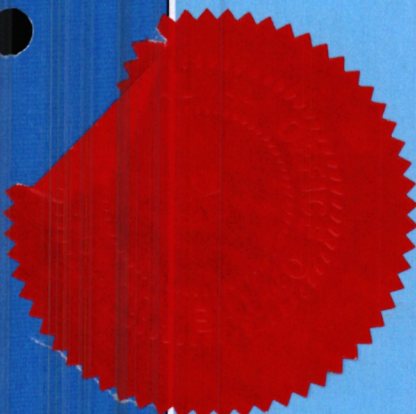
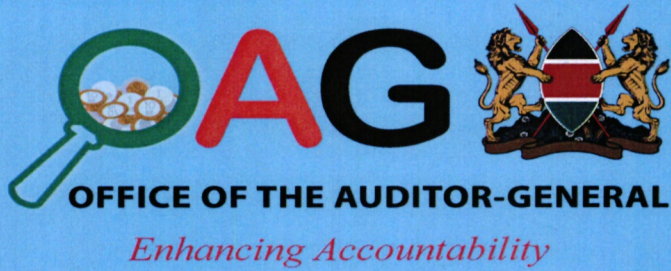


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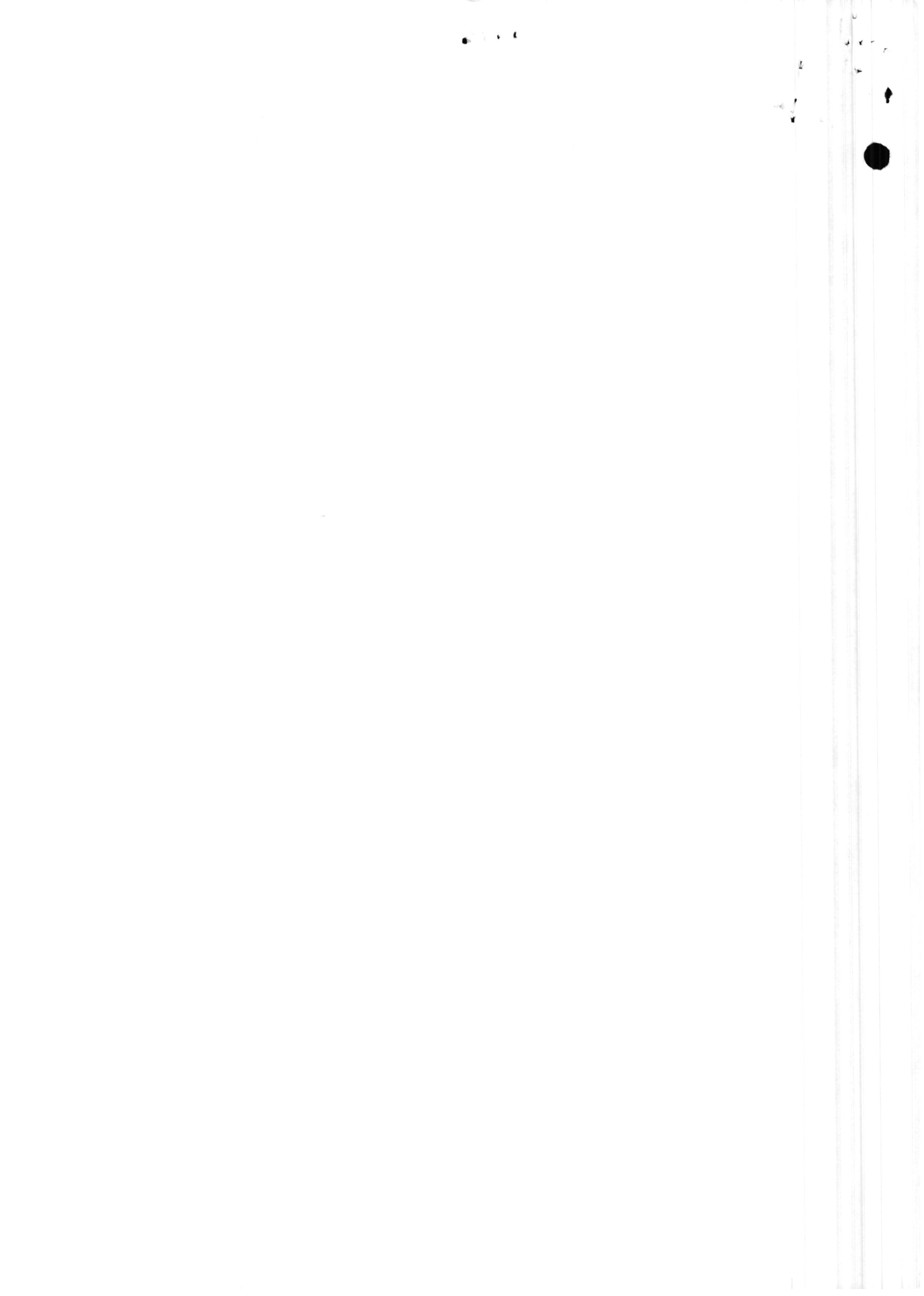
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TABLED BY: OF	<u>hon Naomi Wago, MP</u> <u>Deputy Majority Whip</u>
CLERK-AT THE TABLE:	<u>Inzofu Mwale</u>

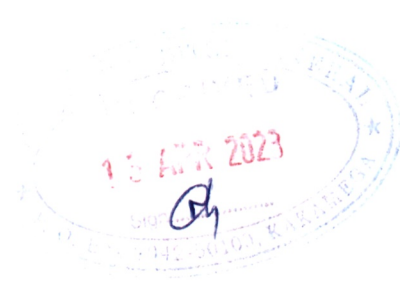
THE AUDITOR-GENERAL

ON

**LUGARI DIPLOMA TEACHERS TRAINING
COLLEGE**

**FOR THE YEAR ENDED
30 JUNE, 2022**





LUGARI DIPLOMA TEACHERS TRAINING COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2022**

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 30 JUNE, 2022.

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LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022.

I. KEY COLLEGE INFORMATION AND MANAGEMENT

(a) Background information

The college was established under the Basic Education Act 2013 on March 17, 2015 to train and instruct secondary school diploma trainees. On December 30, 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 in 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 in Secondary School 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

The 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 financial year that ended June 30, 2022 and who had direct fiduciary responsibility were: -

No.	Designation	Name
1.	Chief Principal	Mrs Anne Esese.
2.	Deputy principal	Mr John K. Mwatha.
3	Registrar	Mrs Nellie Simiyu.
4	Dean of students	Mrs Agnes A. Mungai.
5	Head of Finance	CPA Michael Muholo.
6	Procurement Officer	Ms Jacklyn Luvisia.

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
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(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 students 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
16. Perform any other function to facilitate the implementation of its functions under this Act or any other written law.

Committees of the Board

To effectively discharge its mandate, the Board establishes Committees with specific terms of reference.

The Board has established the following Standing Committees: -

1. Finance, Procurement and General-Purpose Committee (FPGP)

Perform financial, procurement and recruitment responsibilities delegated by the full board of management. Their recommendation is subject to approval by the full BOM.

2. Academic, Quality Standards and Environment committee. (AQASE)

Perform academic reviews and performance and set performance requirements in accordance with ministerial expectations. Their recommendation is subject to approval by the full BOM.

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022.

3. College Infrastructure Committee. (C.I.C)

Evaluate projects progress and implementation in liaison with the Public Works ministry and advise the Full BOM on appropriate actions to be taken. Their recommendation is subject to approval by the full BOM.

Other than the stated Committees, an Ad-hoc Committees may be established as need arises.

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
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KEY COLLEGE INFORMATION AND MANAGEMENT (Continued)

(f) **College Headquarters**
P.O. Box 229-50241
Kipkaren River
KENYA.
Physical Location: Lumakanda near Bishop Slumeti Girls off Eldoret-Bungoma highway.

