


REPUBLIC OF KENYA



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DATE: 11 JUN 2025	DAY: Wednesday
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CLERK-AT THE-TABLE:	Lorale

REPORT

OF

THE AUDITOR-GENERAL

ON

MAWEGO NATIONAL POLYTECHNIC

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



MAWEGO NATIONAL POLYTECHNIC

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

Mawego National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2024

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1. Acronyms and Definition of Key Terms

A. Acronyms

BOG	Board of Governors
TMNP	The Mawego National Polytechnic
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
TVC	Technical Vocational College

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

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2. Key Polytechnic Information and Management

(a) Background information

Mawego National Polytechnic was established in 1952 as a trade school by the Utretch Brothers from Netherlands. Located in Rachuonyo North Sub-county of Homa-Bay County, the Institute is accessible through Oyugis Town which is 12 km away. It is also accessible through Kendu-Bay town which is about 17 km away. Mawego National Polytechnic operates under the TVET Act of 2013

It became a Technical Secondary School in 1967 under the Ministry of Education. In 1986, it was converted into a Technical Training Institute, and further upgraded to a National Polytechnic through a gazette notice in 2024.

Having been founded by the Catholic Church, the institute continues to enjoy the spiritual sponsorship of the church to date and falls under Diocese of Homa-Bay.

We pride ourselves in placing more than ordinary interest and effort in creating a positive difference in the whole of the individual trainee.

(b) Principal Activities

The principal activity/mission/ mandate of Mawego National Polytechnic is to offer Technical and Business Training.

Vision: An Internationally competitive Technical and Business Training Institute.

Mission: To provide a competency based training, research and linkages that impart skills and utilize applied knowledge for sustainable economic growth.

Core Values

Integrity

Professionalism

Patriotism

Teamwork and excellence

Non-discrimination

Efficiency

Courtesy

Continual improvement

Innovation and creativity

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For smooth running of the institution, ten academic departments were established. These include;

1. Electrical and electronics
2. Mechanical engineering
3. Building and civil engineering
4. Institutional management
5. Information, communication technology
6. Agriculture
7. Business studies
8. Applied Science
9. Liberal studies
10. Health Sciences

(c) Key Management

The Institution's day-to-day management is under the following key organs:

- Board of Governors
- Principal
- Deputy principal - Administration
- Deputy principal – Academics
- Registrar
- Dean of Students

(d) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Dr. John Abuto PhD
2.	Deputy Principal - Administration	Robert Omondi
3.	Deputy Principal - Academics	Leah Ajwang Fellystas Ajwang
4.	Registrar - Admissions	Agripa Onguka
5.	Human Resource Officer	Felix Ngar Winy Kogutu
6.	Dean of Students	Fredrick Wanzala Dorothy Otunge
7.	Head of Procurement	Loice Obengo
8.	Head of Finance	CPA Felix Odera
9.	Head of Internal audit	Josephine Ogalo

(e) Fiduciary Oversight Arrangements

The institute board has various sub-committees, which provided oversight; such as:

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- i) Finance, Infrastructure and Procurement Committee**
The committee assists the Board in fulfilling its governance responsibilities by way of ensuring internal controls systems are reliable; provision of general oversight in risk and compliance matters and ensuring integrity, effectiveness and reliability of Institute risk management framework.
- ii) Education and Research committee**
The committee is responsible for review of the Institute Performance contracting report in ensuring compliance and adjusting on the slack, they assess learning environment to determine if it's conducive and analyse the general academic performance of the Institute.
- iii) Ad-hoc committee**
The committee is charged with handling dynamic issues affecting learning and service delivery in the Institute.
- iv) Audit and Risk management committee**
Provision of general oversight on compliance issues, internal controls and safeguards.
- v) Human Resource, ICT and Resource Mobilization**
The committee is in charge of staff welfare and motivation, assessment of human resource requirement and staffing as well as income generating activities

(f) Entity Headquarters

P.O. Box 289-40222,
Kendu-bay – Kadongo Road
Oyugis, Kenya

(g) Entity Contacts

Tel: +254 0725-050-033, +254 0784-076-282,
E-mail: info@mawegonationalpoly.ac.ke,
Website: www.mawegonationalpoly.ac.ke

