Board of Management

The Board submits their financial report for the year ended June 30, 2023 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, 2023.

By Order of the Board



Anne Esese (Mrs)

Chief Principal/Secretary BOM

Date.....

Lugari Diploma Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2023

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, 2023. This responsibility includes:

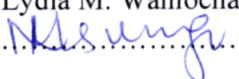
- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the College;
- (iii) Designing, implementing 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, 2023, 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.

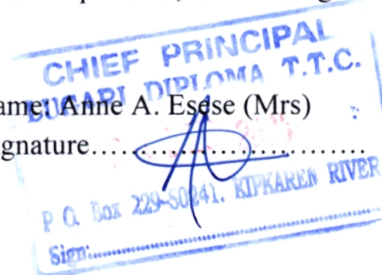
Nothing has come to the attention of the Board members to indicate that the College will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The College's financial statements were approved by the Board on 27th September, 2023 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 2023

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, 2023

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 position as at 30 June, 2023 and the statement of financial performance, statement of

Report of the Auditor-General on Lugari Diploma Teachers Training College for the year ended 30 June, 2023

changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Lugari Diploma Teachers Training College as at 30 June, 2023 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 Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unsupported Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.276,780,995. However, the corresponding Note 20 and the movement schedule was omitted from the financial statements.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.276,780,995 could not be confirmed.

2. Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.29,305,313 as disclosed in Note 16 to the financial statements. Included in this balance is Kshs.184,395 for one of the College's bank accounts. However, there were reconciling items of receipts in the bank statements not in cash book totalling Kshs.356,410 out of which four (4) receipts amounting to Kshs.67,000 were not recorded in the cash book for more than one year and the balance of Kshs.289,410 related to a cheque dated 14 April, 2024.

In the circumstances, the accuracy and completeness of cash and cash equivalents balance of Kshs.29,305,313 could not be confirmed.

3. Unsupported and Over Expenditure on Contingencies

The statement of financial performance reflects an amount of Kshs.43,185,765 in respect of use of goods and services as disclosed in Note 10 to the financial statements. Included in this amount is Kshs.5,475,528 relating to contingencies whose nature was not disclosed in the financial statements. Further, examination of the College's final budget revealed that Management had budgeted for contingencies expenses at Kshs.2,547,960 but spent Kshs.5,475,528 resulting to an over expenditure of Kshs.2,927,568 or 115% of the budget. The Management did not provide reasons for irregularly budgeting and incurring an expenditure called contingencies.

In the circumstances, the accuracy and completeness of contingencies amount of Kshs.5,475,528 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.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 matters 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 and Report on Lawfulness and Effectiveness in Use of Public Resources. However, the Management has not resolved the issues or given any explanation for the delay in resolving the issues.

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 purposes revealed that out of the twenty-four (24) non-teaching staff, twenty-one (21) or 88% came from the local dominant ethnic community, which was contrary to the provisions of 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 the 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.

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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 its 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

30 December, 2024

Lugari Diploma Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2023

14. Statement of Financial Performance for The Year Ended 30 June 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – Grants	6	54,000,000	53,500,000
Total Revenue from non-exchange transactions		54,000,000	53,500,000
Revenue from exchange transactions			
Rendering of services- Fees from students	7	1,681,800	1,885,500
Rental revenue from facilities and equipment	8	3,060,000	3,300,000
Other income	9	1,653,500	2,393,080
Revenue from exchange transactions		6,395,300	7,578,580
Total revenue		60,395,300	61,078,580
Expenses			
Use of goods and services	10	43,185,765	1,381,769
Employee costs	11	6,130,868	5,432,149
Board Expenses	12	2,189,760	2,363,000
Depreciation and amortization expense	13	10,809,164	16,223,832
Repairs and maintenance	14	4,450,913	6,348,014
General expenses	15	-	37,058,965
Total expenses		66,766,470	68,807,729
Net Surplus for the year		6,371,170	7,729,149

The notes set out on pages 6 to 26 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 5 were signed by:

.....

