

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

PARLIAMENT  
OF KENYA  
LIBRARY

THE NATIONAL ASSEMBLY

DATE: 26 JUL 2023 DAY: WED

TABLED BY: Hon Kimani Ichunguiah, MP  
CLERK-AT-THE-TABLE: The leader, majority party  
Miriam Mado

**THE AUDITOR-GENERAL**

**ON**

**ASUMBI TEACHERS TRAINING COLLEGE**

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

OFFICE OF THE AUDITOR GENERAL  
P. O. Box 30084 - 00100, NAIROBI  
KENYA  
**19 JUN 2023**  
**RECEIVED**



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# ASUMBI TEACHERS TRAINING COLLEGE

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30<sup>TH</sup> JUNE 2022

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

Table of Contents

<b>I. Key College Information and Management</b> .....	ii
<b>II. The Board of Management</b> .....	vi
<b>III. Management Team</b> .....	viii
<b>IV. Chairperson’s Statement</b> .....	ix
<b>V. Report of the Principal</b> .....	x
<b>VI. Statement Of Performance Against Predetermined Objectives</b> .....	xi
<b>VII. Corporate Governance Statement</b> .....	xii
<b>VIII. Management Discussion and Analysis</b> .....	xiv
<b>IX. Environmental and Sustainability Reporting Statement</b> .....	xv
<b>X. Report of the Board of Management</b> .....	xviii
<b>XI. Statement Of Board Of Management Members’ Responsibilities</b> .....	xix
<b>XII. Report of the Auditor General Asumbi Teachers College</b> .....	xx
<b>XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022</b> 1	
<b>XIV. STATEMENT OF FINANCIAL POSITION AS AT 30<sup>th</sup> JUNE 2022</b> .....	2
<b>XV. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022</b> 4	
<b>XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022</b> .....	5
<b>XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022</b> .....	7
<b>XVIII. Notes to the Financial Statements</b> .....	8
Appendix I: Progress on Follow up Of Auditor Recommendations .....	30
Appendix II: Projects Implemented By the College .....	35
Appendix III: Inter-College Transfers .....	36
Appendix IV: Recording Of Transfers from Other Government Entities .....	37

## **I. Key College Information and Management**

### **(a) Background information**

Asumbi Teachers College was formally established through the effort of Catholic Church in 1936. The college is registered under the Basic education Act 2013. The mandate of Asumbi Teachers College is to offer Diploma in Primary Teachers Education and Diploma in Early Childhood Teacher Education. It has a mandate to provide the required leadership in designing suitable plans and strategies that will contribute to high and sustainable social economic development.

### **(b) Principal Activities**

The Principal's activities include;

- To lead other educators and administrators in the institution
- Manage and implement College Curriculum
- Administer teaching functions in the institution including the evaluation of curriculum delivery
- Be responsible for implementation of education policy and professional practice and maintenance of teaching standard at institutional level.
- Procure goods and services within the procurement guidelines for institutional use.
- Be custodian of records of the institution.
- Be secretary to BOM and ensure execution of decision of the board.
- Ensure proper utilizations of the college resources.
- Responsible for resource mobilization, project planning, administration of human resource.
- Ensure discipline of students and staff.
- Ensure compliance to statutory requirement and other relevant laws related to employment.
- Be responsible for establishment and maintenance of safe and conducive learning environment.
- Be conversant with relevant provision in the constitution and other laws that relate to education and the professionalism.

### **(c) Vision**

To be a Centre of Excellence in Teacher Education and Training Globally.

### **(d) Mission Statement**

Promoting quality teacher education and training within an aesthetic environment so as to produce competent, effective and caring teacher for national development.

### **(e) Core Values**

- Respect for human dignity
- Professionalism
- Integrity
- Team work
- Innovation

### **(f) Core Functions**

- Training Teachers
- Research and consultancy services
- Seminar/Workshop facilities
- Income generating Activities
- Planning and implementation of diversified training

**Asumbi Teachers Training College**  
**Annual Report And Financial Statements For The Year Ended 30<sup>th</sup> June 2022**

**(g) Key Management**

- (a) Board of Management
- (b) Principal
- (c) Deputy Principal
- (d) Deans
- (e) Head of Departments
- (f) Head of subjects/sections

**(g) Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:













PHOTO	DESIGNATION	NAME
	Principal	SIKUKU STELLA
	Deputy principal	Willy Muhenge
	Dean of Curriculum	Kennedy Kaunda
	Dean of students	John Mathenge
	Director of Teaching Practice	Evans Mwaka
	Head of Finance	Francis Otieno
	Head of Education	Esther Nyanchama
	Head of Sciences	Peter Nani
	Head of Mathematics	George Kebwaro

PHOTO	DESIGNATION	NAME
	Head of Social Science	Richard Keraro Ogeto
	Head of Guidance & Counselling	Tobis Aduke
	Head of Assessments	Jobunga George Bonga

**(h) Fiduciary Oversight Arrangements**

The primary purpose of institution audit committee is to provide oversight of financial reporting process, the audit process, the institution's system of internal controls and compliance with laws and regulations.

**i) Audit and Risk Committee**

The following are some the activities of audit and risk committee;

- Overseeing the financial reporting and disclosure process.
- Monitoring choice of accounting policies and principles.
- Oversight hiring, performance and independence of the external auditors.
- Oversight of regulatory compliance, ethics and whistle blower hotlines.
- Discussing risk management policies and practices with management.

**ii) Finance and Operations Committee**

The finance and operation committee does the following activities;

- Maintaining accurate and complete financial records of the institution.
- Preparing and presenting accurate, timely and meaningful financial statements to the board of management.
- Help the board of management and anticipating financial problems.
- Monitor adherence to the budget.
- Present all financial goals and proposals to the board of management for approval.
- Develop multi-year operating budgets that integrate strategic plan objectives and initiatives.
- Set long –range financial goals along with funding strategies to achieve them.

**(g) College Headquarters**

P.O. Box 119 - 40309  
ASUMBI  
KENYA

**(h) College Contacts**

Telephone: (254) 707831679  
E-mail: [asumbitc@yahoo.com](mailto:asumbitc@yahoo.com)  
Website: [www.asumbitc.ac.ke](http://www.asumbitc.ac.ke)

**(i) College Bankers**

ABSA BANK- KISII BRANCH  
P.O BOX 99-40200  
KISII, KENYA

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**Asumbi Teachers Training College**  
**Annual Report And Financial Statements For The Year Ended 30<sup>th</sup> June 2022**

KENYA COMMERCIAL BANK- HOMABY BRANCH  
P.O BOX 368-40300  
HOMABAY, KENYA

**Key College Information and Management (Continued)**

EQUITY BANK-HOMABAY BRANCH  
P.O BOX 500-40300  
HOMABAY, KENYA.










**(j) Independent Auditors**

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

**(k) Principal Legal Adviser**


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

II. The Board of Management

PHOTO	MEMBER/DIRECTOR	DATE OF BIRTH	KEY QUALIFICATION	WORK EXPERIENCE	INDEPENDENT OR EXECUTIVE	COMMITTEE THE MEMBER CHAIRS
	Mrs. Alice Manoti	30/7/1967	BSC.	Livestock Officer	Executive	Overall
	Rev. Fr. Dr. Tom Mboya	1/1/1969	PhD	Education Secretary in Diocese of Homabay (Catholic)	Executive	
	Md. Stellah Sikuku	29/5/68	BED	Principal	Executive	
	Mrs Pauline Korir	1976	BED	Lecturer	Independent	
	Mr. Eluid Onyango	14/8/1955	PGDE	Retired Edu. Officer	Independent	
	Mrs. Martha Achieng	1959	MBA	Lecturer	Independent	
	Mr. Jeremiah Wao	1/7/58	PTE/P1	Retired Teacher	Independent	
	Mr. Gilbert Aluoch	1966	MA-Philosophy	Consultant	Independent	
	Mr. Amwata Barrack Oketch	1949	BED-Science	Teacher	Independent	
	Mrs. Zilpher Oracha	30/12/1962	PTE/P1	Teacher	Executive	
	Mr. Richard Ogeto	1962	Bed	Lecturer	Independent	