(g) **College Contacts**
Telephone: (254) 722655908
E-mail: lugaridttc2021@gmail.com
Website: www.lugaridttc.ac.ke

(h) **College Bankers**

S.NO	Account Name	Type	Account No.	Bank	Branch
1	Lugari Diploma TTC- Recurrent A/C	Current	1166632431	Kenya Commercial Bank	Webuye
2	Lugari Diploma TTC- Development A/C	Current	1166632288	Kenya Commercial Bank	Webuye
3	Lugari Diploma TTC- College Fund A/C	Current	01129534341200	Co-Operative Bank	Webuye
4	Lugari Diploma TTC- Savings A/C	Savings	01100534341200	Co-Operative Bank	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

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
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II. BOARD OF MANAGEMENT

No.	Member/ Director	Details
1.	 CPA Rashid Nasoro MBA /CPA-K	Masters' holder, Accountant YoB:1956 Chairperson of the Board of Management (BOM) and Executive Board Chair. Currently a businessman in Kakamega.
2.	 Prof. Lydia M. Wamocho PhD Holder/Lecturer	Professor (PhD) and Lecturer at MMUST. YoB:1968 V. Chairperson BOM and Chairperson Academic, Quality assurance, Standards, Environment committee (AQASE) Currently a lecturer at MMUST.
3.	 CPA Sylvester Butoyi MBA/CPA-K	MBA/ CPAK, YoB:1962 Executive BOM member and Chairperson Finance, Procurement and General-Purpose Committee. (FPGP) Currently the Chief Accountant KNEC.
4.	 Mrs. Mary Atalitsa B.Ed.	Degree holder YoB:1956 Chairperson Project Management Committee and BOM member. (PMC) Currently Retired C.D.E Busia
5.	 Mr. Solomon Wamwayi. L.L. B	Degree holder. YoB:1957 Member of Executive BOM and PMC Currently , Advocate High Court of Kenya

**LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
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6.		<p>Mr. Patrick Ogecha Nyagosia B. Ed</p>	<p>Degree holder, YoB:1957 BOM member and AQASE member. Currently Retired TSC County Director Kisumu.</p>
7.		<p>Mr. Johnstone Ole Turana. BA. Economics</p>	<p>BA. Economics, YoB:1974 BOM member and FPGP member Currently Corporate Communications Manager KPLC.</p>
8.		<p>Mr. John Mung'oni B.Ed.</p>	<p>Degree holder., YoB:1958 BOM member and AQASE member Retired DEO</p>
9.		<p>Mrs. Nellie Simiyu M.Ed.</p>	<p>Masters' holder, YoB:1964 BOM member. Lecturer Lugari Diploma T.T.C.</p>
10		<p>Mrs. Rose M. Mmbasu. B. Ed</p>	<p>Degree holder, YoB:1954 BOM member and FPGP member. Retired High School Principal</p>

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11		Bishop Moses Mwangi Diploma in Theology.	Diploma holder. YoB:1976 BOM member PMC member. Currently the Bishop at Calvary Christian Centre.
12		MS. Caroline Shigholi Master's in Business Administration	Masters holder YoB:1981 BOM member and FPGP member. Women/Gender representative as well. Import/Export Group Manager IPS.
13		Dr Henry Wanjala PhD Holder/Lecturer	PhD holder, YoB:1954 BOM member and AQASE member. Representative of PLWD. Lecturer at KU in Music department.
14		Mr. Kevin Osembo	Student at Lugari Diploma TTC- pursuing Mathematics/Geography Student representative council.
15		Mrs Anne A. Esese M.Ed.	Masters' holder, YoB:1964 TSC NO:225601 BOM Secretary. Chief Principal Lugari Diploma T.T.C.

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022.

III. MANAGEMENT TEAM

No.	Member/ Director	Details
1.	 <p>Mrs Anne A. Esese Master's in Education.</p>	Chief Principal Lugari Diploma T.T.C. Overall supervision and management of curriculum and college resources.
2.	 <p>Mr John K. Mwatha Master's in Education</p>	Deputy Principal. Curriculum implementation and students discipline.
3.	 <p>Mrs Nellie Simiyu Master's in Education</p>	Registrar Supervision and implementation of academic programmes.
4.	 <p>Mrs Agnes A. Mungai Master's in Education</p>	Dean of Students Students and staff affairs
5.	 <p>CPA Michael Muholo Bachelor of Commerce-Finance CPA-K</p>	Finance Officer Finance and accounting functions
6.	 <p>Ms Jacklyn Luvisia Bachelor in Business Administration - Procurement</p>	Procurement Officer Procurement and supply functions.

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022.

IV. CHAIRPERSON'S STATEMENT.

On behalf of Board of Management of Lugari Diploma Teachers Training College, I am pleased to present the Annual Report and Financial Statements for the 2021/2022 financial year.

The term of the board, which I had the privilege of leading as a Vice- chair, ended on 23rd April 2022 and the Executive Board of Management continued serve until 22nd July 2022 when a new board was inaugurated.

I wish to thank the outgoing board of Lugari Diploma Teachers College for remaining committed to the execution of its mandate as outlined in the Strategic Plan. May I also congratulate and wish all the best to the new (current) Board..

Financial Performance

In the financial year that ended on June 30, 2022, the College recorded a slightly improved financial performance of net deficit Ksh.7,729,149 compared to the previous year's Ksh 9,077,551. This is attributed to improved Government capitation of 53,500,000 from the previous Kshs 34,000,000. This performance would even have been better were it not for the depreciation expense of Ksh.16,223,832.

Academic Performance

Lugari Diploma Teachers Training College's academic performance has been on an upward trajectory since the year 2018. The year 2021 academic performance was the best compared to previous years.

Challenges:

In the year under review, management adapted to new challenges paused by the post COVID environment and continues to realign its performance to Competency Based Secondary Teacher Education Training.

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

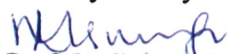
The college also requires adequate resources and facilities to implement Competency Based Secondary Teacher Education Training.

Partner Institutions

Lugari Diploma Teachers Training College commenced in October 2015. This was 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 prosperous future.

Thank you for your support.



Prof. Lydiah M. Wamocho

Chairperson B.O.M.

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022.

V. REPORT OF THE CHIEF PRINCIPAL.

I take this opportunity to highlight the following in 2021/2022 Financial Year

1. Board of Management (BOM)

I wish to most sincerely thank and commend the BOM chaired by Mr. Rashid Nasoro for showing strategic leadership that has guided the operations of the College during the year 2021/2022 FY. The BOM's tenure ended on 23/4/2022 and now replaced with a new one under the chairmanship of Prof. Lydia Wamocha. Through the leadership of the BOM, the College takes pride in MIS installation that has improved teaching and learning experience as well as service delivery.

2. Grants

I wish to appreciate the National Treasury through the Ministry of Education (MOE) for funding the College both in Recurrent and Development fund. However, half of the allocated Kshs25m for development for 2021/2022 FY fund was disbursed to the College i.e. 12.5m. This half disbursement therefore requires the College to re-organize the projects that the BOM had set to accomplish.

3. Academics

On the academic front, 48 students sat for DTE exams in July 2022 and are still awaiting teaching practice in 3rd term of secondary school calendar i.e., from 26th September to 25th November 2022.

4. 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. We appreciate the BOM for recruitment of Librarian, Accounts Clerk, Catering Assistant and ICT Technician which has improved services in the respective areas.

5. Student Enrolment

This still remains a challenge to the Institution. The College had 174 students only, affecting 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.

6. Readiness for 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 begin teaching 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.

7. Strategic Plan

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

8. 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

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022.

VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES.

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

Lugari Diploma T.T.C has five strategic pillars /issues/ themes and objectives within the current Strategic Plan for the FY2017 FY 2022. 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 2020/21 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 vi) Benchmarking with peers vi) inviting resource persons vii) E-Learning	<ul style="list-style-type: none"> • Availability of instructional resources • Adequate teaching staff • Good academic performance • Quality work output • Increased work morale • Reduced quarrel and wrangles 		<ul style="list-style-type: none"> • Text books worth Kshs 180,000 were bought. • 6 computers were bought to equip the computer lab. • Capacity building was done in 2019. • E-learning was to be implement but low enrolment hindered implementation. • Covid 19 and budget cuts hindered implementation of some activities.
To Improve Physical Infrastructure	i) Administration facilities ii) construction of staff quarters iii) College security iv) Improve sanitation	<ol style="list-style-type: none"> 1. New administration block. 2. Staff residing in college 3. Improved learning and ICT USE 4. Improved college security system 	<ol style="list-style-type: none"> 1. Construction of New administration block. 2. Construct staff houses 3. Increase security patrol 	<ul style="list-style-type: none"> • Tuition and admin block was completed. • Staff houses are 95% complete. • There is a security firm in place to secure the college.