(h) Mawego National Polytechnic Bankers

1. Kenya Commercial Bank,
Oyugis Branch,
P.O Box 170
Oyugis, Kenya.
2. Equity Bank, Oyugis Branch
P.O Box 514

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Oyugis, Kenya

(i) Independent Auditors




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

(j) Principal Legal Adviser




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

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3. The Board of Governors

 <p>ALEX KAZONGO BOG CHAIRMAN</p>	<p>Mr. Alex Kazongo was born in 1965, has a wealth of experience spanning over 30 years in financial management and corporate governance. He was the managing trustee of National Social Security Fund between 2009 and 2012.</p> <p>He is the chairperson of board of governors.</p> <p>Mr. Kazongo holds MBA (USIU), B.Com (UoN), Management Development (Cape Town) and CPA (K) from Strathmore and a member of ICPAK.</p> <p>He is the Board chairman</p>
 <p>GRACE PAULINE NYAGAYA</p>	<p>Ms Grace Nyagaya was born in 1979</p> <p>Ms. Grace Nyagaya is holder of BSC Honors in Computer Science - ITM from the University of South Africa, MAA (Microsoft Azure Administrator) and MCSE (Microsoft Certified Systems Engineer) with over 15 years' experience in Technical support, currently working as an ICT Team Lead and Technical Advisor.</p>
 <p>WILLIAM ODONGO ATHEMBO</p>	<p>Born in 1970, Mr William Odongo is an Architect having worked in Rwanda and Kenya at the Ministry of Public Works and is currently in the private sector.</p> <p>He has over 26 years of work experience.</p> <p>He holds a Bachelor of Architecture from University of Nairobi.</p>

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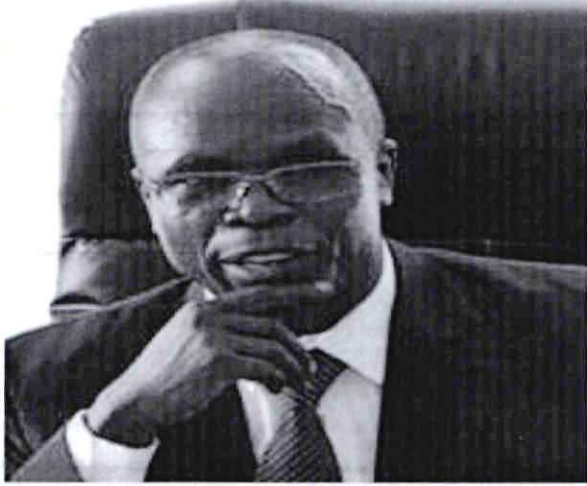

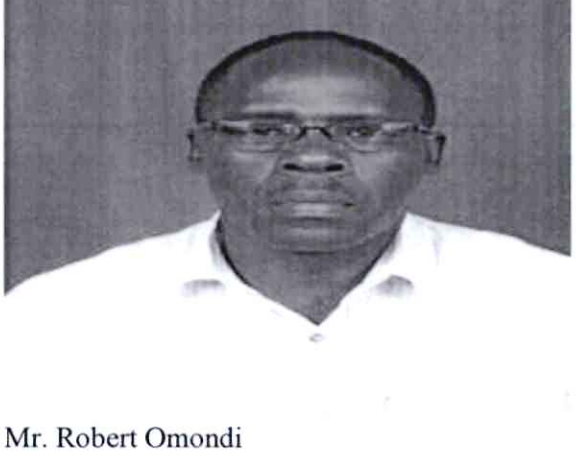
 <p>JULIUS MONARI ORORI</p>	<p>Born in 1968, Mr Monari is an Electrical Technician. He has served as Senior Factory Electrical Technician for over 22 years.</p> <p>He holds Higher Diploma in Electrical Engineering from Kenya Polytechnic University College.</p>
 <p>LUCY IGOKI MURIRA</p>	<p>Born in 1972, Ms Lucy is an experienced Manager having served in Managerial position for over 10 years.</p> <p>Ms. Lucy holds MA Leading Innovation & change, Higher Diploma in Counselling & Psychology and Certificate in Animal Health.</p>
 <p>HANDSON GICHANA PS REPRESENTATIVE</p>	<p>Born in 1977, he is the Permanent Secretary – TVET representative in the board with an experience of 22 years working with the Ministry of Education, State Department for TVET.</p> <p>Mr. Handson is a holder of Master of Education (Education Administration) from University of Nairobi</p>