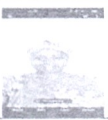










**Asumbi Teachers Training College**

**Annual Report And Financial Statements For The Year Ended 30<sup>th</sup> June 2022**

	Eng. BenardA suma	2/5/1982	BSC. Eng.	Engineer	Executive	
	Mrs.Anto ninaZam zu	31/3/195 9	Cert. Social Work	Social Work	Independent	

**Asumbi Teachers Training College**  
**Annual Report And Financial Statements For The Year Ended 30<sup>th</sup> June 2022**

**III. Management Team**

PHOTO	Member/ Director	Details
	SIKUKU STELLA	BED PRINCIPAL
	WILLY MUHENGE	MED DEAN OF CURRICULUM/TP DIRECTOR
	JOHN MATHENGE	BED DEAN OF STUDENTS
	KENNEDY KAUNDA	BED DEAN OF CURRICULUM
	FRANCIS OTIENO	CPA(K), CS, BCOM ACCOUNTING FINANCE OFFICER
	ESTHER NYANCHAMA	MED HEAD OF EDUCATION
	GEORGE KEBWARO	MED
	GEORGE BONGA	BED
	TOBIS ADUKE	BED
	RICHARD OGETO	BED
	RUTH KERONGA	BED

**IV. Chairperson’s Statement**

The Ministry of Education phased out P1 course for Competence Based Curriculum (CBC) which is a very good idea. Globally the Millennium Development Goals (MDGs) came to an end in September 2015 and World leaders gathered in New York to unveil the Sustainable Development Goals (SDGs). The post 2015 Education Agenda shifted from “Education For All” to Education “2030” which seeks to transform Kenya into a middle income country providing a high quality life to all its citizen by 2030.

The college has prioritised the following activities during this year for its success:

- Improving the computer labs.
- Improving the dining hall.
- Improving classrooms.
- Installation of Wi-Fi.
- Improvement water harvest.
- Improving of hostels.

**Success achieved during the year;**

- Containing measures towards Covid-19.

**Challenges faced;**

- Covid-19 and its repercussions.
- Low enrolment of students in college currently.
- Insufficiency of funds to pay the service providers.

**Way forward;**

- Mobilise resources from major stakeholders of the institutions.
- To sensitise the community on importance of training as teachers.
- Improve on college income generating activities.

**V. Report of the Principal**

Our college is registered under the Basic Education Act, 2013. Therefore as public institution it is managed by a competent board of Management (BOM) and qualified teaching staff. The college continues to work towards achieving its core mandate as an institution. As mentioned above by the chairperson the following are being implemented at the college.

**a) Improving Computer Lab**

The college management has improved the learning condition for students in the computer lab.

**b) Improvement of Water Harvesting System**

The institution is in the process of installing gutters to harvest rain waters. There is need also to improve drainage system to allow good flow of excess waters from the roofs.

**c) Internet connectivity**

The college has installed Local Area Network for learning and efficiency of college operations.

SIGN.....  .....

Chief Principal

**VI. Statement Of Performance Against Predetermined Objectives**

Asumbi Teachers College in Financial Year 2021/2022 strategic plan formulated eighteen strategic objectives, namely;

- To train competent and quality teachers.
- To promote teaching and learning activities for effective Curriculum Implementation.
- To enhance the capacity of the staff through continuous training and skill development.
- To improve corporate governance and image.
- To create an enabling environment for moulding, caring, respective and adaptive teachers.
- To enhance innovativeness, creativity and efficiency in teaching and learning.
- To ensure financial viability and sustainability in the College.
- To improve the existing infrastructure.
- To integrate ICT in the College operations.
- To increase the efficiency and effectiveness of the human resources.
- To promote and improve the corporate image of the College.
- To improve on HIV/AIDS Capacity building.
- To mainstream Gender Issues in the College.

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Enrolment		Admission of diploma students	Class attendance registers and admission register	Teaching and Learning	700 students admitted
Curriculum Implementation		All lectures to embrace ICT integration in Curriculum implementation	Capacity building for lecturers	Supervision by top management Regular internal exams administered.	Improved PTE performance index Improve Awards in co-curriculum activities
Learning resource centre		<ul style="list-style-type: none"> <li>• Introduce WI-FI</li> <li>To update college website.</li> </ul>	Use of Wi-Fi.	Wi-Fi installation	Active Wi- Fi
Computer Studies		<ul style="list-style-type: none"> <li>• To introduce WI-FI</li> <li>• To update College website</li> <li>To add more computers</li> </ul>	Use of Wi- Fi and more laptops	Purchases of computers	More desk tops purchased
Education for Sustainable Development		Financial viability	Tree seedlings Maize cereals	Growing of seedlings	Increased maize production and more seedlings
Farm		Allocate funds to procurement better breeds	Number/kilogram of farm produce.	Cultivation of the farm.	Food security improved

## **II. Corporate Governance Statement**

The following are the members of Board of Management at Asumbi Teachers Training College.

1. Mrs Alice Manoti - BoM Chairperson
2. Rev. Fr. Dr. Tom Mboya - BoM Vice Member
3. Eng. Benard Asuna - BoM Member
4. Mrs. Zilpher Oracha - BoM Member
5. Mrs. Antonina Zamzu - BoM Member
6. Hon. Eliud Onyango Owino - BoM Member
7. Mrs. Pauline Korir - BoM Member
8. Mr. Barrack O. Amwata - BoM Member
9. Mr. Jerry Ouma Wao - BoM Member
10. Mr. Richard Ogeto - BoM Member
11. Mr. Gilbert Aluoch - BoM Member
12. Mrs. Martha Achieng - BoM Member
13. Md. Stella Sikuku - C/Principal/Secretary BoM

The number of Board Meetings held in the financial year 2021/2022 were as follows;

**Full Meeting** – At least once a term

**Executive Meeting** – As frequent as the needs may arise.

The appointment of the board members is based on;

- One person nominated by the county education board.
- One person representing teaching staff.
- Three representative of the sponsors of the school.
- One person to represent special interest group in community.
- One person to represent persons with special needs.
- A representative of the students' council.
- Co-opted members.

### **➤ Removal of a board member;**

A board member may be removed from board due to the following grounds;

- Because of gross misconduct.
- Because of conflict of interest.

The removal should be approved by the full board meeting and the replacement be done by the advice of the county education board.

In case of conflict of interest in various committee e.g discipline committee, ethics and integrity committee, a member may decide not to attend by walking out until the case is determined.

### **➤ Remunerations**

The following are the rates used to remunerate the members of the Board of Management per seating:

Chairperson	- Ksh. 14,000
Vice Chairperson	-Ksh. 12,000
Members outside the county	- Ksh 8,000
Members within the meeting	- Ksh. 7000

➤ **Roles Of The Board Members**

The following are the roles of the BoM;

- Promote the best interest of the institution and ensure its development
- Promote quality education for all students in accordance with standards set under the Act of Basic education 2013.
- Ensure the provision of proper adequate physical facilities for the institution.
- Manage the institution's affairs in accordance with the rules and regulation governing occupational safety and health.
- Advice county education board on the staffing needs of the institution.
- Determine cases of discipline and make reports to the education county boards.
- Facilitate and ensure provision of guidance and counselling to all learners.
- Promote the spirit of cohesion, integration, peace, tolerance, inclusion, elimination of hate speech and tribalism in the institution.
- Administer and manage resources of the institution.
- Receive, collect, and account any funds accruing to the institution.
- Recruit, employ and remunerate non-teaching staff as may be required by the institution within this Basic Education Act 2013.

## **II. Management Discussion and Analysis**

The operation and financial performance of the institution was affected greatly by the fact that PTE course was ending in readiness for Competency Based Curriculum hence the college remained with no students. This status affected the financial flow of the institution. This was also compounded with Covid-19 pandemic that affected the College badly the financial performance and its operation.

## **IX. Environmental and Sustainability Reporting Statement**

Established in 1936, Asumbi Teachers' College is playing a pivotal role in spearheading various green economy activities in the country in addition to the core mandate of training effective teachers for primary schools. Teachers are strategically placed to champion the process of restoring environmental normalcy, in Kenya. The fact that teachers are ever in contact with board spectrum of the Kenya populace avails a credible chance to positively transform the environment in the country. Teachers ought to be instrumental pacemaker in addressing all the key aspects of sustainable development. Mahatma Gandhi once said "the Earth provides enough to satisfy every man's needs, but not every man's greed". Hence, there is need to conserve the environment for a better tomorrow, our environment, our responsibility, our life and future.