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
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		<ol style="list-style-type: none"> 5. Have piped water 6. Enough stock of water at all times 7. A clear compound 8. Enough washrooms 	<ol style="list-style-type: none"> 4. Have a constant water supply of tap water. 	<ul style="list-style-type: none"> • Water was drilled, storage tanks installed. • There are adequate washrooms in the college. • WIFI connectivity was enhanced.
To Improve Co-Curricular Activities	<ol style="list-style-type: none"> i) Acquire more land ii) Improve fields iii) Acquisition of games equipment iv) Clubs and societies 	<ol style="list-style-type: none"> 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 	<ol style="list-style-type: none"> 1. Land field marking various games e.g. ball games, 2. Activate various clubs and societies. 3. Competent patrons for club meetings 	<ol style="list-style-type: none"> 1. Land was purchased to construct a playfield which is ongoing. 2. Budget cuts and limited sporting activities made it not possible to budget for games equipment. 3. There are active clubs and societies where students and staff are actively involved eg Geography, Languages, CU and SDA.
To Improve Resource Mobilization	<ol style="list-style-type: none"> i) Improve fees collection ii) Improve college management system iii) To increase the level of resource mobilization 	<ol style="list-style-type: none"> 1. Reduced fee balances 2. Increased student population 3. Improved record keeping 4. Reduced unbudgeted expenditure 5. Availability of records & information for decision making 6. Smooth execution of programmes 	<ol style="list-style-type: none"> 1. Computerized accounting system 2. Restrictions on fess payment 3. Encourage students to apply for scholarships, and bursaries from MOE, CDF, HELB, County etc. 4. Timely budgeting & proposals 5. Frequently update of stores and a/c records 6. Timely handing over of requisitions for activities. 	<ol style="list-style-type: none"> 1. Record keeping has improved though need to be automated. 2. Students pay school fees through pay bill direct to the college bank account. 3. Lugari NG-CDF stepped in to clear fees balances for 2018 DTE students. 4. Candidate's results have always been on upward trajectory

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
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		<ul style="list-style-type: none"> 7. Minimum movement of students out of college. 8. Improved performance of students in educational programs. 	<ul style="list-style-type: none"> 7. Networking & automation of Admission records. 8. Proper projection of annual expenditure. 	<ul style="list-style-type: none"> 5. The college has always had no pending bills at year end. <p>since 2018 when the 1st candidates sat for their exams.</p>
To Create a Conducive Learning environment	<ul style="list-style-type: none"> i) Improve discipline ii) Guidance and counselling iii) Establish Performance based management iv) Encourage consultative leadership Activities v) Time management vi) ICT vii) Improve HIV Services and awareness viii) Support persons living with disabilities 	<ul style="list-style-type: none"> 1. Students abiding by college rules & regulations 2. Improved results 3. Improved student participation in college activities. 4. Improved discipline 5. Improved student/staff discipline 6. Improved awareness on various issues 7. Improved performance 8. More students participation in 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. 	<ul style="list-style-type: none"> 1. College rules and regulations clearly stipulated. 2. Have a clear stipulated college program. 3. Strict disciplinary measures against indiscipline students. 4. Have a functional office for G&C 5. Form peer counselling groups 6. Establish award system for good performance 7. Motivation for staff and students 8. Training students in leadership skills 9. Have a suggestion box 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. 	

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
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VII. 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. It is diverse in its composition, independent 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)
- 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

- i. 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; or 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

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022.

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.

Board Meetings and Governance

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

a. Full Board

S.N	NAME	DESIGNATION	MEETING DATE				
			28/9/21	13/10/21	2/12/21	12/1/22	13/4/22
1	CPA. Rashid Nasoro	Chairperson	✓	✓	✓	✓	✓
2	Prof. Lydia Wamocha	Chairperson	✓	✓	✓	✓	✓
3	Mrs Mary Atalitsa	Member	✓	✓	✓	✓	✓
4	CPA. Sylvester Butoyi	Member	✓	✓	✓	✓	✓
5	Mr Solomon Wamwayi	Member	✓	✓	✓	✓	✓
6	Dr Henry Wanjala	Member	✓	✓	✓	✓	✓
8	Mr Johnston Ole Turana	Member	✓	✓	✓	✓	✓
9	Mrs Rose Musungu	Member	✓	✓	✓	✓	✓
10	Mr John M. Wesonga	Member	✓	✓	✓	✓	✓

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022.

11	Bishop Moses Mwangih	Member	✓	✓	✓	✓	✓
12	Ms Caroline Shigoli	Member	✓	✓	✓	✓	✓
13	Mr Patrick Nyagosia	Member	✓	✓	✓	✓	✓
14	Mrs Nellie Simiyu	Member	✓	✓	✓	✓	✓

The full BOM consists of the following 3 committees;

b. Finance, Procurement and General-Purpose Committee

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

Their recommendation is subject to approval by the full BOM.

During the year, the Committee held meetings as follows;

S.N	NAME	DESIGNATION	MEETING DATE			
			24/9/21	11/10/21	8/1/22	7/4/22
1	CPA. Sylvester Butoyi	Chairperson	✓	✓	✓	✓
2	Mr Johnston Ole Turana	Member	✓	✓	✓	✓
3	Mrs Rose Musungu	Member	✓	✓	✓	✓
4	Ms Caroline Shigoli	Member	✓	✓	✓	✓

c. Academic, Quality Standards and Environment committee.

Perform academic reviews and performance and set performance requirements in accordance to ministerial expectations. Their recommendation is subject to approval by the full BOM.

During the year, the Committee held meetings as follows;

S.N	NAME	DESIGNATION	MEETING DATE			
			3/12/21			
1	Prof. Lydia Wamocha	Chairperson	✓			
2	Dr Henry Wanjala	Member	✓			
3	Mr John M. Wesonga	Member	✓			
4	Mr Patrick Nyagosia	Member	✓			
5	Mrs Nellie Simiyu	Member	✓			
6	Mr Kevin Osembo	Member	✓			

d. 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. Their recommendation is subject to approval by the full BOM.

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
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During the year, the Committee held **meetings** as follows;

S.N	NAME	DESIGNATION	MEETING DATE		
			8/9/21		8/4/22
1	Mrs. Mary Atalitsa	Chairperson	✓		✓
2	Bishop. Moses Mwangih	Member	✓		✓
3	Mr. John Mwatha	Member	✓		✓
4	Mrs. Agnes Mungai	Member	✓		✓
5	CPA. Rashid Nasoro	Member	✓		✓

NOTE

✓ . Means the member was present or requested for apology.
--

The college operational and Financial Performance

The college operated at a net deficit of Kshs 7,729,149 during the financial year.

This was majorly due to;

- Low enrolment of learners
- Adoption of depreciation as an expense (Kshs 16,223,832.)

This is an indication that the college is a going concern because were it not for depreciation expense, the net surplus would have been Kshs 8,494,683.

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)

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
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Major risks the college is facing;

Operational Risks

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

The college's financial assets are trade receivables from students as well as cash and short-term deposits which arise directly from its operations. The college has no financial liabilities apart from retention and examination money which is available in the savings account. The management has ensured timely payment to suppliers, contractors and other service providers, hence no pending bills.