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 <p>VINCENT OMONDI ASEWE</p>	<p>Born in 1977. He has served as Absa bank wealth manager for over 3 years.</p> <p>He holds MBA Strategic Management (UoN) and BeD in Economics and Business studies from Egerton University.</p>
 <p>DR. JARED OBUYA</p>	<p>Born in 1974. He is an experienced writer and editor, researcher, communication and media specialist. He is also a lecturer at Moi university, Department of Communication studies.</p> <p>He holds PhD in Communication studies, MPhil in Communication and Journalism from Moi University and BA, English language and Literature from Egerton University</p>
 <p>DR. JOHN ABUTO PhD PRINCIPAL, BOG SECRETARY</p>	<p>Born in 1967. He is the Principal, having over 27 years work experience in the learners technical education training.</p> <p>He holds PhD in Management science (Manufacturing optimization) from JOOUST, MBA IN Productions and Operations management (UoN), Bed Tech (Mechanical) from Moi University and Diploma in Mechanical production.</p> <p>Dr. Abuto is not a member of ICS.</p>

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4. Key Management Team

	<p>He is the Principal and secretary to the Board.</p> <p>Responsibilities: Prudent management of resources; implementation of the Boards resolutions; provision of visionary leadership and formulation of strategic plans.</p> <p>He holds PhD in Management science (Manufacturing optimization) from JOOUST, MBA IN Productions and Operations management (UoN), Bed Tech (Mechanical) from Moi University and Diploma in Mechanical production.</p>
	<p>She is the Deputy Principal in charge of Academics.</p> <p>Responsibilities: In-charge of academic and quality Assurance; curriculum implementation and implementation of performance contracting targets. She holds an Msc In IT Security and Audit from JOOUST, Bsc in Computer Engineering and A post Graduate Diploma in Education from University of Nairobi</p>
	<p>He is the Deputy Principal in charge of Administration</p> <p>Responsibilities: Student discipline, oversee departmental functionalities and procuring of items in the Institute.</p> <p>Holds a BSc Zoology and Botany, MSc in Applied Medical Parasitology from Kenyatta University. A post Graduate Diploma in Education from Egerton University</p>

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Mr. Agripa Onguka

He is the Registrar.

Responsibilities: Admission of students; prudent management of student records and marketing of the Institute.

Holds an MBA in Strategic management, BSc in Agribusiness, DipTec and Diploma in Entrepreneurship in KTTC.



Mr. Fredrick Wanzala

He is the Dean of Students.

Responsibilities: In-charge of student hostel allocation and sanitation; oversees the operations at the catering department.

He holds bachelors in mechanical engineering





CPA Felix Otieno Odera

CPA Felix is the Institute Finance Officer.

Responsibilities: Co-ordinating preparation of Annual budgets, preparation of Financial reports, oversee receivables and payables and advice the management on Institute Finances.

Holds Bachelor of commerce and CPA (K), member of ICPAK and IIAK.

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 <p>Mrs. Rose Loice Obengo</p>	<p>She is the Institute Procurement Officer.</p> <p>Responsibilities: Purchases for the Institute; Advice on matters related to Procurement; Control of materials and assets procured; oversee the work of storekeeper and spearhead the tendering process.</p> <p>She holds Bachelor of commerce(Supply chain management) and a member of KISM and CIPS</p>
 <p>Josephine Gundo</p>	<p>Josephine is the assistant and acting internal auditor.</p> <p>Responsibilities: Assess, evaluate and improve internal controls, Identify risks, Safeguard assets, Promote ethics and compliance</p> <p>Holds Bachelor of commerce and CPA part 3, member of IIAK</p>

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5. Chairman's Statement



This year's financial statement gives a glimpse of the operations undertaken by the Institution in line with the strategic plan and the overall projected growth despite uncertainty in cash flows which inhibited the general expected development.

During the year the Institution was elevated to a National Polytechnic a status that had been anticipated for the past two years. This opens our capability to offer more courses of higher levels.

In respect to our core mandate which is training, we have ensured the trainees are well equipped with the required machines for practical, in line with the regulatory body requirement leading us to registering more students on CBET.

The Institution held an open day to show case the various courses we offer giving partners the liaison opportunity while linking the Institution to industrial players through awareness.


Prudent financial management has been the centre stage in propelling the overall growth and enhancing the going concern ability thus being one of the major success contributor. We managed to put up a medical laboratory and equipping with modern practical and testing equipment. We also boast an increase in students' enrolment as a result of increased outreaches for marketing purpose as well as collaboration with local government for students' placement.

Challenges

Despite a good run, we have had a few hiccups in respect to finances which was occasioned by dwindling in capitation as well as getting to understand the new financing model leading to poor cash flows thus hindering service delivery. Power outages remains a challenge over the years leading to more usage of generator which consumes a lot of fuel thus increasing the operations cost. Water scarcity and continual destruction of the water line thus disrupting water supply against the increased demand remains a major challenge. The Institution experienced student unrest as a result of discontent between National Youth Service sponsored students and the others but so far it has been resolved and the Institution is enjoying peaceful learning environment.