### **▪ Sustainability strategy and profile**

The college has spearheaded the development of a green economy in the following ways:

1. By initiating the formation of the environmental/wildlife club within the college and teaching practice schools.
2. By mobilizing students to take part in the green economy oriented competitions at national level in collaboration with AFEW (African Fund for Endangered Wildlife) and the WCK (Wild Clubs of Kenya).
3. By adopting the energy saving technology such as the stoves, jikos and bulbs.
4. By switching off light when days are naturally bright.
5. By exploring the prospects of producing green energy types such as biogas and solar energy.
6. By adopting the use of the 45-67 seater buses to scale down on carbon emissions.

### **▪ Environmental performance**

The college has developed a tree nursery and fish farm for the purposes of income generation. Labour is provided by the students on the basis of having serious fee payment constraints. Equal chances are availed to students who work in the two projects sites on gender basis. The tree nursery produces over 300,000 tree seedlings for commercial purposes annually. The capacity of fish pond is 1000 fish of tilapia type. A cat fish pond will be established in the future. Plans to produce fruits seedlings are also underway.

### **▪ Employee welfare**

The College Self Help Group was started in 1996 to assist its members whenever they have financial problems. The group offers its members short-term loans which can take depending on the amount of shares that one has. These loans usually aid the members in payment of school fees, hospital bills and other emergencies.

### **▪ Market place practices**

The College has involved multiple vendors or suppliers to submit proposals for specific tender that is publicly issued. This allows transparency, equality of opportunity and ability to demonstrate that the outcomes represent the best value.

For a vendor or supplier to be selected to fulfil the tender requirement, they must demonstrate their capability, history and readiness to executive the tender. In competitive bidding process, negotiations may be necessary before the award. Negotiations are conducted fairly and with all bidders in the competitive range.

To ensure tendering is done right the following are observed;

- The institution has a well-defined procurement process which staff are required to follow.
- All tender information and records are documented.
- The college focuses on competitive procurement to deliver best value.
- The institution has checks and balances process where a senior staff member approves customer quotations.

To have fairness the institutions has created a Code of Conduct for vendors and suppliers, thereby involving them in responsible business practices, and holding them accountable to standards and expectations. The Code of Conduct clearly describes institution's expectations for building sustainable and reliable relationships with its vendors and suppliers.

The code covers the following areas;

- Transparent, fair, accountability and honest procurement practices.
- Compliance with applicable laws and regulations regarding fair competition.
- Corruption, fraudulent, collusive, ant-competitive or coercive practices.
- Compliance with country specific laws and regulations.
- Maintaining complete records in appropriate books of account of all financial and business transactions.
- Disclosing actual, perceived, or potential conflicts of interest.

The institution is endeavouring always fairness and respect to all bidders in the process of meeting the goals of students in the college in providing service to them.

#### **a) Responsible Supply chain and supplier relations**

Supplier's relationship with college forms a major part of the procurement cycle. The college maintain good business practices with suppliers through;

##### **i) Communication**

The institution maintains good business practices with the suppliers through effective communication, whereby the institution express their thought clearly and precisely. Respect of both parties is vital. The institution demonstrates integrity and appreciates the suppliers for adding value to the institution. This helps to build trust thus increase performance through innovation and problem solving.

##### **ii) Openness**

As an institution we are open to our suppliers. Openness where we share our challenges and results is done. This promote willingness to work together to achieve the objectives of the management. If there is a problem in either side it must be discussed.

##### **iii) Fairness**

This aims at treating both parties reasonably based on the requirements of the contract and relationship.

##### **iv) Terms**

The institution and suppliers should be based on the provisions of the abiding principles. Thus also forms the basis for how the relationship will be monitored and state what each party has agreed to do. Such terms include prices, delivery and qualities.

#### **b) Responsible marketing and advertisement**

Effort to maintain ethical marketing practices include the following;

- Ethical marketing should always aim to honesty and fairness. Unethical practices will no guarantee the institution and the supplier to cut costs in long term. The following are efforts the college has put in place to maintain ethical marketing practices.
  - Transparency
  - Being committed to sustainably and human rights
  - Respond meaningfully to suppliers concerns
  - Not making unverified claims without providing any evidence to back this up.

#### **c) Product stewardship.**

This is based on Consumer Protection Act, 2019 and Consumer Protection Act 2012. The Acts state the following and the College is committed strictly to adherence to these Acts;

- Making all required payment in time.
- Verifying all receipts, statement and transaction records.
- Raising complains with the suppliers in first instance.
- Retaining receipts, product manuals, maintenance/warranty documentation.
- Consumer should be treated fairly without discrimination.
- Terms of service of consumer must be respected.
- Consumer should receive high level of quality service as stated in the service agreement as provided by service provider.

Finally, Asumbi Teachers College has undergone tremendous growth and continues to play a pivotal role in Teacher Education and Training. In carrying our duties as a college effort has been put towards contributing effective and efficiently to the achievement of the national development agenda as espoused in the Kenya Vision 2030. In promoting Education, the college passing Primary Teacher Examinations (PTE) is a prerequisite for TSC registration. The College Management has embarked on a number of strategies to prepare these young people for their future life. Among them include mentoring programmes which are meant to empower learners with life skills necessary for sound character formation, appropriate life choices, decision making and inculcate positive attitudes necessary for hard work and academic success. The College also aim at supporting students with spiritual nourishment which prepares young people to inculcate virtues necessary for life after college.

Furthermore, the college continually equip our students with skills in Creative Arts, Sports, Drama, Music and Art. The College is a Powerhouse in Sporting activities, Drama and Music. In the year 2017 our Drama Students Performed up to East Africa Film Festival in Zanzibar. In recognition of these efforts our former Drama Patron was recognized with a commendation letter by TSC who are his employer. In addition as social responsibility we equip our students with skills in tree planting and income generating activities (IGA) through Education for Sustainable Development. We do this with stakeholders and partner primary schools where our students undertake teaching practice.

**d) Corporate Social Responsibility / Community Engagements**

The College has taken into considerable philanthropic responsibility to the community around. The activities varies from economic to social such philanthropic activities to the society include;

- When tender is advertised the locals get a higher percentage of 40%
- The students going to for teaching practice always plant at least fifty seedlings in their teaching practice schools.
- Religious groups such as Young Christian Union (CU) and seventh Day Adventist (SDA) often offer charitable activities in the community.
- The College do offer the college buses to the community at a subsidised cost.
- Schools around the college normally use our tuition areas during contest and symposium.
- The sports clubs within the locality use the College fields for games freely.
- The locals at times allowed selling some commodities to students, staff and non-teaching staff.
- The schools around and other interested group normally make educational trips to College farm and weather station.
- Large percentage of non-teaching staff hails from the locality.

**X. Report of the Board of Management**

The Board members submit their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the college's affairs.

**Principal activities**

The principal activities of the college is to manage and implement College Curriculum

**Results**

The results of the college for the year ended June 30 are set out on page ....

**BOARD OF MANAGEMENT**

The members of the Board who served during the year are shown on page (vi). During the year 2021-2022, Dr. Gideon Mwanda Dean of students resigned and Mr Richard Ogeto was appointed with effect from 17<sup>th</sup> June 2021.

**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 or XYZ Certified Public Accountants were nominated by the Auditor General to carry out the audit of the college for the year/period ended June 30, 2022 in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

**By Order of the Board**

Corporate Secretary

Nairobi

Date:.....

**XI. Statement Of Board Of Management Members' Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and Section 29 of Schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the council members 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 council 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 council members are also responsible for safeguarding the assets of the college.

The council 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; and (vi) making accounting estimates that are reasonable in the circumstances.