Liquidity Risk

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

Credit Risk

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

Market Risk

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

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

Lugari Diploma Teachers Training College is an institution under the Ministry of Education Directorate of Early Learning and Basic Education. The institution was established by the government to train and instruct Secondary school Diploma Teacher trainees. Over times the College has been embracing government policies and strategies as stipulated in the parent ministries policy paper and strategies. The G.O.K under vision 2030 has come up with vibrant strategies to achieve Vision 2030 M.D.G's and achieve the Big 4 Agenda of the government. This government development strategy has been castigated to ministries, government agencies. The institution as a government agency has adopted the ministry policies and strategies as follows; The institution has developed a strategic plan incorporating the government agenda, the College has numerous courses and training programs that are industry driven and oriented. The college has implemented the National Cohesion Policy in employment and administration.

The college has experienced the following challenges:

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

Opportunities included:

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

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
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IX. ENVIRONMENTAL RESPONSIBILITY AND SUSTAINABILITY STATEMENT.

Lugari Diploma Teachers Training College is a responsible corporate citizen committed to the conservation of the environment, prevention of pollution, effective waste management, minimization of consumption of resources and overall environmental degradation in all its day-to-day operations.

We recognize environmental protection as one of the guiding principles and a key component of sound organizational performance. We are committed to providing quality services as we promote and embrace the principle of responsible stewardship of the natural environment. In compliance to this the college has been able to;

- a. **Reduce Waste, Reuse Resources, Recycle Materials and dispose waste to outside public e.g food remnants.**
- b. **The College has also organized tree planting days at the institution.**
- c. **Members of the College are always communicated to and encouraged to switch off all lights and turn off taps when not in use.**
- d. **The college has a sewer system to manage wastes from water closet.**
- e. **An incinerator has been installed to burn waste.**

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022.

X. REPORT OF THE BOARD OF MANAGEMENT

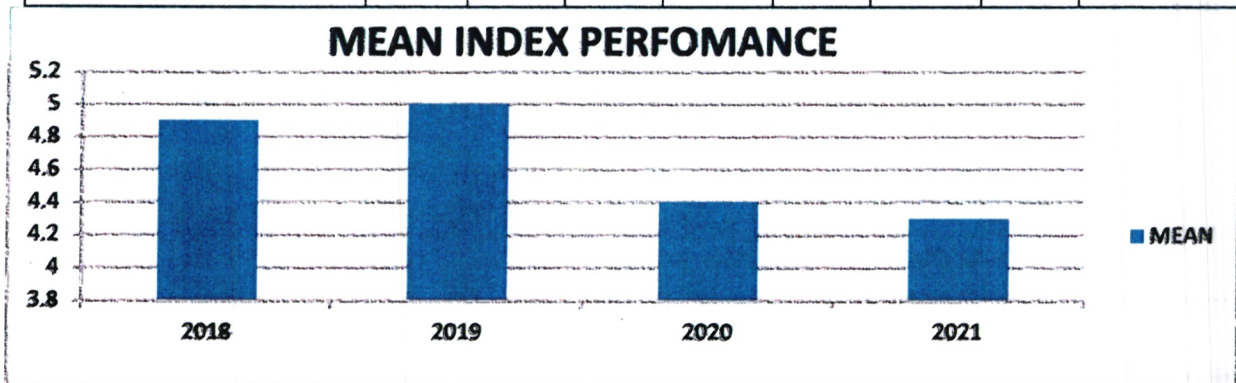
The Board submit their financial report for the year ended June 30 2022 which show the state of Lugari Diploma T.T.C's affairs.

Principal activities

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

Academic Performance and results

YEAR	2021		2020		2019		2018	
MEAN INDEX	4.3		4.4		5.0		4.9	

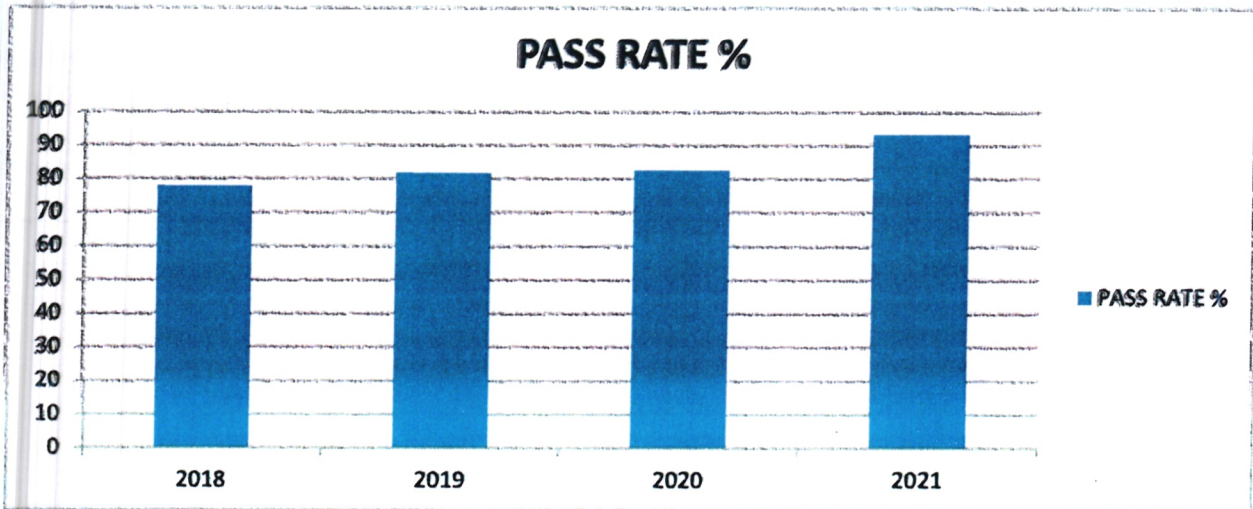


	2021		2020		2019		2018	
TOTAL PASSED TO GRADUATE	125	93.28%	155	82.50%	124	81.60%	87	77.70%
REFFERALS	7	5.24%	28	14.90%	25	16.30%	27	22.90%
CRNM	1	0.75%	4	2%	1	0.65%	4	3.40%
FAIL	1	0.75%	1	0.50%	3	1.96%	0	0
TOTAL	134	100%	188	100%	153	100%	118	100%
MEAN INDEX	4.287		4.42		5.003		4.863	

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

The mean index for our candidates has been improving from the year 2018 onwards

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022.



NOTE: The pass rate for our candidates has been on an upward trajectory from 2018 to 2021. This means that we have had high number of students graduating every year.

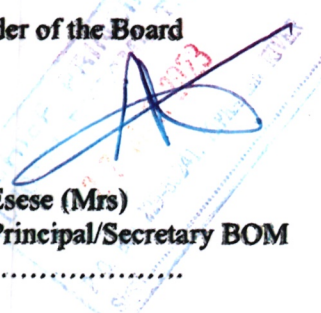
BOARD OF MANAGEMENT

The members of the Board who served during the year are shown on page vi to viii. The board term expired on 23rd April 2022. A new board was appointed and held its inaugural meeting on 22nd July 2022. During the transition period, the college operational and governance was under the Executive BOM. The Executive BOM held one meeting on 13th July 2022 to approve quarter 4 (2021-2022) report and financial statements

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/period ended June 30, 2022.

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 30 JUNE, 2022.

XI. STATEMENT OF THE BOARD OF MANAGEMENT RESPONSIBILITIES.

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 that 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 members are 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, 2022. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the 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, 2022, 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 25th August, 2022 and signed on its behalf by:

Name Prof. Lydia M. Wamocha

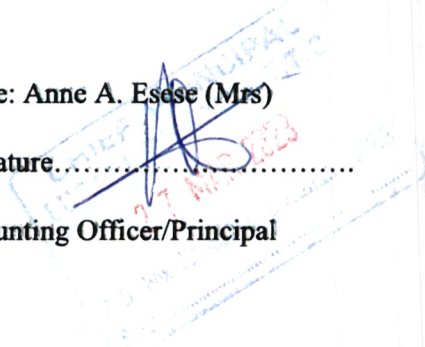
Signature.....

Chairperson of the Board

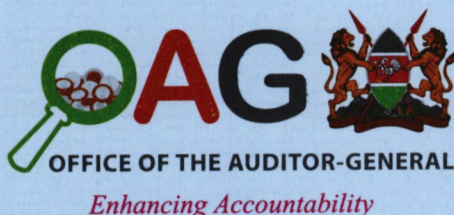
Name: Anne A. Esese (Mrs)

Signature.....