Prof Lydia Wamocha
Chairman of Board

CPA Michael Muholo
Finance Officer
ICPAK No 19843

Mrs. Anne Esese
Principal

Date

Date

Date

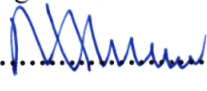
Lugari Diploma Teachers Training College
Annual Report and Financial Statements for the year ended 30th June 2023

15. Statement of Financial Position As At 30th June 2023

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	16	29,305,313	18,050,481
Current portion of receivables from exchange transactions	17	590,305	5,669,225
Receivables from non-exchange transactions	18	26,250,000	-
Inventories	19	1,027,373	774,926
Total Current Assets		57,172,991	24,494,632
Non-Current Assets			
Property, plant, and equipment	20	276,780,995	275,486,384
Intangible assets	21	1,635,000	2,452,500
Biological Assets	22	56,500	-
Total Non-Current Assets		278,472,495	277,938,884
Total Assets		335,645,486	302,433,516
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	23	2,322,069	16,276,077
Prepaid Fees	24	550,099	538,790
Total Current Liabilities		2,872,168	16,814,867
Non-Current Liabilities			
Non-Current Provisions - Service Gratuity	25	1,386,640	1,013,699
Total non-current liabilities		1,386,640	1,013,699
Total Liabilities		4,258,808	17,828,566
Net Assets			
Revaluation Reserves		144,797,177	136,766,424
Accumulated Surplus		(6,259,681)	(16,806,700)
Capital Fund		192,849,182	164,645,226
Total Net Assets and Liabilities		335,645,486	302,433,516

The Financial Statements set out on pages 1 to 5 were signed by:


 Prof Lydia Wamocha
 Chairman of Board


 CPA Michael Muholo
 Finance Officer
 ICPAK No 19843


 Mrs. Anne E sese
 Principal

Date

Date

Date

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16. Statement of Changes in Net Asset for The Year Ended 30 June 2023

Description	Revaluation reserve	Accumulated Surplus	Capital Grants / Fund	Total
At July 1, 2021	136,766,424	(9,077,551)	162,267,371	289,956,244
Revaluation gain	0	0	0	0
Surplus/(deficit) for the year	0	(7,729,149)	0	(7,729,149)
Capital grants received during the year	0	0	2,377,855	2,377,855
Transfer of depreciation from capital fund to Retained earnings	0	0	0	0
At June 30, 2022	136,766,424	(16,806,700)	164,645,226	284,604,950
At July 1, 2022	136,766,424	(16,806,700)	164,645,226	284,604,950
Revaluation gain	8,030,753	0	0	8,030,753
Surplus/(deficit) for the year	0	(6,371,170)	0	(6,371,170)
Development Grant Underposted during 2021-2022 Financial Year	0	0	10,122,145	10,122,145
Capital grants received during the year	0	0	35,000,000	35,000,000
Transfer of depreciation from capital fund to Retained earnings	0	16,918,189	(16,918,189)	0
At June 30, 2023	144,797,177	(6,259,681)	192,849,182	331,386,678

The Revaluation Gain of Kshs.8,030,753 rose due to the revaluation of the college's motor vehicles which had been fully depreciated during the 2020-2021 Financial Year. The revaluation was occasioned by the fact that the vehicles are still in use in the college.

The depreciation balance of Kshs.16,918,189 transferred from the capital fund to the Accumulated Surplus relates to the accumulated depreciation on the buildings which had been funded by the capital funds received from the Ministry of Education over the years.

1.