The council 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 TVET Act. The council 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, 2021, and of the college's financial position as at that date. The council 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 council 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 29<sup>th</sup> September 2022 and signed on its behalf by:

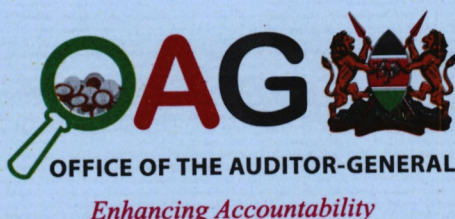
Name: Alice Manoti

Name Sikuku Stella

Signature...  
Chairperson of the Board/Council

Signature...  
Accounting Officer/Principal

# REPUBLIC OF KENYA



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

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

## **REPORT OF THE AUDITOR-GENERAL ON ASUMBI TEACHERS TRAINING COLLEGE FOR THE YEAR ENDED 30 JUNE, 2022**

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### **PREAMBLE**

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for 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 Asumbi Teachers Training College set out on pages 1 to 34, which comprise of the statement of financial position as at 30 June, 2022, and the statement of financial performance, the statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

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*Report of the Auditor-General on Asumbi Teachers Training College for the year ended 30 June, 2022*

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Asumbi 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 the International Public Sector Accounting Standards (Accrual Basis), and comply with the Basic Education Act, 2013 and the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Unsupported Valuation of Property, Plant and Equipment**

The statement of financial position and Note 18 to the financial statements reflects property, plant and equipment balance of Kshs.328,654,062. Review of records revealed that the institution's total assets were revalued at Kshs.323,691,770, resulting in a revaluation loss of Kshs.7,617,562. However, the revaluation loss has not been recognized as an expense in line with IAS 16.40 which requires that a decrease arising as a result of a revaluation should be recognised as an expense in the statement of financial performance to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset. In addition, even though Management appreciate that depreciation is expected to be charged annually, the assets were not depreciated contrary to the requirements of IAS 16.55 which provides that depreciation begins when the asset is available for use and continues until the asset is derecognised, even if it is idle.

In the circumstances, the accuracy, completeness and fair presentation of property, plant and equipment balance of Kshs.328,654,062 could not be confirmed.

#### **2. Undisclosed Biological Assets**

The statement of financial position reflects total non-current assets balance of Kshs.436,220,288 which includes a balance of Kshs.328,654,062 in respect of property, plant and equipment and Kshs.107,566,226 in respect of long-term receivables from exchange transactions. However, field verification exercise of the College's assets undertaken on 14 March, 2023 revealed existence of biological assets including livestock (cows, sheep, pigs) and tree plantations, of undetermined value, which were not disclosed in the statement of financial position.

In the circumstances, the accuracy and completeness of the total non-current assets balance of Kshs.436,361,731 could not be confirmed.

#### **3. Unsupported Long-Term Receivables from Exchange Transactions Balance**

The statement of financial position and Note 16(b) to the financial statements reflects long term receivables from exchange transactions balance of Kshs.107,566,226 which relates

to students' debtors. Included in this balance is Kshs.106,872,047 relating to debts that were outstanding for over ninety (90) days. However, a detailed ledger showing the names and the admission numbers of students owing the College and amount owed, in support of the balance, was not provided for audit. The debt recovery policy in place was also not provided. In addition, Management did not provide for audit fees balance statements for students who completed school but still had fee arrears, list of students who may have deferred and those who have terminated their studies due to financial difficulties or any other reason.

In the circumstances, the accuracy, completeness and recoverability of the long-term receivables from exchange transactions balance of Kshs.107,566,226 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Asumbi Teachers Training College Management in accordance with ISSAI 30 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.

### **Other Matter**

#### **Budget Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.76,714,427 and Kshs.73,462,537 respectively, resulting to an under-funding of Kshs.3,251,890 or 4% of the budget. Similarly, the College spent Kshs.60,739,199 against an approved budget of Kshs.66,159,316, resulting to an under-expenditure of Kshs.3,572,467 or 8% of the budget.

The underfunding and under-expenditure constrained implementation of planned activities and delivery of services to the students, staff and other stakeholders of the College.

## **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 Ethnic Diversity in Staff Composition**

Review of employees' records revealed that out of the College's sixty-two (62) employees, fifty-eight (58), or 93% were from one ethnic community. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and 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.

### **2. Failure to Report Long-Term Trade and Other Payables**

The statement of financial position and Note 23 reflects long term trade and other payables balance of Kshs.15,970,979. However, review of aging analysis and other records revealed that the College has been unable to meet its creditor obligations for a long period of time with a balance having remained unsettled for more than one (1) year as at the closure of the financial year under review and Management has not made a report contrary to the provisions of Regulation 55 of the Public Finance Management (National Government) Regulations, 2015 which requires an Accounting Officer of a national government entity shall not later than the 10th day of each month submit a monthly financial and non-financial budgetary report in the format to be issued by the Cabinet Secretary relating to the activities of his or her national government entity for the preceding month to the National Treasury with copies to the Controller of Budget and the Auditor-General which shall include pending payments with an age of over ninety days.

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

## **Basis for Conclusion**

### **1. Lack of Approved Staff Establishment**

As previously reported, review of human resource records revealed that the College had been operating without an approved staff establishment to ensure that appropriate systems, procedures, structures, skilled and competent staff are in place at the optimal level to deliver its mandate to the students and other stakeholders.

In the circumstances, the optimal number required for effective operations could not be confirmed.

### **2. Lack of an Internal Audit Unit and Audit Committee**

As previously reported, Management had not established an internal audit unit to provide assurance on the state of risks, its management and controls in the College. Further, the College did not have an audit committee to monitor the its governance process, accountability process and control systems and to offer objective advice on issues concerning risk, control, regulatory requirements and governance.

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

### **3. Lack of Risk Management Policy and Strategy**

As previously reported, the College did not have an approved Risk Management Policy and Framework including strategies and procedures put in place to assess, identify, measure, prioritize and mitigate risks in the College. As a result, Management lacked a mechanism to help in detection and mitigation of any possible risk to the institution.

In the circumstances, the effectiveness of risk management systems could not be confirmed.

### **4. Lack of Approved Information Technology Security Policy**

Review of the College's information technology systems revealed that it did not have an approved IT policy for governance and management of its ICT resources. In addition, there is no ICT steering committee in place to assist in the development of ICT policy framework to enable the college to realize long-term ICT strategic goals. Lack of an approved IT policy may result in an unclear direction regarding maintenance of information security across the organization and safeguarding the College's ICT assets. Further, without a sound and approved framework, users do not have any rules and procedures to follow in order to minimize risk of errors, fraud and the loss of data confidentiality, integrity and availability.

In the circumstances, the security and confidentiality of the College's ICT resources could not be confirmed.

### **5. Lack of an Updated Assets Register and Management Policy**

Review of records revealed that the college did not maintain an up to date register of fixed assets, indicating assets cost, category, depreciation rates, and locations. In addition, the

assets of the College could not be tracked as they were not tagged or coded. Further, the College lacked an assets management policy that would guide the management on its assets, including defining the depreciation methods, rates and controls on movement and tracking of assets.

In the circumstances, the effectiveness of internal controls in the management of fixed assets could not be confirmed.

## **6. Use of Asbestos Roofing on the College's Buildings**

Audit inspection of the College's buildings revealed that a number of them had asbestos roofing materials that have deteriorated over time, necessitating their removal, disposal and replacement. This contrary to the provisions of Chapter 3 of the Environmental Management and Coordination (Waste Management) Regulations, 2006 on safe management and disposal of asbestos, which highlights precautionary measures to be undertaken by owners/management of facilities with asbestos to mitigate the risks in view of their adverse health effects.

In the circumstances, Management is exposing the surrounding air to risk of inhaling fibres which may lead to serious chronic health problems.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal 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 those Charged with Governance**

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 continue 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 operations.