Accounting Officer/Principal



REPUBLIC OF KENYA



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Website: www.oagkenya.go.ke

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, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Lugari Diploma Teachers Training College set out on pages 1 to 42, which comprise of the statement of financial position as at 30 June, 2022, 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, 2022

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, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

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.

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 component's in the financial statements could not be confirmed.

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 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.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Lugari Diploma Teachers Training College Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical

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

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. 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 of nonteaching 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.

2. 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 establishment shall have more than one third of its staff from the same ethnic community.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall 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 Management and the Board of Management

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 overall governance.

In preparing the financial statements, Management is responsible for assessing the College's ability to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the College or to 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's

ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

14 June, 2023

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022.

XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE, 2022

	Notes	2021-2022	2020-2021
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	6	53,500,000	34,000,000
Total Revenue from non-exchange transactions		53,500,000	34,000,000
Revenue from exchange transactions			
Rendering of services- Fees from students	7	1,885,500	2,648,600
Rental revenue from facilities and equipment	8	3,300,000	4,060,000
Other income	9	2,393,080	1,988,003
Revenue from exchange transactions		7,578,580	8,696,603
Total revenue		61,078,580	42,696,603
Expenses			
Use of goods and services	10	1,381,769	1,782,112
Employee costs	11	5,432,149	5,213,626
Remuneration of directors	12	2,363,000	0
Depreciation and amortization expense	13	16,223,832	9,787,496
Repairs and maintenance	14	6,348,014	4,865,361
General expenses	15	37,058,965	30,125,559
Total expenses		68,807,729	51,774,154
Other gains/(losses)			
Net Deficit for the year		-7,729,149	-9,077,551

The notes set out on pages 14 to 24 form an integral part of these Financial Statements.

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022

XIV. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2022

	Notes	2021-2022 Kshs	2020-2021 Kshs
ASSETS			
Current assets			
Cash and cash equivalents	16	18,050,481	40,707,735
Receivables from exchange transactions	17	5,669,225	574,500
Inventories	18	774,926	884,828
Total Current Assets		24,494,632	42,167,063
Non-current assets			
Property, plant and equipment	19	275,486,384	263,206,617
Intangible assets	20	2,452,500	0
Total Non-current Assets		277,938,884	263,206,617
Total assets		302,433,516	305,373,680
LIABILITIES			
Current liabilities			
Trade and other payables from exchange transactions	21	16,276,077	14,661,853
Refundable			
Payments received in advance	22	538,790	270,845
Total Current Liabilities		16,814,867	14,661,853
Non-current liabilities			
Non-current provisions	23	1,013,699	755,583
Total Non-current liabilities		1,013,699	755,583
Total liabilities		17,828,566	15,417,436
CAPITAL AND RESERVES			
Reserves	24	136,766,424	136,766,424
Accumulated surplus	24	-16,806,700	-9,077,551
Capital Fund	24	164,645,226	162,267,371
Total Capital and Reserves		284,604,950	289,956,244
Total Liabilities and Capital & Reserves		302,433,516	305,373,680

The Financial Statements set out on pages 1 to 24 were signed on behalf of the College Board of Management by:


 Chairperson of Board

Date: 27-03-2023


 Finance Officer
 ICPAK No 19843
 Date:


 Chief Principal

Date:



LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
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XV. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital Fund	Total
Balance b/f at July 1, 2020	136,766,424	0	-9,077,551	162,267,371	289,956,244
Revaluation gain					0
Fair value adjustment on quoted investments					0
Total comprehensive income					0
Capital/Development grants received during the year					0
Transfer of depreciation/amortization from capital fund to retained earnings					0
Balance c/d as at June 30, 2021	136,766,424	0	-9,077,551	162,267,371	289,956,244
Balance b/f at July 1, 2021	136,766,424	0	-9,077,551	162,267,371	289,956,244
Revaluation gain					0
Fair value adjustment on quoted investments					0
Total comprehensive income			-7,729,149		-7,729,149
Capital/Development grants added during the year				2,377,855	2,377,855
Transfer of depreciation/amortization from capital fund to retained earnings					0
Balance c/d as at June 30, 2022	136,766,424	0	-16,806,700	164,645,226	284,604,950

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XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Note	2021-2022 Kshs	2020-2021 Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	6	53,500,000	34,000,000
Rendering of services- Fees from students		1,846,830	2,648,600
Rental revenue from facilities and equipment		3,108,925	4,060,000
Other income fees		2,058,490	1,988,003
Total Receipts		60,514,245	42,696,603
Payments			
Use of goods and services	10	1,381,769	1,782,112
Compensation of employees	11	5,432,149	5,213,626
Remuneration to Directors	13	2,363,000	0
R.M.I	14	6,348,014	4,865,361
General Expenses	15	29,969,256	30,125,559
Total Payments		45,494,188	41,986,658
Net cash flows from operating activities		15,020,057	709,945
Cash flows from investing activities			
Purchase of property, plant and equipment	19	-3,791,500	-62,216,631
Payment for WIP	19	-23,894,599	0
Payment for College Car	17	-5,144,800	0
Purchase of intangible assets	20	-3,270,000	0
Decrease/Increase in Payables		-14,076,412	14,391,008
Net cash flows used in investing activities		-50,177,311	-47,825,623
Cash flows from financing activities			
Proceeds from borrowings		0	0
Repayment of borrowings		0	0
Increase in deposits		0	0
Development grants received	7	12,500,000	20,000,000
Net cash flows used in financing activities		12,500,000	20,000,000
Net increase/(decrease)in cash and cash equivalents		-22,657,254	-27,115,678
Cash and cash equivalents at 1st July 2021	16	40,707,735	67,823,413
Cash and cash equivalents at June 30,2022	16	18,050,481	40,707,735

(IPSAS 2 allows College to present the cash flow statement using the direct or indirect method but encourages the direct method. PSASB also recommends the use of direct method of cash flow preparation). Direct method was adopted for preparation of this cash flow statement.

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
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XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE 2022.

0	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization difference
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Transfers from other Govt. entities Govt. grants	54,000,000	0	54,000,000	53,500,000	500,000	1%
Rendering of services- Fees from students	1,920,200	0	1,920,200	1,885,500	34,700	2%
Rental revenue from facilities and equipment	3,300,000	0	3,300,000	3,300,000	0	0%
Other incomes	2,035,000	0	2,035,000	2,393,080	-358,080	-17%
Total income	61,255,200	0	61,255,200	61,078,580	776,620	
Expenses						
Compensation of employees	7,084,431	0	7,084,431	5,432,149	1,652,282	30%
Use of Goods and services	2,170,500	0	2,170,500	1,381,769	788,731	57%
Repairs & Maintenance	4,017,450	0	4,017,450	6,348,014	-2,330,564	-37%
Remuneration of directors	2,700,000	0	2,700,000	2,363,000	337,000	14%
General expenses	35,112,620	0	35,112,620	37,058,965	-1,946,345	-6%
Depreciation and amortization	0	0	0	16,223,832	0	
Total	51,085,001		51,085,001	68,807,729	-1,498,896	
Deficit for the Year				-7,729,149		
Capital Expenditure						
College Car	6,250,000	0	6,250,000	5,144,800	1,105,200	21%
Management Information System (MIS)	3,920,199	0	3,920,199	3,270,000	650,199	20%
Total expenditure	61,255,200	0	61,255,200	60,998,697	256,503	1%

NOTES

1. Compensation of employees was under absorbed due delayed filling some positions in the establishment e.g. caterer, a/c clerk, librarian, cooks, ICT person.
2. Remuneration of directors (BOM allowance) was under absorbed due to expiry of board term before end of financial year hence underutilization.
3. Due to delay in supply and delivery of college car, insurance cost for the car was not undertaken.
4. MIS was procured at a negotiated cost that was lower than the budget.

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022

XVIII. 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 2022.

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

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

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p>

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Standard	Effective date and impact:
	<ul style="list-style-type: none"> • 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; • 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.
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: <ul style="list-style-type: none"> (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.
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: <ul style="list-style-type: none"> 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.