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17. Statement of Cash Flows For The Year Ended 30 June 2023

Description	Note	2022-2023	2021-2022
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities	6	54,000,000	53,500,000
Rendering of services- fees from students	7	1,681,800	1,846,830
Rental revenue from facilities and equipment	8	3,060,000	3,108,925
Miscellaneous income	9	1,653,500	2,058,490
Total Receipts		60,395,300	60,514,245
Payments			
Use of goods and services	10	43,185,765	1,381,769
Employee costs	11	6,130,868	5,432,149
Board Expenses	12	2,189,760	2,363,000
Repairs and maintenance	14	4,450,913	6,348,014
General Expenses	15	-	29,969,256
Total Payments		55,957,306	45,494,188
Net Cash Flows from operating activities	26	4,437,994	15,020,057
Cash flows from investing activities			
Purchase of Property, Plant, Equipment	20	- 692,640	- 3,791,500
Payment for W.I.P	20	- 1,184,022	- 23,894,599
Payment for College Car		-	- 5,144,800
Purchase of Intangible Assets		-	- 3,270,000
Purchase of Bearer Biological Assets	22	- 56,500	
Decrease in Payables			- 14,076,412
Proceeds from sale of property, plant and equipment			
Net cash flows used in investing activities		- 1,933,162	- 50,177,311
Cash flows from financing activities			
Proceeds From Borrowing		-	-
Repayment Of Borrowings		-	-
Development Grant Received	6 b	8,750,000	12,500,000
Net cash flows used in financing activities		8,750,000	12,500,000
Net Increase/(Decrease) in Cash and Cash equivalents		11,254,832	- 22,657,254
Cash and Cash equivalents at 1 JULY	16	18,050,481	40,707,735
Cash and Cash equivalents at 30 JUNE	16	29,305,313	18,050,481

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18. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2023

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization difference
	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023	2022-2023
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other Govt entities Govt grants	54,000,000	-	54,000,000	54,000,000	-	0%
Rendering of services- Fees from students	1,781,700	-	1,781,700	1,681,800	- 99,900	-6%
Rental Income	3,000,000	-	3,000,000	3,060,000	60,000	2%
Other incomes	2,200,000	-	2,200,000	1,653,500	- 546,500	-25%
Total income	60,981,700	-	60,981,700	60,395,300	- 586,400	-1%
Expenses						
Compensation of employees	7,388,074	-	7,388,074	6,130,868	- 1,257,206	-17%
Use of Goods and services	43,281,126	-	43,281,126	43,185,765	- 95,361	0%
Repairs & Maintenance	7,212,500	-	7,212,500	4,450,913	- 2,761,587	-38%
Board Expenses	3,100,000	-	3,100,000	2,189,760	- 910,240	-29%
Sub-Total expenditure	60,981,700	-	60,981,700	55,957,306	- 5,024,394	-8%
Surplus for the period	-	-	-	4,437,994	4,437,994	
Add Depreciation & Amortization exp.		0	0	10,809,164		
TOTAL EXPENDITURE	60,981,700	-	60,981,700	66,766,470		
Net Deficit for the year	0	0	0	- 6,371,170		
Capital Expenditure	12,500,000	22,500,000	35,000,000	0	35,000,000	100%

Budget notes

1. Under-absorption of Compensation of employees by 17% of the budget was due to delayed employment of internal security guard, office assistant and salary increment for non-teaching staff.
2. Failure to secure admission for CBC Training contributed to the underperformance of other Miscellaneous Income by the college.
3. Delayed appointment of the BOM resulted to under-absorption of the Board Expenses budget by 29%
4. Capital expenditure was not absorbed as planned because of delay in disbursement of development grants which were received after the close of the financial year.

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 2023.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;

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	• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. This standard has no impact on the college
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. This standard has no impact on the college
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. This standard has no impact on the college
Other improvements to IPSAS	Applicable 1st January 2023 • IPSAS 22 Disclosure of Financial Information about the General Government Sector. Amendments to refer to the latest System of National Accounts (SNA 2008). • IPSAS 39: Employee Benefits. Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. This standard has no impact on the college

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 43	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. This standard has no impact on the college
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. This standard has no impact on the college

- iii. Early adoption of standards

The college did not early-adopt any new or amended standards in Financial Year 2022-2023.