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

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

Those charged with governance are 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 overall 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 controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal 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 noncompliance. 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 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 continue 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 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 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**

**10 July, 2023**

**Asumbi Teacher Training College**  
**Annual Report and Financial Statements For The Year Ended 30<sup>th</sup> June 2022**

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

	Notes	2021-2022	2020- 2021
		kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government	6(a)	15,499,430	15,462,176
		<b>15,499,430</b>	<b>15,462,176</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	54,157,946	22,938,231
Sale of goods	8	2,542,482	1,597,030
Rental revenue from facilities and equipment	9	1,262,679	935,829
<b>Revenue from exchange transactions</b>		<b>57,963,107</b>	<b>25,471,090</b>
<b>Total revenue</b>		<b>73,462,537</b>	<b>40,933,266</b>
<b>Expenses</b>			
Use of goods and services	11	41,864,321	11,082,811
Employee costs	12	16,078,200	16,404,904
Remuneration of directors	13	579,300	692,400
Repairs and maintenance	14	2,217,379	693,838
<b>Total expenses</b>		<b>60,739,200</b>	<b>28,873,953</b>
<b>Surplus for the year</b>		<b>12,723,337</b>	<b>12,059,312</b>

Chairperson Bom

DATE 28/09/2022

Finance Officer  
ICPAK No. 20939

28/09/2022

Chief Principal

28/09/2022

XIV. STATEMENT OF FINANCIAL POSITION AS AT 30<sup>th</sup> JUNE 2022

	Notes	2021-2022	2020-2021
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	15	13,781,642	2,658,229
Current Receivables from Exchange Transactions	16(a)	1,359,801	14,989,734
Receivables from Non-Exchange Transactions	17	-	7,606,088
		15,141,443	25,254,051
<b>Non-Current Assets</b>			
Property, Plant and Equipment	18	328,654,062	333,720,892
Long Term Receivables from Exchange Transactions	16(b)	107,566,226	96,095,588
<b>Total Non-Current Assets</b>		436,220,288	429,816,480
<b>Total Assets</b>		451,361,731	455,070,531
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange Transactions	19	802,295	878,572
Deferred Income	20	2,428,315	-
Borrowings	21	-	934,527
Employee Benefit Obligation	22	-	3,616,002
<b>Total Current Liabilities</b>		3,230,610	5,429,101
<b>Non-Current Liabilities</b>			
Long Term Trade and Other Payables	23	15,970,979	25,087,063
<b>Total Liabilities</b>		19,201,589	30,516,164
<b>Net assets</b>			
Revaluation Reserves		326,103,330	333,720,892
Accumulated Surplus		103,556,814	90,833,476
Development/Capital Fund	6(b)	2,500,000	-
<b>Total Net Assets and Liabilities</b>		451,361,733	455,070,532



XV. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2022

	Revaluation reserve	Retained earnings	Capital/ Development Grants/Fund	Total
At July 1, 2020				
Fair value on property plant and equipment	333,720,892	-	-	333,720,892
Amount carried forward from 2020/2021 records	-	78,774,163	-	78,774,163
Total comprehensive income		12,059,313	-	12,059,313
At Jun 30, 2021	333,720,892	90,833,476	-	424,554,368
At July 1, 2021	333,720,892	90,833,476		424,554,368
Prior Year Adjustment on amount C/F				
Total comprehensive income	-	12,723,337	-	12,723,337
Revaluation Gain/(loss)	(7,617,562)			(7,617,562)
Capital/Development grants received during the year	-	-	2,500,000	2,500,000
At June 30, 2022	326,103,330	103,556,813	2,500,000	432,160,143

Note:

- For items that are not common in the financial statements, the college should include a note on what they relate to – either on the face of the statement of changes in equity/net assets or among the notes to the financial statements.
- Prior year adjustments should have an elaborate note describing what the amounts relate to. In such instances a restatement of the opening balances needs to be done.



**Asumbi Teachers Training College**  
**Annual Report and Financial Statements For The Year Ended 30<sup>th</sup> June 2022**

  
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Chairperson Bom

**DATE** 28/09/2022

  
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Finance Officer  
ICPAK No. 20939

28/09/2022

  
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Chief Principal

28/09/2022

(IPSAS 2 allows a 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).

**Asumbi Teachers Training College**  
**Annual Report and Financial Statements For The Year Ended 30<sup>th</sup> June 2022**

**XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022**

	Original budget	Actual amount	Final budget	Actual on comparative basis	Performance difference	Variance on Difference
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other Gov. entities Gov. grants	15,712,176	0	15,712,176	15,499,430	212,746	1.35%
Rendering of services- Fees from students	55,197,851	0	55,197,851	54,157,946	1,039,905	1.88%
Sale of goods	5,196,000	0	5,196,000	2,542,482	2,653,518	51.07%
Gains on disposal, rental income and agency fees	608,400	0	608,400	1,262,679	(654,279)	107.54%
<b>Total income</b>	<b>76,714,427</b>	<b>0</b>	<b>76,714,427</b>	<b>73,462,537</b>	<b>3,251,890</b>	<b>4.24%</b>
<b>Expenses</b>						
Compensation of employees	17,698,176	0	17,698,176	16,078,200	1,619,976	9.15%
Use of Goods and services	45,316,840	0	45,316,840	41,853,941	1,760,071	7.64%
Repairs and Maintenance	2,362,200	0	2,362,200	2,217,378	75,321	6.13%
Rent paid	202,800	0	202,800	10,380	192,420	94.88%
Remuneration of directors	579,300	0	579,300	579,300	0	
<b>Total expenditure</b>	<b>66,159,316</b>	<b>0</b>	<b>66,159,316</b>	<b>60,739,199</b>	<b>3,572,467</b>	<b>8.19%</b>
<b>Surplus for the period</b>	<b>13,496,611</b>	<b>0</b>	<b>13,496,611</b>	<b>12,723,338</b>	<b>423,502</b>	<b>5.73%</b>

**Budget Notes**

**Rental income-** some college staffs who had huge arrears paid.  
Both original and final budget are in agreement.

**XVIII. Notes to the Financial Statements**

**1. General Information**

Asumbi TTC is established by and derives its authority and accountability from TVET Act. The college is wholly owned by the Government of Kenya and is domiciled in Kenya. The college's principal activity is provision of teacher Education.

**2. Statement Of Compliance and Basis Of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the college's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 19

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, the State Corporations Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

**3. Adoption of New and Revised Standards**

**i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021.**

Standard	Impact
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**Asumbi Teachers Training College**  
**Annual Report and Financial Statements For The Year Ended 30<sup>th</sup> June 2022**

Other Improvements to IPSAS	<p><b>Applicable: 1<sup>st</sup> January 2021:</b></p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for re-valued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>
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**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2021.**

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p><b>Applicable: 1<sup>st</sup> January 2023:</b></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an college's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>•Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>•Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>•Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an college's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
IPSAS 42: Social Benefits	<p><b>Applicable: 1<sup>st</sup> January 2023</b></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting college provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p>

**Asumbi Teachers Training College**  
**Annual Report and Financial Statements For The Year Ended 30<sup>th</sup> June 2022**

Standard	Effective date and impact:
	(a) The nature of such social benefits provided by the college; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the college's financial performance, financial position and cash flows. (State the impact of the standard to the college if relevant)
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<b>Applicable: 1st January 2023:</b> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.

**iii. Early adoption of standards**

The college did not early – adopt any new or amended standards in year 2021.

**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.

**Sale of goods**

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

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

**Revenue recognition (Continued)**

**iii) 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 Board of Management on 1<sup>st</sup> October 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the college upon receiving the respective approvals in order to conclude the final budget. Accordingly, the college recorded additional appropriations of on the FY 2021/2022 budget following the Board's approval.

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

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section **XIII** of these financial statements.

**c) Taxes**

The college is exempt from paying taxes

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of two years.

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

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

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

**e) Property, plant and equipment**

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

**f) Depreciation Policy**

The assets were not depreciated during the year under review. Depreciation is expected to be charged annually on a reducing balance basis on the balance at year end once the Board of Management approves the proposed depreciation rates for the Non-Current assets.

**g) Leases**

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the College. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The College also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

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

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

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

**h) Intangible assets**

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

**i) Research and development costs**

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

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

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

**j) Financial instruments**

**Financial assets**

**Initial recognition and measurement**

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

**Loans and receivables**

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

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

**Held-to-maturity**

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

**Impairment of financial assets**

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

**Impairment of financial assets (Continued)**

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

**Financial liabilities**

**Initial recognition and measurement**

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

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

**Loans and borrowing**

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

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

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

**k) Inventories**

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

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

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

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

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.

**l) 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.

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

**m) Nature and purpose of reserves**

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

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

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

**o) Employee benefits**

**Retirement benefit plans**

The College provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an 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.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**p) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**q) Borrowing costs**

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

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

**r) Related parties**

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

**Notes to the Financial Statements (Continued)**

**4 Summary of Significant Accounting Policies (Continued)**

**s) Service concession arrangements**

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

**t) 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.

**u) Comparative figures**

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

**v) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

**5. Significant Judgments And Sources Of Estimation Uncertainty**

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

**Estimates and assumptions**

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

**Asumbi Teachers Training College**  
**Annual Report and Financial Statements For The Year Ended 30<sup>th</sup> June 2022**

**Notes to the Financial Statements (Continued)**  
**4 Summary of Significant Accounting Policies (Continued)**

**Useful lives and residual values**

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

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

**Provisions**

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

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.