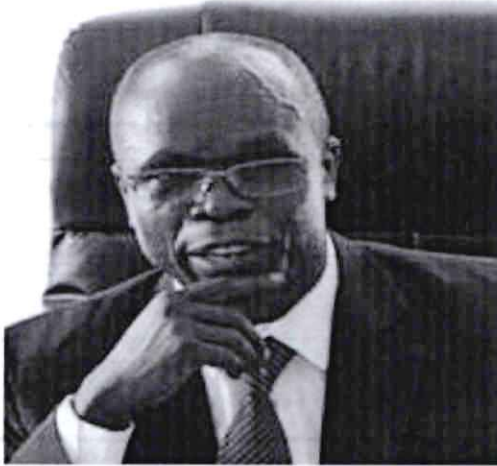
Future Outlook

These forward looking statements involves risks and uncertainty of unknown, given a general glimpse of the future outlook and circumstances which cannot be adequately predicted and therefore beyond our control. Once again, throughout the year under review, the board has displayed great commitment, diligence, efficiency and effectiveness in carrying out its responsibilities and providing guidance to management and ensuring we continue to deliver value to our stakeholders at all times


Alex Kazongo
Chairman of the Board

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6. Report of the Senior Principal



I present this year's annual financial report in pursuant with the Public Finance Management Act 2012. This report entails the various activities undertaken by the Institution in terms of service delivery to stakeholders and interested parties following the Strategic Plan in ensuring the going concern principle is adhered to.

The Institution was formally elevated to a National Polytechnic following a legal order No.12 in January 2024. This means we can now enhance the courses we offer and confer diploma qualifications.

As part of creating Industrial linkages, marketing, collaborations and placement opportunities the Institution organized an Open Day bringing potential partners and industrial players for financial and non-financial support in growing the Institution through untapped potential. This offered opportunity to show case our innovations, training machines which lead to signing of training collaboration with Tom Mboya University on Engineering courses and in return a discounted capacity and capability improvement for the staff.

In regards to continuity in innovation the Institution participated in research and innovation with 15 items, having 5 proceed to National level but due to financial constraints we had only two (2) presented; these entries means we are still committed in furthering incubations to improve learning as well as offer solutions to the society. In nurturing an all-round students we participated in quite a number of co-curricular activities, having drama with 4 items to nationals but we never proceeded due to students' unrest, ball games saw soccer ladies and netball emerging position one (1) at the regionals and netball being position 1 at nationals too.

In the year under review, the trainees' population increased from the previous 4,690 to 7,039 as a result of enhanced outreach services, collaborations with various local authorities like constituencies such as Karachuonyo and Nyatike. We constructed a medical laboratory which is an expansion of Applied Science department at a cost of Kshs.5.1million and formally cleared with Pharmacy and Poisons Board to offer pharmacy and medical laboratory courses.

We have successfully overseen the mentoring, operationalization and handing over of Uriri TVC at a cost Kshs. 56 million; mentoring to completion the construction of Mbita TVC at Kshs.56million however, this is yet to be handed over pending constituting of board of governors; and still overseeing the construction of Suba TVC at a cost of Kshs.74million which is 65% complete, on behalf of the ministry of education who is the financier.

We have implored use of proper checks and balances through the use of internal audit as well as ensuring proper oversight on proper financial management by the board while adhering to budget lines and procurement plan.

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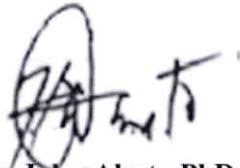
Despite a good run throughout the year, as an Institution we have had a number of challenges. First, emanated from unpredictable cash flows; delay in capitation hampered proper planning as well as absorption as planned within the quarters, reduction and non-remittance of quarter four also hugely affected the operations and service delivery consequently due to limited finances. The new financing model also posed a challenge as knowing obligations weren't easy since the determination on much to pay was an outlier to the Institution and consequential delay in releasing the sponsorship funds affecting cash flows negatively.

Electricity blackouts and power trippings has been a normal occurrence over the past years and since our Institution is a heavy power consumer due to machines used in training such as the lathe machines, pushes us to an alternative power source which is usually the generator that consumes a lot of fuel and prone to breakdown due to its heavy usage and this in turn increases the cost of learning. Water supply which is key factor of production has had challenges despite having our line, with power outages interfering with pumping to the Institution, occasional vandalism hampering the flow and illegal connection on the main line feeding the homesteads instead of supplying the facility.