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

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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 2022/2023 was approved by the BOM on 13th April 2022. There were no subsequent revisions or additional appropriations were made to the approved budget. The college's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on 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 straight line 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 directors, 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

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:

- The condition of the asset based on the assessment of experts employed by the Entity.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

Provisions

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

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6. a) Transfers from other National Government entities

Description	2022-2023	2021-2022
	Kshs	Kshs
Unconditional Grants		
Operational Grant	54,000,000	53,500,000
Unconditional Development grants	35,000,000	12,500,000
Total unconditional Grants	89,000,000	66,000,000

(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
Ministry of Education	0	0	8,750,000	8,750,000
Ministry of Education	0	0	26,250,000	26,250,000
Total	54,000,000	0	35,000,000	89,000,000

7. Rendering of Services

Description	2022-2023	2021-2022
	KShs	KShs
Tuition/T.E. S	535,500	577,500
Activity and Games Equipment	153,000	165,000
R.M. I	229,500	247,500
Local Travel & Transport	348,600	390,300
Medicare	61,200	66,000
Electricity, Water & Conservancy	306,000	330,000
Registration	48,000	109,200
Total Rendering of Services	1,681,800	1,885,500

8. Rental revenue from facilities and equipment

Description	2022-2023	2021-2022
	KShs	KShs
Boarding Fees		3,300,000
Year 1 Students Boarding Fees	800,000	
Year 2 Students Boarding Fees	1,860,000	
Year 3 Students Boarding Fees	400,000	
Total	3,060,000	3,300,000

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9. Other Income

Description	2022-2023	2021-2022
	KShs	KShs
Bank clearance fee	10,000	22,750
Contingencies	447,200	578,000
Computer Course and Maintenance	229,500	247,500
Games Equipment	40,000	91,000
P.E Uniforms	100,000	227,500
Graduation Fee	92,000	
Student Council Fees	24,000	54,600
Student welfare	45,900	49,500
Postage	15,300	16,500
Rehabilitation	153,000	165,000
KUCCPS Fees	60,000	136,500
CBC Training	-	457,200
Rent income from staff houses	132,000	-
Tender Fees	14,000	-
Hire of College Vehicles	262,400	-
Disposal of Wastes	28,070	-
Loss and Damages	130	-
Sundry Incomes		347,030
Total other income	1,653,500	2,393,080

10. Use of Goods and Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Electricity, Water and Conservancy	-	1,381,769
Boarding Equipment and Supplies (B.E.S)	13,456,814	-
Computer Course Expenses	729,556	-
Electricity	1,738,635	-
Water	402,416	-
Contingencies	5,475,528	-
Local Travel and Transport	8,222,389	-
Medicare	527,010	-
Activity Expenses	3,501,632	-
Postage Costs	13,680	-
Student Council Expenses	412,096	-
Tuition Expenses	7,171,032	-
Security Expenses	1,248,000	-
P.E Uniforms	274,500	-
Bank Charges	12,477	-
Total good and services	43,185,765	1,381,769

Notes To the Financial Statements (Continued)

11. Employee Costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries and wages	5,865,848	5,432,149
Employer Social contributions	265,020	0
Employee Costs	6,130,868	5,432,149

12. Board Expenses

Description	2022-2023	2021-2022
	KShs	KShs
BOM Meeting Allowance		2,363,000
Board Sitting Allowances	1,228,000	
Board Travelling Allowances	402,760	
Airtime Facilitation	73,000	
Other Board Expenses	486,000	
Total	2,189,760	2,363,000

13. Depreciation and Amortization expense

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, plant and equipment	9,991,664	15,406,332
Intangible assets	817,500	817,500
Investment property carried at cost		
Total depreciation and amortization	10,809,164	16,223,832

14. Repairs and Maintenance

Description	2022-2023	2021-2022
	Kshs	Kshs
R.M.I		6,348,014
Property	1,609,590	
Equipment and machinery	2,064,633	
Furniture and fittings	658,830	
Computers and accessories	117,860	
Total Repairs and Maintenance	4,450,913	6,348,014

Notes to the Financial Statements (Continued)