**6. (a) Transfers from National Government Ministries**

Description	2022 KShs	2021 KShs
<b>Unconditional grants</b>		
Personal Emolument & Other Recurrent Exp.	15,499,430	15,462,176
Grants in Arrears	7,606,088	
	<b>23,105,518</b>	<b>15,462,176</b>
<b>Conditional grants</b>		
Development grants	2,500,000	-
<b>Total government grants and subsidies</b>	<b>25,605,518</b>	<b>15,462,176</b>

**(b) Transfers from Ministries, Departments and Agencies**

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	2021
			KShs	KShs	KShs
Education Ministry/State Department	23,105,518	-	2,500,000	25,605,518	15,462,176
<b>Total</b>	<b>23,105,518</b>	<b>-</b>	<b>2,500,000</b>	<b>25,605,518</b>	<b>15,499,430</b>

**Asumbi Teachers Training College**  
**Annual Report and Financial Statements For The Year Ended 30<sup>th</sup> June 2022**

**7. Rendering of Services**

Description	2022	2021
	Kshs	KShs
Activity fees	1,477,770	335,077
Examination fees	8,178,165	-
Library Books	430,620	-
Registration fees	141,100	1,550
Others –College Based Programmes	-	3,327,369
ECDE	-	2,224,125
Personal emoluments	2,654,669	1,426,864
BES	16,305,986	6,612,272
Teaching / learning materials	3,154,590	1,016,478
RMI	2,696,892	529,876
EWC	2,719,338	1,139,732
IT&T	2,137,090	450,807
Administration costs	1,479,034	698,486
Gratuity	843,808	469,599
TP lesson plan books	845,450	484,614
VRM	2,734,155	620,553
VRF	-	411,809
Medical	441,493	145,254
Student council	343,573	151,682
Computer	2,607,373	1,004,078
Rehabilitation Fund	-	502,865
Hospital Bill	5,390	7,885
Graduation	-	760,904
TPM	-	616,052
Student ID	208,800	300
Hockey sticks	490,000	-
Track suit	1,662,750	-
Set Boos	64,400	-
Covid 19	1,374,750	-
Bank Charges	174,000	-
Magazine	47,950	-
Clubs & Environmental	704,000	-
Student Guide books	137,800	-
Tenders	97,000	-
<b>Total</b>	<b>54,157,946</b>	<b>22,938,231</b>

**8. Sale of Goods**

Description	2022	2021
	Kshs	KShs
Sale of farm produce	901,155	287,170
Seminars	431,800	390,900
Tree Nursery	181,527	123,010
Bakery	1,028,000	473,860
Horticulture	-	322,090
<b>Total</b>	<b>2,542,482</b>	<b>1,597,030</b>

**Asumbi Teachers Training College**  
**Annual Report and Financial Statements For The Year Ended 30<sup>th</sup> June 2022**

**9. Hire of Facilities and Equipment**

Description	2022	2021
	Kshs	KShs
Rental income	698,200	935,829
Accrued rental income	564,479	
<b>Total</b>	<b>1,262,679</b>	<b>935,829</b>

**10. Grants from Donors and Development Partners**

Description	2022	2021
	Kshs	KShs
Other Grants-UNESCO	-	50,000
<b>Total</b>	<b>-</b>	<b>50,000</b>

**11. Use of Goods and Services**

Description	2022	2021
	Kshs	KShs
Examination fees	8,557,330	-
Rent expenses	10,380	50,000
ECDE	-	431,370
Administration cost	1,024,797	991,687
Electricity water & conservancy	2,588,005	1,507,910
Boarding Equipment and stores	14,493,170	3,901,458
Teaching / learning materials	2,368,421	497,508
Local transport and travels	2,011,048	465,481
Teaching practice	-	127,895
Gratuity	802,774	251,000
Farm	818,015	156,440
Tree Nursery	25,150	26,650
Computer/ Internet	1,787,828	19,000
Student Council	250,826	39,780
Vehicle Repair and Maintenance Fund	2,056,419	2,059,965
Student work programme	-	42,600
Seminars	18,034	49,700
Horticulture	-	320,150
Medical	405,575	144,217
Activity	1,389,807	-
Registration	33,000	-
Hospital bill	5390	-
Hockey stick	227,834	-
Library books	226,920	-
Student ID	178,500	-
Track suit	1,546,441	-
Bank charges	26,769.25	-
Student guide book	3,850	-
Tenders	93,118	-
Bakery	914,920	-
<b>Total</b>	<b>41,864,321</b>	<b>11,082,811</b>

**Asumbi Teachers Training College**  
**Annual Report and Financial Statements For The Year Ended 30<sup>th</sup> June 2022**

**12. Employee Costs**

	2022	2021
	Kshs	KShs
Salaries and wages	12,875,916	11,471,765
Employee related costs-contributions to pensions and medical aids	1,011,468	980,988
Travel ,motorcar, accommodation, subsistence and other allowanees	219,600	2,221,151
Housing benefits and allowances	1,782,000	1,731,000
Responsibility allowances	189,216	0
<b>Total</b>	<b>16,078,200</b>	<b>16,404,904</b>

**13. Board Expenses**

Description	2022	2021
	Kshs	KShs
Chairman's Honoraria	96,000	126,000
Directors emoluments	483,300	566,400
<b>Total</b>	<b>579,300</b>	<b>692,400</b>

**14. Repairs and Maintenance**

Description	2022	2021
	Kshs	KShs
Vehicles	0	388,310
Other-RMI /Rehabilitation	2,217,379	305,528
<b>Total repairs and maintenance</b>	<b>2,217,379</b>	<b>693,838</b>

**15. Cash and Cash Equivalents**

Description	2022	2021
	Kshs	KShs
Current accounts	11,759,688	235,345
Others(specify)Cash	2,350	2033
Savings Account	2,019,605	2,420,851
<b>Total cash and cash equivalents</b>	<b>13,781,642</b>	<b>2,658,229</b>

**15 (a). Detailed Analysis of Cash and Cash Equivalents**

Financial institution	Account number	2022	2021
		Kshs	KShs
<b>a) Current account</b>			
ABSA Bank Kisii Branch	0081014574	1,243,569	96,328
ABSA Bank Kisii Branch	0081014558	5,121,700	139,017
KCB H/Bay	1160244286	5,394,419	2,401,246
<b>Sub - total</b>		<b>11,759,688</b>	<b>2,636,591</b>
<b>b) Others(specify)</b>			
Cash in hand Main Account		103	78
cash in hand Fund Account		2,247	1955
- EQUITY	980268534868	2,019,605	19,605

**Asumbi Teachers Training College**  
**Annual Report and Financial Statements For The Year Ended 30<sup>th</sup> June 2022**

Sub- total		2,021,955	21,638
Grand total		13,781,642	2,658,229

**16. Receivables From Exchange Transactions**

**16 (a) Current Receivables from Exchange Transactions**

Description	2022	2021
	Kshs	KShs
<b>Current Receivables</b>		
Student debtors	795,322	14,295,555
Rent debtors	564,479	694,179
<b>Total Current Receivables</b>	<b>1,359,801</b>	<b>14,989,734</b>

**16 (b) Long- Term Receivables from Exchange Transactions**

Description	2022	2021
	Kshs	KShs
Student Debtors	107,566,226	96,095,588
<b>Total receivables</b>	<b>107,566,226</b>	<b>96,095,588</b>

**16 (c) Short- Term Receivables**

Description	2022	2021
	Kshs	KShs
At the Beginning of the year	14,989,734	
Transferred to long -term	(14,989,734)	
<b>At the end of the year</b>	<b>0</b>	<b>0</b>

**16 (c) Long Term Receivables**

Description	2022	2021
	Kshs	KShs
At the beginning of the year	96,095,588	105,841,600
Transferred from short term	14,989,734	
Recovered during the year	(3,519,096)	-
<b>At the end of the year</b>	<b>107,566,226</b>	<b>96,095,588</b>

Asumbi Teachers Training College  
Annual Report and Financial Statements For The Year Ended 30<sup>th</sup> June 2022

17. Receivables From Non-Exchange Transactions

Description	2022	2021
	Kshs	KShs
<b>Current receivables</b>		
Transfers from other govt. entities GRANTS	0	7,606,088
<b>Total current receivables</b>	<b>0</b>	<b>7,606,088</b>