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
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Standard	Effective date and impact:
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>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.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p>

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Standard	Effective date and impact:
Discontinued Operations	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.

iii. Early adoption of standards

The college did not early-adopt any new or amended standards in year 2022.

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022
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 College and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

Rendering of services

The College recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

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.

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022
NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2021/2022 was approved by the BOM on 13th October 2021. The College's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

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.

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Taxes (continued)

Value Added Tax

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

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the 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 included.

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

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
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 a 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

i) Inventories

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

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

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

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ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Inventories (Continued)

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

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the College.

j) Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Employee benefits

Retirement benefit plans

The College provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an College pays fixed contributions into a separate College (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022
NOTES TO THE FINANCIAL STATEMENTS (Continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Related parties

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

m) 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.

n) Subsequent events

The college had paid for the procurement of college double cabin car from ISUZU E. A LTD. The college had secured a bank guarantee for advance payment. As at the close of the year the college had not received the college car. The car was however delivered on 26th July 2022. Therefore, this does not have a negative impact on the financial statements.

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5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Useful life 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 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.

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.

Depreciation

Depreciation is calculated on a straight-line basis at annual rates estimated to write off of carrying values of the assets over the expected useful life.

The annual depreciation rates in use are:

Buildings 2%

Furniture, Plant and Equipment 12.5%

Motor vehicles 25%

Computers 33.3%

Library Books 20%

Computer software 33.3%

Freehold land is not depreciated as it is deemed to have infinite life

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2021-2022	2020-2021
	KShs	KShs
Operational grants	53,500,000	34,000,000
Development grants	12,500,000	20,000,000
Total for grants	66,000,000	54,000,000

6 (b) Transfers from National Government Ministries(breakdown)

Name of the College sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year
			KShs	2020-2021 KShs
MOE	13,000,000	0	0	13,000,000
MOE	13,500,000	0	0	13,500,000
MOE	13,500,000	0	0	13,500,000
MOE	13,500,000	0	0	13,500,000
MOE	0	0	12,500,000	12,500,000
Total	53,500,000	0	12,500,000	66,000,000

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. RENDERING OF SERVICES

Description	2021-2022	2020-2021
	KShs	KShs
Tuition/T.E.S	577,500	710,500
Activity/ Games	165,000	203,000
KNEC		463,800
R.M.I	247,500	304,500
Local Transport & Travel	390,300	453,200
Medicare	66,000	81,200
Electricity, Water & Conservancy.	330,000	406,000
Registration	109,200	26,400
Total Rendering of Services	1,885,500	2,648,600

8. RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2021-2022	2020-2021
	KShs	KShs
Boarding Fees	3,300,000	4,060,000
Total rentals	3,300,000	4,060,000

9. OTHER INCOME

Description	2021-2022	2020-2021
	KShs	KShs
Bank clearance fee	22,750	5,500
Contingencies	578,000	531,200
Computer Course & Maintenance	247,500	304,500
Games Equipment	91,000	22,000
P.E Uniform	227,500	55,000
Student Board Fees	54,600	13,200
STUDENT Welfare	49,500	60,900
Postage	16,500	20,300
Rehabilitation	165,000	203,000
KUCCPS	136,500	
CBC Training	457,200	
Sundry Income	347,030	768,003
Total other income	2,393,080	1,988,003

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
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10. USE OF GOODS AND SERVICES

Description	2021-2022	2020-2021
	KShs	KShs
Electricity, Water & conservancy	1,381,769	1,782,112
Total good and services	1,381,769	1,782,112

11. EMPLOYEE COSTS

Description	2021-2022	2020-2021
	KShs	KShs
Salaries and wages	5,432,149	5,213,626
Total Employee costs	5,432,149	5,213,626

12. REMUNERATION OF DIRECTORS

Description	2021-2022	2020-2021
	KShs	KShs
BOM MEETING ALLOWANCE	2,363,000	0
Total director emoluments	2,363,000	0

13. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2021-2022	2020-2021
	KShs	KShs
Property, plant and equipment	15,406,332	9,787,496
Intangible assets	817,500	
Total depreciation and amortization	16,223,832	9,787,496

14. REPAIRS AND MAINTENANCE

Description	2021-2022	2020-2021
	KShs	KShs
R.M.I	6,348,014	4,865,361
Total Repairs and Maintenance	6,348,014	4,865,361

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

15. GENERAL EXPENSES

Description	2021-2022	2020-2021
	KShs	KShs
Bank Charges	0	47,808
Boarding/B.E.S	10,360,207	8,827,854
Computer course	4,007,131	433,800
Contingencies	4,186,820	7,151,944.00
L.T&T	5,321,887	3,691,423
Medicare	649,540	1,248,835
Activity expenses	2,735,515	0
Postage	8,105	30,831
Registration	106,332	6,000
Student Board	69,315	11,620
Students welfare	5,000	5,000
Tuition /T.E.S	8,210,113	8,670,444
College Security	1,144,000	0
P.E Uniforms	255,000	0
Total general expenses	37,058,965	30,125,559

16. (a) CASH AND CASH EQUIVALENTS

Description	2021-2022	2020-2021
	KShs	KShs
Current account	18,046,603	30,699,161
Fixed deposits account	0	10,000,000
Others(Cash in Hand)	3,878	8,574
Total cash and cash equivalents	18,050,481	40,707,735

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022
NOTES TO THE FINANCIAL STATEMENTS (Continued)

16 (b). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENT

		Period ended June 30,2022	Year June 30, 2021
			KShs
Financial institution	Account number	KShs	
a) Current account			379035
Kenya Commercial bank- Recurrent Acc.	1166632431	47,902	24,357,879
Kenya Commercial bank- Development Acc.	1166632288	12,872,239	47,652
Co-operative Bank-College fund Acc.	01129534341200	46,951	15,914,595
Co-operative Bank-Savings A/c	01100534341200	5,079,510	40,699,161
Sub- total		18,046,602	
cash in hand		3,878	8,574
Sub- total		0	
Grand total		18,050,480	40,707,735.00

17. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2021-2022	2020-2021
	KShs	KShs
Current receivables		
Student debtors	524,425	574,500
Bank guarantee for advance payments payment to purchase college Vehicle.	5,144,800	0
Total receivables	5,669,225	574,500

18. INVENTORIES

Description	2021-2022	2020-2021
	KShs	KShs
Stationery & Consumable stores	387,247	333,580
Health Unit stores	46,339	34,321
Catering stores	341,340	516,927
Total Inventories	774,926	884,828

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Library Books	Plant and equipment	Capital Work in progress	Total
Cost	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
At 1 st JULY 2020	11,600,000	85,942,573	15,008,000	12,454,100	3,133,900	825,308	7,666,100	90,650,740	227,280,721
Additions	9,400,000	0	0	0	1,629,999	0	390,000	60,196,632	71,616,631
Disposals	0	0	0	0	0	0	0	0	0
Transfer (Buildings and plant & Equipment)	0	0	0	0	0	0	0	0	0
As at 30 th June, 2021	21,000,000	85,942,573	15,008,000	12,454,100	4,763,899	825,308	8,056,100	150,847,372	298,897,352
At 1 st JULY 2021	21,000,000	85,942,573	15,008,000	12,454,100	4,763,899	825,308	8,056,100	150,847,372	298,897,352
Additions	0	0	0	2,130,500	1,661,000	0	0	23,894,599	27,686,099
Disposals	0	0	0	0	0	0	0	0	0
Transfer (Buildings and plant & Equipment)	0	105,936,562	0	0	0	0	21,441,468	-127,378,030	0
At 30 th JUNE 2022	21,000,000	191,879,135	15,008,000	14,584,600	6,424,899	825,308	29,497,568	47,363,941	326,583,451
Depreciation and impairment									0
Dep. and amortization rate (%)	0	2	25	12.5	33.33	20	12.5	0	
At 1 st JULY 2021	0	8,594,409	11,256,000	7,783,813	2,632,336	584,264	4,840,063	0	35,690,885
Depreciation	0	3,837,582	3,752,000	1,823,075	2,141,418	165,061	3,687,196	0	15,406,332
Disposals	0	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0	0
Transfer/adjustment	0	0	0	0	0	0	0	0	0
At 30 th JUNE 2022	0	12,431,991	15,008,000	9,606,888	4,773,754	749,325	8,527,259	0	51,097,217
Net book values									
At 30 th June 2022	21,000,000	179,447,292	0	4,977,713	1,651,145	75,983	20,970,310	47,363,941	275,486,384
At 30 th June 2021	21,000,000	85,942,573	15,008,000	12,454,100	4,763,899	825,308	8,056,100	150,847,372	298,897,352

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022

20. INTANGIBLE ASSETS-SOFTWARE

Description	2021-2022	2020-2021
	KShs	KShs
Cost		
At beginning of the year	0	0
Additions	3,270,000	0
Cost end of the year	3,270,000	0
Amortization and impairment		
Amortization rate (%)	25	
At beginning of the year	0	
Amortization	817,500	0
Amortization at end of the year	817,500	0
Less: Impairment loss		
NBV	2,452,500	0

NOTE. The intangible asset is amortized at the rate of 25% p.a.

21. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2021-2022	2020-2021
	KShs	KShs
Trade payables	0	0
KNEC Examinations	1,344,374	1,204,783
Retention	1,917,264	11,293,705
Caution money	142,200	142,200
Capital development Funds	12,872,239	
Teaching Practice	0	1,750,320
Total trade and other payables	16,276,077	14,661,853

22. PAYMENT RECEIVED IN ADVANCE

Description	2021-2022	2020-2021
	KShs	KShs
Student Fees	538,790	270,845
	538,790	270,845

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
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23. NON-CURRENT PROVISIONS

	Long service leave	Service Gratuity	Other Provisions	Total
Balance at the beginning of the year	-	755,583	0	755,583
Additional Provisions	0	258,116	0	258,116
Provision utilized	0	0	0	0
Total Non-current provisions	-	1,013,699	-	1,013,699

24. CAPITAL AND RESERVES

	Reserves	Accumulated Surplus/ Deficit	Capital Fund	Total
Balance at the beginning of the year	136,766,424	-9,077,551	162,267,371	289,956,244
Additional	0	-7,729,149	2,377,855	-5,351,294
Total Non-current provisions	136,766,424	-16,806,700	164,645,226	284,604,950

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

25. 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 company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

(i) Credit risk (continued)

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

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

(ii) Liquidity risk management

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

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

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

26. FINANCIAL RISK MANAGEMENT (Continued)

(iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the College's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. 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.

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

FINANCIAL RISK MANAGEMENT (Continued)

iv) Capital Risk Management

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

	2021-2022	2020-2021
	Kshs	Kshs
Revaluation reserve	136,766,424	136,766,424
Retained earnings	-16,806,700	9077551
Capital reserve	164,645,226	162,267,371
Total funds	284,604,950	289,956,244
Total borrowings	0	0
Less: cash and bank balances	18,050,481	40,707,735
Net debt/(excess cash and cash equivalents)	18,050,481	40,707,735

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

27. RELATED PARTY BALANCES

Nature of related party relationships

Entities and other parties related to the College include those parties who have ability to exercise control or exercise significant influence over its 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.

28. EVENTS AFTER THE REPORTING PERIOD

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

29. ULTIMATE AND HOLDING COLLEGE

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

30. CURRENCY

The financial statements are presented in Kenya Shillings (Kshs).

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022
APPENDIX 2: PROJECTS IMPLEMENTED BY THE COLLEGE AND CONSOLIDATED IN THE FINANCIAL STATEMENTS

	Project	Total project Cost (Kshs)	Total expended to date (Kshs)	Completion % to date	Budget (Kshs)	Actual Cost (Kshs)	Sources of funds
1	Admin/ Tuition Block Phase 2	44,295,539	44,295,539	100	45,543,873	44,295,539	Ministry of Education
2	3 No Staff Housing Project	31,553,403	31,553,403	100	31,553,403	31,553,403	Ministry of Education
3	Water Tank Installation	14,480,982	14,479,384	100	14,480,982	14,479,384	Ministry of Education
4	Power Upgrade	6,965,046.	6,962,030	100	6,965,046.00	6,962,030	Ministry of Education
5	Playfield	4,441,640	3,459,120	78	4,441,640	-	Ministry of Education

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022

APPENDIX 3: IMPLEMENTATION STATUS OF AUDITOR-GENERAL RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and Board 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. Unsupported Changes in Net Assets	<p>The statement of changes in net assets reflects an amount of Kshs.71,616,631 being capital grants received during the year. However, the balance was not supported with any documentation. In the circumstances, accuracy of the statement of changes in net assets could not be ascertained.</p>	<p>Kshs.71,616,631 reflected in the statement of changes in net assets includes capital work in progress for monies absorbed in development projects and the value of land transferred to the college from Lumakanda DEB Primary school courtesy of NG.CDF Lugari.</p> <p>There was need to capture the balance (kshs.71,616,631) in the financial statements since the monies were received in prior years but not spend/absorbed in the year they were received hence need to account for it as funds received under Statement of Changes in Net Assets.</p> <p>The funds were received and spend as summarized in <i>table</i> below:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Details/Account</th> <th style="text-align: right;">Receipt (Cr)</th> </tr> <tr> <th style="text-align: left;">Grants Received from MOE:</th> <th style="text-align: right;">Kshs.</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2015/2016</td> <td style="text-align: right;">35,000,000</td> </tr> <tr> <td style="text-align: center;">2016/2017</td> <td style="text-align: right;">35,000,000</td> </tr> <tr> <td style="text-align: center;">2017/2018</td> <td style="text-align: right;">8,750,000</td> </tr> <tr> <td style="text-align: center;">2018/2019</td> <td style="text-align: right;">85,000,000</td> </tr> <tr> <td style="text-align: center;">2019/2020</td> <td style="text-align: right;">42,500,000</td> </tr> </tbody> </table>	Details/Account	Receipt (Cr)	Grants Received from MOE:	Kshs.	2015/2016	35,000,000	2016/2017	35,000,000	2017/2018	8,750,000	2018/2019	85,000,000	2019/2020	42,500,000	<p>i) Management to provide evidence of existence of the funds disbursed and all documents to support the expenditure.</p> <p>ii) Procurement documents should be made available for future reference.</p> <p>iii) Project certificates of payments be made available for perusal when</p>	Not Resolved.	30 TH June 2023
Details/Account	Receipt (Cr)																		
Grants Received from MOE:	Kshs.																		
2015/2016	35,000,000																		
2016/2017	35,000,000																		
2017/2018	8,750,000																		
2018/2019	85,000,000																		
2019/2020	42,500,000																		

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022

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)																				
		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Sub-total</td> <td style="text-align: right;">206,250,000</td> </tr> <tr> <td>Absorbed from 2015-2016 to 2019-2020 FY</td> <td style="text-align: right;">141,604,883</td> </tr> <tr> <td>Balance</td> <td style="text-align: right;">64,645,117</td> </tr> <tr> <td>Absorbed in 2020-2021 FY</td> <td style="text-align: right;">60,196,632</td> </tr> </table> <p>The amount Kshs 71,616,631 in the query is broken down in <i>table</i> bellow.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;">Asset Name</th> <th style="text-align: right;">KShs.</th> </tr> </thead> <tbody> <tr> <td>4 acres Land-College campus - Donation</td> <td style="text-align: right;">9,400,000</td> </tr> <tr> <td>Computers</td> <td style="text-align: right;">1,629,999</td> </tr> <tr> <td>Plant and equipment-Vegetable cutter</td> <td style="text-align: right;">390,000</td> </tr> <tr> <td>Work in progress</td> <td style="text-align: right;">60,196,632</td> </tr> <tr> <td>TOTAL</td> <td style="text-align: right;">71,616,631</td> </tr> </tbody> </table>	Sub-total	206,250,000	Absorbed from 2015-2016 to 2019-2020 FY	141,604,883	Balance	64,645,117	Absorbed in 2020-2021 FY	60,196,632	Asset Name	KShs.	4 acres Land-College campus - Donation	9,400,000	Computers	1,629,999	Plant and equipment-Vegetable cutter	390,000	Work in progress	60,196,632	TOTAL	71,616,631	required in future audits.		
Sub-total	206,250,000																								
Absorbed from 2015-2016 to 2019-2020 FY	141,604,883																								
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TOTAL	71,616,631																								