We experienced unprecedented student unrest between the National Youth Service sponsored students and other seconded and self-sponsored students, but has been sorted.

Future outlook

The Institution is working hard and in collaboration with industry players to solve challenges affecting us while embracing some of the best practices like being prudent and proactive in management to propel the growth and match the infrastructure to the growing population. I can assure on behalf of the BOG and Management of the going concern since we have no reliance on a single source of revenue neither are we facing any litigation or legislation issues affecting the operations.



Dr. John Abuto PhD
Principal

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7. Statement of Performance against Predetermined Objectives

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

Mawego National Polytechnic has 3 strategic pillars and objectives within its Strategic Plan for the FY 2022/2023- 2027/2028. These strategic pillars are as follows:

Pillar 1: Economic strategy

Pillar 2: Social strategy

Pillar 3: Political strategy

Mawego National Polytechnic develops its annual work plans based on the above 3 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. Mawego National Polytechnic achieved its performance targets set for the FY 2023/2024 period for its 3 strategic pillars, as indicated in the table below:

Strategic Pillar	Activity	Objective	Key Performance Indicator	Output	Achievements
Pillar 1: Economic Strategy	Income Generating Activities	Expand internal income generation	Growth in revenue. Cash flow Increased production	Bread baking. Increased crop/farming production	Efficiency in flour and cooking oil usage Rearing of chicken, pigs and vegetable farming
Pillar 2: Social Strategy	Capacity and capability enhancement	To enhance the technical capacity and capability of the Institute	Knowledge achieved through training	KATTI and Performance contracting trainings Continuous professional development	Training of PC team and top management induction training Attending ICPAK/IIAK/KISM/EBK training
		To enhance the technical capacity of the Institute infrastructure	Order fulfilment time	Service delivery record book	Serving clients as stipulated in the Institute service charter
	Educational and Training Opportunities	To improve quality and relevance in	CBET courses New courses	Authorisation by TVETA	Initiation of three (3)

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		the provision of training			CBET courses. Authorization to start pharmacy and Medical laboratory course
	ICT	To enhance ICT infrastructure and equipment's to bridge the digital divide	Increased computer numbers	Purchase more computers	Additional computers.
	Adaptation to emerging issues	To enhance the ability of the Institute in responding to emerging trends and issues	Enhanced understanding of current needs	Creating a functional Guidance and Counselling office Being proactive	Mentorship and health talks
Pillar 3: Political Strategy	Institutional corporate governance and management	To enhance institutional Corporate Governance and Management based on principles of best practices	Employee satisfaction Competitive hiring	No employee turnover Merit hiring	CBA adoption on remuneration.
	Students affairs	Enhance student governance	Student constitution Leadership choice	Review of student constitution Transparent elections	Ballot voting

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8. Corporate Governance Statement

The board consists of the following sub-committees and their mandate;

- Finance, Infrastructure and Procurement committee
The committee is responsible for;
 - Resources management.
 - Review financial operations and reports
 - Review challenges experience by the Institute on implementation of strategic plan.
 - Oversee the implementation of annual budgets.

- Education, Training and Research committee
This consists of Board members undertaking;
 - Review of quarterly Performance contract.
 - Analyse academic performance of the Institute.
 - Recommend adoption of best practices in enhancing academic performance.

- Ad-hoc committee
This committee derives its membership from Board of Governors. They are charged with;
 - Handle dynamic issues arising from learning environment.
 - Handling of contingencies

Meetings attendance by the Board

Full Board Meeting

Name	12.07.23	22.09.23	12.10.23	12.01.24	29.01.24
1. Grace Nyagaya	✓	✓	✓	✓	✓
2. William Odongo	✓	✓	✓	✓	✓
3. Lucy Murira	✓	✓	✓	✓	✓
4. Julius Monari	✓	✓	✓	✓	✓
5. Alex Kazongo	✓	✓	✓	✓	✓
6. Jared Obuya	✓	✓	✓	✓	✓
7. Vincent Asewe	✓	✓	✓	✓	✓
8. Dr. John Abuto, PhD	✓	✓	✓	✓	✓
9. Handson Gichana	✓	✓	✓	✓	✓

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Education, Research and Training committee meetings