Asumbi Teachers Training College  
Annual Report and Financial Statements For The Year Ended 30<sup>th</sup> June 2022

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

**18. Property, Plant and Equipment**

Cost As	Land and Building	Motor Vehicles	Furniture and Fittings	Computers	Plant and Equipment	Capital Work in progress	Total
	KShs	KShs	KShs	KShs	KShs	KShs	KShs
At 1 <sup>st</sup> July 2020	282,000,000	22,550,000	19,123,600	1,285,000	3,800,000	4,962,292	333,720,892
At 30 <sup>th</sup> June 2021	282,000,000	22,550,000	19,123,600	1,285,000	3,800,000	4,962,292	333,720,892
As at 1 <sup>st</sup> July 2021	282,000,000	22,550,000	19,123,600	1,285,000	3,800,000	4,962,292	333,720,892
Additions	2,215,632			265,600	69,500		2,550,732
Revaluation Gain/loss	(23,555,632)	(1,943,230)	18,876,400	(119,600)	(875,500)		(7,617,562)
At 30 <sup>th</sup> June 2022	260,660,000	20,606,770	38,000,000	1,431,000	2,994,000	4,962,292	328,654,062
<b>Net Book Values As</b>							
At 30 <sup>th</sup> June 2022	260,660,000	20,606,770	38,000,000	1,431,000	2,994,000	4,962,292	328,654,062
At 30 <sup>th</sup> June 2021	282,000,000	22,550,000	19,123,600	1,285,000	3,800,000	4,962,292	333,720,892

**Asumbi Teachers Training College**  
**Annual Report and Financial Statements For The Year Ended 30<sup>th</sup> June 2022**

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

**Valuation**

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). These amounts were adopted in the financial statements on page 2

<b>Description</b>	<b>Revaluation value</b>	<b>Accumulated Depreciation</b>	<b>NBV</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
Land and Building	260,660,000		260,660,000
Motor vehicles	20,606,770		20,606,770
Furniture and Fittings	38,000,000		38,000,000
Computers	1,431,000		1,431,000
Plant and Equipment	2,994,000		2,994,000
<b>Total</b>	<b>323,691,770</b>		<b>323,691,770</b>

**19. Trade And Other Payables From Exchange Transactions**

<b>Description</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs</b>	<b>KShs</b>
Trade payables	802,295	878,572
<b>Total trade and other payables</b>	<b>802,295</b>	<b>878,572</b>

**20. Deferred Income**

<b>Description</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs</b>	<b>KShs</b>
Prepaid Fees	665,388	-
Practicum Fund	1,762,927	-
<b>Total deferred income</b>	<b>2,428,315</b>	<b>-</b>

**20 b. Deferred Income**

<b>Description</b>	<b>2022</b>	<b>2021</b>
	<b>Kshs</b>	<b>KShs</b>
Prepaid Fees	655,388	-
Practicum Fund Balance	1,762,927	-
Practicum Fund Spent	72,300	-
<b>Total deferred income – Cash flow</b>	<b>2,550,615</b>	<b>-</b>

**Asumbi Teachers Training College**  
**Annual Report and Financial Statements For The Year Ended 30<sup>th</sup> June 2022**

**21. Borrowings**

Description	2022	2021
	Kshs	KShs
Balance at beginning of the year	934,527	2,784,762
Repayments of borrowings during the year	(934,527)	1,850,235
Balance at end of the year	0	934,527

**21b) Analysis of External and Domestic Borrowings**

	2022	2021
	Kshs	KShs
<b>Domestic Borrowings</b>	934,527	
Kenya Shilling loan from KCB	0	934,527
<b>Total balance at end of the year</b>	<b>0</b>	<b>934,527</b>

**22. Employee Benefit Obligations**

Description	2022	2021
	Kshs	KShs
Salaries in Arrears	-	3,616,002
<b>Total</b>	<b>-</b>	<b>3,616,002</b>

**23. Long Term Trade and Other Payables from Exchange Transactions**

Description	2022	2021
	Kshs	KShs
Long term trade and other payables	15,970,979	25,087,063
<b>Total</b>	<b>15,970,979</b>	<b>25,087,063</b>

**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. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

**Asumbi Teachers Training College**  
**Annual Report and Financial Statements For The Year Ended 30<sup>th</sup> June 2022**

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:

	<b>Total amount</b> Kshs	<b>Fully Performing</b> Kshs	<b>Past due</b> Kshs	<b>Impaired</b> Kshs
<b>At 30 June 2021</b>				
Receivables from exchange transactions	111,085,322	14,989,734	96,095,588	
Receivables from non-exchange transactions	7,606,088	7,606,088		
Bank balances	2,658,229	2,658,229		
<b>Total</b>	<b>121,349,639</b>	<b>25,254,051</b>	<b>96,095,588</b>	
<b>At 30 June 2022</b>				
Receivables from exchange transactions	107,566,226	-	107,566,226	
Bank balances	13,781,642	13,781,642		
<b>Total</b>	<b>121,347,868</b>	<b>13,781,642</b>	<b>107,566,226</b>	

**(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 college has significant concentration of credit risk on amounts due from xxxx

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 directors, 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.

	<b>Less than 1 month</b> Kshs	<b>Between 1-3 months</b> Kshs	<b>Over 5 months</b> Kshs	<b>Total</b> Kshs
<b>At 30 June 2021</b>				
Trade payables	29,581,637		29,581,637	29,581,637
Current portion of borrowings			934,527	934,527
<b>Total</b>			-	-
<b>At 30 June 2022</b>				
Trade payables			16,773,274	16,773,274
Advance fees received			665,388	665,388

**Asumbi Teachers Training College**  
**Annual Report and Financial Statements For The Year Ended 30<sup>th</sup> June 2022**

Deferred income		2,047,295	2,047,295
<b>Total</b>		<b>19,485,957</b>	<b>19,485,957</b>

**(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.

**(iv) Interest rate risk**

Interest rate risk is the risk that the college's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

**Sensitivity analysis**

The college analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of KShs0 (2021: KShs0 ). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of KShs0 (2020 – KShs0)

**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:

	2022	2021
	Kshs	Kshs
Revaluation reserve	323,622,270	333,720,892
Retained earnings	103,487,313	90,833,475
Capital reserve	2,500,000	2,500,000
<b>Total funds</b>	<b>432,160,144</b>	<b>424,554,367</b>

**Asumbi Teachers Training College**  
**Annual Report and Financial Statements For The Year Ended 30<sup>th</sup> June 2022**

Total borrowings	19,485,957	30,516,165
Less: cash and bank balances	(13,781,642)	(2,658,229)
Net debt/(excess cash and cash equivalents)	5,704,315	27,857,936
<b>Gearing</b>	<b>5.5%</b>	<b>31%</b>

**24. RELATED PARTY BALANCES**

**Nature of related party relationships**

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

**Government of Kenya**

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

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

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

	2022	2021
	Kshs	Kshs
<b>Transactions with related parties</b>		
<b>a) Grants /Transfers from the Government</b>		
Grants from National Government	25,605,518	7,856,088
<b>Total</b>	<b>25,605,518</b>	<b>7,856,088</b>
<b>b) Expenses incurred on behalf of related party</b>		
Payments of salaries and wages for BoM employees	16,078,200	16,365,262
Payments for goods and services	42,443,621	11,471,121
<b>Total</b>	<b>58,521,821</b>	<b>27,836,383</b>
<b>c) Key management compensation</b>		
Directors' emoluments	579,300	692,400
<b>Total</b>	<b>579,300</b>	<b>692,400</b>

**25. EVENTS AFTER THE REPORTING PERIOD**

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

**26. 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.

**27. CURRENCY**

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

**Asumbi Teachers Training College**  
**Annual Report and Financial Statements For The Year Ended 30<sup>th</sup> June 2022**