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022

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)
<p>Inaccuracies in Statement of Cash Flows</p>	<p>The statement of cashflows reflects an opening balance of Kshs.67,823,413 with respect to cash and cash equivalents which is at variance with the closing balance of Kshs.80,475,470 reported in the audited financial statements for 2019/2020 financial year. This resulted to unexplained variance of Kshs.12,652,057.</p>	<p>The college adopted the current reporting format for the 1st time in FY 2020/2021.</p> <p>The variance (Kshs.12,652,057) arose from the fact that the reporting formats were different for the years 2019/2020 and before.</p> <p>This variance was made up of funds in the savings account which was not part of accounts where financial statements were prepared in previous years.</p> <p>In 2019-2020 and before the college would prepare financial statements for college funds, recurrent grants and development grants separately but not savings account.</p> <p>Way forward The management noted the above and is currently treating the funds in the savings account (i.e. exam fee, retention funds and service gratuity) as part of cash and cash equivalents in compliance with the reporting format. This was fully adopted for the 1st time in 2020-2021 FY and 2021/2022 Annual Report and Financial Statements. The management</p>	<p>i) There was a clerical error arising from transition from previous reporting format to the current one which management owned.</p> <p>ii) The recalculated cash and cash equivalent sum were Kshs.80,475,470 and not</p>	<p>Not Resolved</p>	<p>30TH June 2023</p>

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022

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)
		<p>will endeavour to comply with the current reporting framework. The financial statement (Cashflow Statement) will be revised to give the correct position.</p>	<p>Kshs.67,823,413 queried. iii) A breakdown of savings account be provided to confirm existence of the above funds. iv) A revised cashflow statement be prepared to show the true position.</p>		
<p>Inaccuracies in Statement of comparison of budget and actual amounts</p>	<p>The statement of comparison of budget and actual amounts reflects an original total receipts budget of Kshs.47,681,980 while recalculated amount was</p>	<p>The variance (Kshs.6,000,000) queried is an addition error under general expenses. The correct general expenses are Kshs 39,831,549 and not Kshs 33,831,549 hence the correct total receipts and expenditure for original budget was Kshs.53,681,980 and not Kshs 47,681,980. The error does not affect either the receipt budgetary items or expenditure budgetary items on final budget and actual expenditure columns. Way forward</p>	<p>i) An addition error on statement of budget and actual amount was noted totalling to</p>		

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022

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)
	Kshs.53,681,980 resulting to unexplained variance of Kshs.6,000,000.	The financial statement (Statement of Comparison of Budget and Actual Amounts;) will be revised to give the correct position.	<p>Kshs.6,000,000 queried.</p> <p>ii) The recalculated sum is Kshs.53,681,980 and not Kshs.47,681,980.</p> <p>iii) A revised statement of budget and actual amounts be prepared to show the true position.</p>		
Staff Ethnic Diversity	A review of human resource records of the College, including the payroll, revealed that during the year under review, the College had 45 employees, out of	The Board appreciates Teachers Service Commission (TSC)for placement of teaching staff. However it has no control over TSC for placement of teachers. The Board also employs non-teaching staff to carry out various functions in the college. On 23 rd April 2022, the Board advertised and employed 2 more members of non-teaching staff(librarian and accounts clerk) who do not belong to the local community.	i) Members noted that the college does not have control over Teaching Service Commission (TSC)	Not Resolved	30 TH June 2023

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022

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)
	<p>which 34 members of staff (or about 76%) were from the same ethnic community. This is contrary to the provisions of Section 7(2) of the National Cohesion and Integration Act, 2008, that provides that no public establishment shall have more than one third of its staff from the same ethnic community.</p> <p>The College Management was therefore in breach of the law.</p>	<p>The management will strive to achievement of one third ethnic composition.</p>	<p>over deployment of teachers which can guarantee ethnic balance.</p> <p>ii) Members were informed that TSC recently posted 3 teachers to the college who do not belong to the local community while management employed a librarian and an accounts clerk</p>		

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022

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)
			<p>away from the local community.</p> <p>iii) Management was encouraged to ensure there is ethnic diversity in the college particularly in future employees recruitment.</p>		
Delayed Construction of Playing Field	<p>The statement of financial position reflects a balance of Kshs.263,206,617 under property, plant and equipment which, as shown under Note 23, includes Kshs.150,847,372 relating to capital work in progress. The amount of Kshs.150,847,372 includes Kshs.3,459,120 paid</p>	<p>The management through the Project Management Committee 8/4/2022 (MIN.CIC 4/8/4/2022) tabled the matter about the playfield project and resolved that;</p> <ol style="list-style-type: none"> 1. The Contractor was given 2 weeks with effect from 8/4/2022 to grade, compact and remove boulders in the field 2. If the works are completed within this period, the Contractor would be paid all his money in full 3. If the works are not completed, the PM would pay the Contractor and retain 	<p>i) The committee noted that it is true that value for money could have been lost due to delay in completion of the project. However, there was no loss of funds.</p>	<p>Public works actioned by college to resolve the issue.</p>	<p>30TH June 2023</p>

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2022

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)
	<p>during the year in respect of construction of a playing field. The contract was entered into in July 2019 for a contract period of twelve (12) weeks commencing 29 July 2019, and scheduled for completion on 30 October 2019, at a contract sum of Kshs.4,441,640. However, as at the time of audit in May 2022, the project had not been completed and was at 92% completion state. No explanation was provided for the failure to complete the project within the project duration.</p>	<p>10% of the contract fee for a period of 6 months as it is done for retention.</p> <p>4. The college would facilitate the PM to be available to ensure that the Project works are correctly done and completed and give a professional report to the client (the College), however the Contractor would be excused on the issue of grass.</p> <p>5. The project was handed over on</p> <p>6. Kshs.419,804 (10% retention funds) were surcharged from the contractor to minimise loses.</p> <p>7. A sum of Kshs.243,600 was also not paid to the contractor for works not done.</p> <p>8. The contractor handed over the project to the college on 28th October 2022, a completion certificate, hand over certificate</p>	<p>ii) The committee was informed that this was occasioned by challenges of COVID-19 although the management had always reminded the contractor through the project manager to come back to site and complete the works.</p> <p>iii) The committee was also informed</p>		

LUGARI DIPLOMA TEACHERS TRAINING COLLEGE
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	In the circumstances, value for money was not obtained from the project.	and payment certificate were prepared to value the works and paid.	<p>that Kshs.419,804 (10% retention funds) were surcharged from the contractor to minimise loses.</p> <p>iv) A sum of Kshs.243,600 was also not paid to the contractor for works not done.</p> <p>v) In future engagements with contractors, the C.I.C. Committee should insist on timelines and</p>		

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			quality work and timelines be insisted by the committee.		
Lack of Internal Audit Function and Audit Committee	During the year under review, the College did not have both internal audit function and audit committee to monitor the College's governance process, accountability process and control systems as well as offer objective advice on issues concerning risk, control, regulatory requirements and governance.	The management noted the concern and has already incorporated the Audit committee in the new Board which was appointed by the Ministry of Education. The board had its inaugural meeting on 22 nd July 2022 and held its first meeting on 25 th August 2022.	<p>i) Members noted that the audit committee was formed in the Full BOM meeting held on 25th August 2022 vide MIN: FB3/25/8/2022.</p> <p>ii) The college will in future be using the services of Directorate of</p>	Audit committee formed in the new board.	30 TH June 2023

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	In the circumstances, the College did not have effective internal controls and governance.		Schools Audit Services (DSAS) of the Ministry as their internal auditor.		



Motto:

Knowledge is Power

Vission:

To be a Model Diploma Teachers Training in
Kenya and Beyond

Mission:

To Provide education and training to Produce
Resourceful teachers for Kenya and beyond