Name	05.07.2023	03.10.2023	09.01.2024
1. Grace Nyagaya	✓	✓	✓
2. Lucy Murira	✓		
3. Vincent Asewe	✓		
4. Dr. John Abuto	✓		✓
5. Jared Obuya	✓		
6. Handson Gichana	✓	✓	✓
7. William Odongo		✓	✓
8. Julius Monari		✓	✓

Finance, Infrastructure and Human Resource

Name	11.07.23	15.09.23	09.10.23	11.01.24	26.01.24
1. Vincent Asewe	✓	✓	✓	✓	✓
2. William Odongo	✓	✓	✓	✓	✓
3. Dr. John Abuto		✓	✓	✓	✓
4. Jared Obuya	✓	✓	✓	✓	✓
5. Julius Orori	✓	✓			
6. Handson Gichana	✓	✓			

Audit and Risk management committee

Name	04.07.2023	04.10.2023	04.01.2024
1. Lucy Murira	✓	✓	✓
2. Grace Nyagaya	✓		
3. Julius Monari	✓	✓	✓
4. William Odongo	✓		
5. Alex Kazongo	✓		
6. Josephine Gundo	✓	✓	✓
7. Handson Gichana		✓	✓
8. Richard Omaru			✓

The Institute uses Mwongozo - code of governance for state corporations for board member appointments as well as its composition and size. Board members serve for three (3) years which can be renewed once.

The previous Board of Governors term ended on 30 September, 2020 and due process of appointing new BOG members was followed and duly appointed by 29 January, 2021. During the financial year the boards' term ended on January 29th, 2024.

Board induction and training was done by the Institute in the month of March, 2021 by the Ministry of education officials in guiding them on their role as oversight authority, finances, reporting and resource mobilization.

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9. Management Discussion and Analysis

SECTION A

The entity's operational and financial performance

Mawego National Polytechnic operates with a budget and procurement plan outlining the various activities that are supposed to be undertaken in line with the core mandate. This provides for an act in balance in operations and cash flows in maintaining financial health and continuity.

The board members served up to January, 2024 only, since their term was ending by January 29, 2024. However, their term was extended for public service commission recruitment purpose for a period of May to June, 2024.

SECTION B

Entity's compliance with statutory requirements

Institute has met all its statutory requirements (NHIF, NSSF, and P.A.Y.E & HELB REMITTANCES) in compliance with the laws governing them. The institution is therefore not exposed to any potential contingent liability.

SECTION C

Key projects and investment decisions the entity is planning/implementing.

Key projects and investment decisions the Mawego National Polytechnic is planning/implementing					
Key projects and Investment decisions the institute is planning / implementing					
S N	PROJECT	NATIONAL GOVT. OBJECTIVES	DELIVERY OF MANDATE	FINANCIER	SUSTAINABILITY/ VIABILITY
1.	Construction of Storey Tuition block	Increase access to training	Increase tuition infrastructural capacity and capability	Internally generated revenue	97% complete. To be completed by October 01, 2024
2.	Mentoring Mbita TVC	Increase access to training	Increase access to training	Grant from Government	Completed and handed over pending the defect liability period
3.	Mentoring of Suba south TVC	Increase access to learning	Increase access to training	Grant from Government and CDF	To be completed by April, 2024; however, an extension has been granted to September, 2024 superstructure works on-going

SECTION D

Major risks facing the entity

Liquidity risk: Inability to collect full fees and delay in disbursement of capitation, which can impact negatively on budget implementation. Delay in remitting capitation also creates hitches on budget implementation and absorption

Market risk: With the commencement of new Institutions, we are faced with high competition in getting students admitted.

Inherent risk: This emanates from the location and access to the Institution affecting the supply prices.

SECTION E

Material arrears in statutory/financial obligations

There are no material arrears or pending financial obligations during the year; all the withheld taxes and PAYE have been remitted to KRA and therefore no defaults.

SECTION F

The entity's financial probity and serious governance issues

In the year under review, the Institute did not experience any governance issues in the Board and top management.

10. Environmental And Sustainability Reporting Statement

Mawego National Polytechnic exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy: putting the customer first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

i. Sustainability strategy and profile

The Institute has good relations with the local authority for continuity purposes through; engaging the Constituency through the Member of Parliament that has enabled admission of students partly sponsored by the CDF and KUCCPS. We have engaged the community through the area chief and Assistant chief in ensuring the student behaviour is kept on check while outside the institute as a means of peaceful co-existence mechanism. Local traders and business people have also been encouraged to put up hostels to accommodate increased student numbers who requires external accommodation at affordable rates as a way of ensuring benefit to the community and a measure of checking that students are not exploited.