**Appendix I: Progress on Follow up Of Auditor Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe :
1	<p><b>Unsupported Property, Plant and Equipment</b>  As disclosed in Note 31 to the financial statements, the statement of financial position reflects property, plant and equipment balance of Kshs.333,720,892. However, the reported net book values of land, buildings and motor vehicles including motor cycles of Kshs.26,000,000, Kshs.256,000,000 and Kshs.22,550,000, respectively were estimates as Management had not undertaken professional valuation.</p> <p>In the circumstances, the accuracy, completeness and fair presentation of property, plant and equipment balance of Kshs.333, 720,892 could not be confirmed.</p>	Valuer Engaged	Resolved	Resolved
2	<p><b>Long-Term Receivables from Exchange Transactions</b>  The statement of financial position reflects long term receivables from exchange transactions balance of Kshs.96, 095,588 as disclosed in Note 27(b) to the financial statements. The balance relates to student debtors which have remained unpaid with no repayment received during the year under review, with some balances dating as far back as the year 2014. No evidence of efforts to recover the debts was provided for audit. Further, no provision for the impairment of debts has been made in the financial statements.</p> <p>In the circumstances, the recoverability of the long-term</p>	<p>The College is on the process of transiting from manual records to computerized system which will provide the records in soft and quickly.</p> <p>-The fee structure developed is divided into two instalments for easy payments of fees by students and will reduce chances of fee arrears.</p> <p>We also encourage</p>	Not Resolved	

Asumbi Teachers Training College  
Annual Report and Financial Statements For The Year Ended 30<sup>th</sup> June 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe :
	receivables from exchange transactions of Kshs.96,095,588 due from students could not be confirmed.	students to apply for bursary funds to aid fee payments		
3	<p><b>Long Term Trade and Other Payables from Exchange Transactions</b> The statement of financial position reflects long term trade and other payables from exchange transactions balance of Kshs.25,087,063 and as disclosed in Note 41(b) to the financial statements. However, an aging analysis and review of records revealed that the College has been unable to meet its creditor obligations for a long period time with a balance of Kshs.19,881,098 having remained unsettled for more than three (3) years at the closure of the financial year under review.</p> <p>In the circumstances, the College's ability to settle the outstanding amount of Kshs.25,087,063 is doubtful.</p>	Management does timely payments by clearing monthly supplies and services and gradually reducing long term creditors on a termly basis to avoid disruption of services to current students	Not Resolved	
4	<p><b>Staff Ethnic Composition</b> Review of employees' records revealed that out of seventy-one (71) employees, sixty-seven (67), or 94% were from the dominant community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and no public establishment shall have more than one third of its staff from the same ethnic community.</p> <p>In the circumstances, Management was in breach of the law.</p>	The current staff were employed on permanent terms. The College strategizes to comply gradually during recruitment as the current employees retire.	Not Resolved	
5	<p><b>Inadequate Safeguards for Prompt Collection of Fees from Students</b> Included in the current and non-</p>	The College is on the process of transiting from	Not Resolved	

Asumbi Teachers Training College  
Annual Report and Financial Statements For The Year Ended 30<sup>th</sup> June 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe :
	<p>current receivables from exchange transactions under Note 27(a) and (b) to the financial statements are balances of Kshs.14,295,555 and Kshs.96,095,588, respectively for student debtors. However, the College does not have an effective fee collection policy in place to ensure outstanding fees are remitted by students in a timely manner. This is contrary to Regulation 64(1) (a) of the Public Finance Management (National Government) Regulation, 2015 which states that, "an accounting officer and a receiver of revenue are personally responsible for ensuring that adequate safeguards exist and are applied for the prompt collection and proper accounting for, all national government revenue and other public moneys relating to their ministries, departments or agencies".</p> <p>In the circumstances, Management was in breach of the law.</p>	<p>manual records to computerized system which will provide the records in soft and quickly.</p>		
6	<p><b>Stalled Construction of Students Hostel</b> Included in the property plant and equipment balance of Kshs.333,720,892 as disclosed in Note 31 to the financial statements is work in progress of Kshs.4,962,292 in respect of construction of a students' hostel. Review of records revealed that the project commenced in the year 2017. However, physical inspection of the project in March, 2022 revealed that the hostel was still at the foundation level and the works had stalled with no contractor on site.</p> <p>In the circumstances, the value for money on expenditure of Kshs.4,962,292 could not be</p>	<p>The college had an intention of building a 250 bed capacity ladies hostel to help accommodate the growing population of female students in the teachers training college. The project was to be funded by harambees and Rangwe CDF. It stalled because the Rangwe Sub-county CDF office promised to give</p>	Not Resolved	

Asumbi Teachers Training College  
Annual Report and Financial Statements For The Year Ended 30<sup>th</sup> June 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe :
	confirmed.	ten millions Kenya shillings which were not realized. We are hopeful that the ministry of Education will fund it to its completion in the near future.		
7	<p><b>Lack of Staff Establishment</b> Review of human resource records revealed that the College has been operating without an approved staff establishment to ensure that appropriate systems, procedures, structures, skilled and competent staff are in place at the optimal level to deliver its mandate to the students and other stakeholders.</p> <p>In the circumstances, it was not possible to confirm whether the total staff in employment of the College was the optimal number required for effective operations.</p>	The Management will develop staff establishment policy to guide human resource management.	Not Resolved	
8	<p><b>Lack of an Internal Audit Function Unit and Audit Committee</b> The College has not established an internal audit unit to provide assurance on the state of risks, its management and controls in the college. The College does not have an audit committee to monitor the college's governance process, accountability process and control systems and to offer objective advice on issues concerning risk, control, regulatory requirements and governance.</p> <p>In the circumstances, risks and weaknesses existing in the systems of internal controls could not be confirmed.</p>	Ministry of Education has not provided for establishment of internal audit department. Management will outsource this function to assist in strengthening internal controls.	Not Resolved	

Asumbi Teachers Training College  
Annual Report and Financial Statements For The Year Ended 30<sup>th</sup> June 2022

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe :
9	<p><b>Lack of Risk Management Policy</b> The College does not have an approved Risk Management Policy and Risk Management Framework including strategies and procedures put in place to assess, identify, measure, prioritize and mitigate risks in the College.</p> <p>In the circumstances, the Management lacks a mechanism to help in detection and mitigation of any possible risk to the institution.</p>	The Management is the process drafting a policy to govern Risk Management.	Not Resolved	

Accounting Officer

Name Sikuku Stellah P.

Chief Principal

Signature

Date.27/05/2023

**Asumbi Teachers Training College**  
**Annual Report and Financial Statements For The Year Ended 30<sup>th</sup> June 2022**

**Appendix II: Projects Implemented By the College**

**Projects**

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
None						

Asumbi Teachers Training College  
Annual Report and Financial Statements For The Year Ended 30<sup>th</sup> June 2022

Appendix III: Inter-College Transfers

COLLEGE NAME:		ASUMBI TTC		
<b>Break down of Transfers from the State Department of Education</b>				
FY 2021/2022				
a. <b>Recurrent Grants</b>				
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		19 Aug. 2021	7,606,088	2020-2021
		11 Nov. 2021	3,179,221	2021-2022
		14 Jan. 2022	3,408,430	2021-2022
		16 May, 2022	4,492,936	2021-2022
		22 June, 2022	4,418,843	2021-2022
		<b>Total</b>	<b>23,105,518</b>	
b. <b>Development Grants</b>				
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
		11 Nov. 2021	2,500,000	2021-2022
		<b>Total</b>	<b>2,500,000</b>	

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

Finance Manager  
Asumbi TTC

Sign \_\_\_\_\_

Head of Accounting Unit  
Ministry

Sign-----

Asumbi Teachers Training College  
Annual Report and Financial Statements For The Year Ended 30<sup>th</sup> June 2022

Appendix IV: Recording Of Transfers from Other Government Entities

Name of the MDA/Donor Transferring the funds	Date Received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Others - must be specific	
Ministry of Education	06/07/2021	Recurrent	3,928,044	0	0	0	0	0	3,928,044
Ministry of Education	06/07/2021	Recurrent	3,678,044						3,678,044
Ministry of Education	13/10/2021	Recurrent	3,179,221						3,179,221
Ministry of Education	27/10/2021	Development	2,500,000	0	0	0	0	0	2,500,000
Ministry of Education	12/01/2022	Recurrent	3,408,430	0	0	0	0	0	3,408,430
Ministry of Education	16/05/2022	Recurrent	4,492,936						4,492,936
Ministry of Education	17/06/2022	Recurrent	4,418,843						4,418,843
<b>Total</b>			<b>25,605,518</b>	<b>00</b>	<b>00</b>	<b>0</b>	<b>00</b>	<b>00</b>	<b>25,605,518</b>