15. General Expenses

Description	2022-2023	2021-2022
	KShs	KShs
Bank Charges	-	-
Boarding/B.E. S	-	10,360,207
Computer course	-	4,007,131
Contingencies	-	4,186,820
L.T&T	-	5,321,887
Medicare	-	649,540
Activity expenses	-	2,735,515
Postage	-	8,105
Registration	-	106,332
Student Council	-	69,315
Students' welfare	-	5,000
Tuition /T.E. S	-	8,210,113
College Security	-	1,144,000
P.E Uniforms	-	255,000
Total general expenses	-	37,058,965

16. Cash and Cash Equivalents

Description	2022-2023	2021-2022
	KShs	KShs
Current account	29,302,756	18,046,602
On - call deposits	0	-
Fixed deposits account	0	-
Staff car loan/ mortgage	0	-
Others (Cash in Hand)	2,557	3,878
Total cash and cash equivalents	29,305,313	18,050,481

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

Financial institution	Account number	2022-2023	2021-2022
		KShs	KShs
a) Current account			
Kenya Commercial Bank-Recurrent A/c	1166632431	4,618,166	47,902
Kenya Commercial Bank-Development A/c	1166632288	20,879,486	12,872,239
Co-operative Bank-College fund A/c	01129534341200	184,395	46,951
b) Savings account			
Co-operative Bank-EXAM fees Savings A/c	01100534341200	2,234,069	5,079,510
Kenya Commercial Bank -Service Gratuity A/c	1303975629	1,386,640	0
Sub- total		29,302,756	18,046,602
c) Others(specify)			
cash in hand		2,557	3,878
Sub- total		2,557	3,878
Grand total		29,305,313	18,050,480

Notes to the Financial Statements (Continued)

17. Receivables from Exchange transactions

17 (a) Current Portion of Receivables from Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Student Debtors	590,305	524,425
Bank Guarantee for advance payment to purchase college vehicle	-	5,144,800
Total Current Receivables	590,305	5,669,225

17 (b) Ageing Analysis of Receivables from Exchange transactions

Description	2022-2023		2021-2022	
	Kshs	% of the total	Kshs	% of the Total
Less than 1 year	590,305	100%	5,669,225	100%
Between 1- 2 years	-	0%	-	0%
Between 2-3 years	-	0%	-	0%
Over 3 years	-	0%	-	0%
Total	590,305	100%	5,669,225	100%

18. Receivables from Non-Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Transfers from the Ministry of Education - Development Grants	26,250,000	-
Total Current Receivables	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.

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

Description	2022-2023		2021-2022	
	Kshs	% of the total	Kshs	% of the total
Less than 1 year	26,250,000	100%	-	-
Between 1- 2 years	-	0%	-	-
Between 2-3 years	-	0%	-	-
Over 3 years	-	0%	-	-
Total	26,250,000	100%	-	-

Notes to the Financial Statements (Continued)

19. Inventories

Description	2022-2023	2021-2022
	KShs	KShs
Stationery & Consumable stores	240,000	387,247
Health Unit stores	40,467	46,339
Catering stores	746,906	341,340
Total Inventories at lower of Cost and Net Realizable Value	1,027,373	774,926

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20. 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 2021	21,000,000	85,942,573	15,008,000	12,904,100	4,763,899	825,308	8,056,100	150,847,372	299,347,352
Additions				2,130,500	1,661,000			23,894,749	27,686,249
Disposals									-
Transfer/adjustments		105,936,562					21,441,468	-127,378,030	-
As at 30th JUNE 2022	21,000,000	191,879,135	15,008,000	15,034,600	6,424,899	825,308	29,497,568	47,364,091	326,583,601
As at 1st JULY 2022	21,000,000	191,879,135	15,008,000	15,034,600	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	1,184,022	6,576,360
Revaluation gain			8,030,753						8,030,753
Transfer (Building)		35,751,442						- 35,751,442	-
As at 30th JUNE 2023	21,000,000	227,630,577	28,183,553	15,484,600	6,594,899	852,948	29,542,568	12,351,569	341,190,714
DEPRECIATION AND IMPAIRMENT									-
At 1st JULY 2021	-	8,594,409	11,256,000	7,783,813	2,632,336	584,264	4,840,063	-	35,690,885
Depreciation	-	3,837,582	3,752,000	1,823,075	2,141,418	165,061	3,687,196	-	15,406,332
Disposals									-
As at 30th JUNE 2022	-	12,431,991	15,008,000	9,606,888	4,773,754	749,325	8,527,259	-	51,097,217
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	1,879,325	1,044,120	81,511	3,692,821	-	14,544,276
Disposals									-
Transfer/adjustment		- 781,774							- 781,774
As at 30th JUNE 2023	-	16,202,829	18,301,888	11,486,213	5,817,874	830,836	12,220,080	-	64,859,719
NET BOOK VALUES									-
As at 30th JUNE 2023	21,000,000	211,427,748	9,881,665	3,998,388	777,025	22,112	17,322,488	12,351,569	276,780,995
At 30th June 2022	21,000,000	179,447,144	-	5,427,712	1,651,145	75,983	20,970,309	47,364,091	275,486,384