Macroeconomic factors affecting sustainability are; late money remittance, which is usually occasioned by late remittance of capitation outside the required quarter resulting to late or delay in procurement and budget implementation. Another one is on, Government debt; non-remittance of all funds committed through KUCCPS resulting to a debt which cannot be accrued. However, the Institute has remain committed in discharge of core mandate through focus and teamwork.

ii. Environmental performance

The Institute has operationalized environmental policy, and engages in environmental conservation through planting trees in co-ordination with the local authority. We have always conducted environmental impact assessment (EIA) as we replace asbestos roofs in ensuring proper waste management is adhered to.

Institute sewer system is normally treated and regularly checked to ensure no spillage is discharged to the community as a measure of reducing environmental impact.

iii. Employee welfare

The Institute has adopted human resource policy that guides hiring process on merit and ensuring gender balance and people living with disability are considered. These policies are revised after every two (2) years to improve on them.

Skills improvement are encouraged through budgetary allocations and attendance of various management training with different professional bodies like ICPAK, KISM and Kenya School of Government.

iv. Market place practices-

We are improving anti-corruption policies however we have adopted the Ethics and Anti-corruption Act 2003 in ensuring checks and balances exists in operation. Politically, the

Mawego National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2024

Institute engages the local authority in mobilisation of students and bursary funding to eligible beneficiaries.

We are a member of KATTI which encourages team work amongst Technical Institutions hence encouraging healthy competition.

Suppliers are paid within 30 days upon bringing all the required documents (i.e delivery note, invoice, credit note) in line with our service delivery charter. We also give opportunity to eligible suppliers through continual enlisting of AGPO registered suppliers.

Marketing the Institute is done through print media and even outreaches without bias, as it never discredit other institutions but service oriented through courses that are offered competently with us.

v. **Community Engagements-**

The Institute engaged several local youths in construction and maintenance works.

Mawego National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2024

11. Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of The Mawego National Polytechnic affairs.

Principal activities

The principal activities of the entity is to offer technical and business training

Results

The results of the entity for the year ended June 30 are set out on page 1 to 6

Board of Governors

The members of the Board who served during the year are shown on page vii to ix.

Auditors

The Auditor General is responsible for the statutory audit of Mawego National Polytechnic in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board


.....
Secretary of the Board

Date: 27/09/2024

Mawego National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2024

12. Statement of Board of Governors Responsibilities

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

The board members are responsible for the preparation and presentation of TMNP's financial statements, which give a true and fair view of the state of affairs of TMNP for and as at the end of the financial year (period) ended on June 30, 2024. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of TMNP; (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 TMNP; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

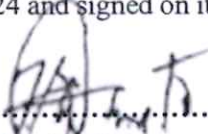
The board members accept responsibility for TMNP's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act. The board members are of the opinion that TMNP's financial statements give a true and fair view of the state of TMNP transactions during the financial year ended June 30, 2024, and of TMNP's financial position as at that date. The board members further confirm the completeness of the accounting records maintained for TMNP, which have been relied upon in the preparation of TMNP's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Principal has assessed TMNP's ability to continue as a going concern and nothing has come to the attention of the BOG members to indicate that TMNP will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

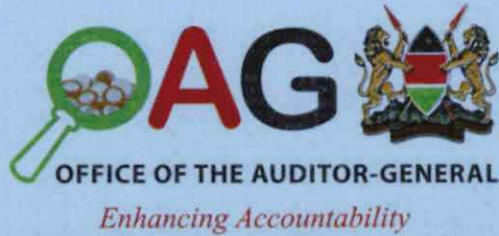
TMNP financial statements were approved by the Board on 27/09/2024 and signed on its behalf by:


.....
Alex Kazongo
Chairperson of the Board


.....
Dr. John Abuto, PhD
Accounting Officer/Principal

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: 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 MAWEGO NATIONAL POLYTECHNIC FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Mawego National Polytechnic set out on pages 1 to 38, which comprise the statement of financial position as at 30 June,

2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Mawego National Polytechnic as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Educational and Training Act, 2013,

Basis for Qualified Opinion

1.0 Receivables from Exchange Transactions

The statement of financial position reflects current portion of receivables from exchange transaction balance of Kshs.259,354,596, which indicates an increase of Kshs.103,526,665, representing 66%, from the previous year balance. However, Management has not explained the cause of the significant increase in the receivables balance. Further, Management did not include the balance of Kshs.259,354,596 in Note 21 (c) on aging analysis of receivables from exchange transactions as required by the prescribed reporting template. In addition, a detailed student debtors ageing analysis and movement schedule for the period under audit were not provided for audit. Also, the Polytechnic had no operational debt recovery policy and, as a result, student debt has continued to grow over the years.