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21. Intangible Assets

Description	2022-2023	2021-2022
	KShs	KShs
Cost		-
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	817,500	-
Amortization	817,500	817,500
At end of the year	1,635,000	817,500
Impairment loss		-
At end of the year	1,635,000	817,500
NBV	1,635,000	2,452,500

22. Biological Assets

Description	Numbers	2022-2023	2021-2022
		KShs	KShs
Cost			
At beginning of the year		-	-
Additions			-
Ayrshire Cow	1	26,500	-
Dorper Sheep	3	30,000	-
Cost end of the year		56,500	-
NBV		56,500	-

23. Trade and Other Payables

Description	2022-2023		2021-2022	
	KShs		KShs	
Examinations fees - KNEC	2,234,069		1,344,374	
Retention	-		1,917,264	
Caution money	88,000		142,200	
Capital development Funds			12,872,239	
Total trade and other payables	2,322,069		16,276,077	
Ageing analysis:	2022-2023	% of the Total	2021-2022	% of the Total
Under one year	2,322,069	100%	16,276,077	100%
1-2 years		0%		0%
2-3 years		0%		0%
Over 3 years		0%		0%
Total (to tie to totals above)	2,322,069	100%	16,276,077	100%

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24. Refundable Deposits from Students

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Prepaid Fees	550,099		538,790	
Total Deposits	550,099		538,790	
Ageing analysis:	2022-2023	% of the Total	2021-2022	% of the Total
Under one year	550,099	100%	538,790	100%
1-2 years		0%		0%
2-3 years		0%		0%
Over 3 years		0%		0%
Total (to tie to totals deposits above)	550,099	100%	538,790	100%

25. Non-Current Provisions – Service Gratuity

Description	2022-2023	2021-2022
	Kshs	Kshs
Balance at the beginning of the year	1,013,699	755,583
Additional Provisions	372,941	258,116
Provision utilised	-	
Change due to discount and time value for money	-	
Less: Current portion	-	
Total	1,386,640	1,013,699

26. Reconciliation Of Cash Generated From Operations

RECONCILIATION OF CASH GENERATED FROM OPERATIONS	2022/2023	2021/2022
	Kshs.	Kshs.
Deficit	- 6,371,170	7,729,149
Adjusted for:	-	-
Depreciation	10,809,164	16,223,832
Non-cash Grants Received	-	-
Contribution to Provisions	372,941	258,116
Working Capital Adjustments	-	-
Increase/ Decrease in Inventory	252,447	109,902
Increase/ Decrease in Receivables	- 65,880	5,094,725
Increase/Decrease in Payables	- 636,667	794,686
Increase/Decrease in Payments Received in Advance	77,159	267,945
Net Cash Flow from Operating Activities	4,437,994	15,020,057

Notes to the Financial Statements (Continued)

27. 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 company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The 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 company 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) 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. 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.

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iii) 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
Balance as at 30th June 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
Development Grant Under-posted during 2021-2022 Financial Year	-	-	10,122,145	10,122,145
Capital grants received during the year	-	-	35,000,000	35,000,000
Transfer of depreciation from capital fund to Retained earnings	-	16,918,189	-16,918,189	0
Balance as at 30th June 2023	144,797,177	-6,259,681	192,849,182	331,386,678

28. 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 operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the 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;
- iii) Key management;
- iv) Board of management.

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

Break down of Transfers from the State Department of Basic Education				
	FY 2022/2023			
a.	Recurrent Grants			
		<u>Bank Statement</u>	<u>Amount (KShs)</u>	<u>FY to which the amounts</u>
		<u>Date</u>		<u>relate</u>
		6/08/2022	9,000,000	2022/2023
		15/10/2022	9,000,000	2022/2023
		28/12/2022	9,000,000	2022/2023
		10/3/2023	9,000,000	2022/2023
		10/5/2023	9,000,000	2022/2023
		30/6/2023	9,000,000	2022/2023
b	Development Grants		54,000,000	
		15/10/2022	8,750,000	2022/2023
		7/7/2023	26,250,000	2022/2023
		Sub-Total	35,000,000	
		Total	89,000,000	

29. Events After the Reporting Period

The college received the development grants of Kshs.26,250,000 from the Ministry of Education on 7th July 2023. The grants related to the 2022-2023 financial years and have therefore been recognised as receivables as at 30th June 2023.

30. 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.

31. Currency

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

20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	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 Ministry of Education for	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 give the correct	Not Resolved.	30 th June 2024

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		construction of workshops phase 1 due to inadequate funding.	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 training income did not	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 income be	Not Resolve d.	30 TH June 2024

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		have supporting documents though the funds were received by the college. Management is still following up on acquisition of support documents for CBC training.	provided and be attached to this report.		
2. Failure to Revalue Fully Depreciated Motor Vehicles	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. However, Management has not revalued	College vehicles have been re-valued by Ministry of Roads Public Works and Energy. Values have been attached to all vehicles. The values were reported in Annual Report and Financial Statement FY 2022-2023. The re-valuation reports are attached to this report.	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) The re-valuation reports be availed for future reference.	Not Resolved	30TH June 2024

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	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. In the circumstances, the accuracy of the property, plant and equipment balance of Kshs.275,486,384. could not be confirmed.				
3. Lack of Approved Staff Establishment	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. However, the college did not have an approved staff establishment in the 2021/2022 financial year, and therefore the optimal staffing levels for all cadres	The staff establishment has been developed and included in the college Human Resource Policy. The Policy document is attached to this report.	i) Staff establishment be developed and included in the Human Resource Policy for the college. The establishment be attached to these minutes.	Not Resolved	30th June 2024

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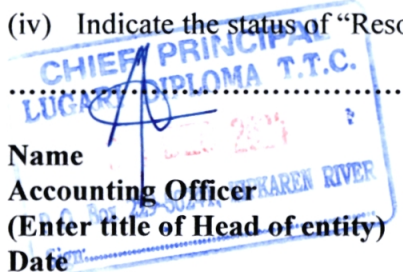
	of non-teaching staff had not been established. Management did not provide a satisfactory explanation on mechanisms relied upon to identify existence of the vacancies filled during the year under review. In the circumstances, the basis for declaring vacancies, advertising and subsequently recruitment could not be confirmed. Further, the Management was in breach of the law.				
4.Lack of Staff Ethnic Diversity	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 which requires that no public	Management will endeavour to ensure that one third ethnic diversity is achieved in subsequent recruitment.	Management to ensure one third ethnic diversity is achieved in subsequent recruitment most particularly during filling the staff establishment and retirement of staff.	Not Resolved	30TH June 2024

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	establishment shall have more than one third of its staff from the same ethnic community. In the circumstances, Management was in breach of the law.				
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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.


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

Appendix II: Projects Implemented by the College

Project	Total project Cost (Kshs.)	Total expended to date (Kshs.)	Completion % to date	Budget (Kshs.)	Actual Cost (Kshs.)	Sources of funds

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1	Playfield	4,441,640	4,441,640	100	4,441,640	4,441,640	Ministry of Education
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