In the circumstances, the accuracy, completeness and recoverability of the current portion of receivables from exchange transactions balance of Kshs.259,354,596 could not be confirmed.

2.0 Long Outstanding Receivables from Exchange Transactions

The statement of financial position reflects long term receivables from exchange transaction balance of Kshs.2,059,255 which, as indicates in the aging analysis in Note 21 (c) to the financial statements, had been outstanding for a period of between two (2) and three (3) years. Management has not provided efforts made to recover this long outstanding debt.

In the circumstances, the recoverability of the long-term receivables from exchange transactions balance of Kshs.2,059,255 and, therefore, its treatment as an asset of the Polytechnic could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total income budget and actual on comparable basis amounts of Kshs.383,160,000 and Kshs.369,304,910 respectively, resulting in an underfunding of Kshs.13,855,090 (or 4% of the budget). Similarly, the Polytechnic had recurrent and development expenditures totalling Kshs.316,749,349 out of the actual receipts of Kshs.369,304,910, resulting in an underutilization of Kshs.52,555,561 or 14%.

The underfunding and underutilization affected the planned activities and may have negatively impacted on the programs and activities of the Polytechnic.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2024. Management has not provided satisfactory reasons for the delay in resolving the prior year audit issues. Further, although some of the prior year audit matters are said to have been resolved as indicated in the Implementation Status of Auditor-General Recommendations, Management has not provided evidence showing how these issues were resolved.

Other Information

The management is responsible for the other information set out on page iii to xxvii which comprise of Key Entity Information and Management, The Board of Governors, Key Management Team, Chairman's Statement, Report of the Chief Principal, Statement of Performance against the predetermined Objectives, Corporate Governance Statement,

Management Discussion and Analysis, Environmental and Sustainability Reporting Statement, Report of the Board of Governors and Statement of Board of Governor's Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0. Non-compliance with the Laws on Affirmative Action

Analysis of the personnel records and payroll for the month of June, 2024 revealed that the Polytechnic had a workforce of two hundred and thirty-six (236) employees, out of which, two hundred and ten (210) employees or 88% were from one (1) ethnic community. This was contrary to Sections 7 (1) and (2) of the National Cohesion and Integration Act, which requires that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff, and that no public establishment shall have more than one-third (1/3) of its staff from the same ethnic community.

In addition, no evidence was provided to show that the workforce of two hundred and thirty-six (236) employees included persons with disabilities, contrary to Section 13 of Persons with Disabilities Act, 2003, which states that the Council shall endeavor to secure the reservation of five percent (5%) of all casual, emergency and contractual positions in employment in the public and private sectors for persons with disabilities.

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

2.0. Expired Term of Service for Board of Governors

Examination of Board records provided for audit revealed that the Polytechnic's Board of Governors consisted of nine (9) members, including the Principal who was the Secretary. However, review of the terms of service for the Board members revealed that their terms expired in January, 2024, and had not been renewed by the close of the financial on 30 June, 2024.

In the circumstances, the effectiveness of Governance in the Polytechnic for five (5) months to 30 June, 2024 could not be confirmed.

3.0. Improper Constitution of the Board of Governors

Review of the composition of the Board of Governors revealed that the Board had nine (9) members out of which, seven (7) were men, making up 78% of the Board, contrary to Article 27 (8) of the Constitution of Kenya 2010, which states that in addition to the measures contemplated in clause (6), the State shall take legislative and other measures to implement the principle that not more than two-thirds (2/3) of the members of the elective or appointive bodies shall be of the same gender.

In addition, there was no member representing persons with disabilities, contrary to Section 2 of the Second Schedule of the Technical and Vocational Education and Training Act. 2013, which requires that appointments under paragraph 1(2) shall take into account ethnic and gender balance, and promote inclusion of persons with disabilities, minorities and the marginalized, and ensure balanced competencies among the members.

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

4.0. Non-Compliance with Membership of the Board of Governance Committee

As reported in the previous audit reports and review of the position in the current year revealed that the Polytechnic had a Board of Governors membership of nine (9) including the Principal. The Board had established three (3) committees namely, the Finance, Administration and Infrastructure Committee; education, research and Training Committee and Audit and Risk Management Committee.

However, review of the membership of these committees revealed that the Education, Research and Training Committee had seven (7) members; the Finance, Administration and Infrastructure Committee had five (5) members; and the Audit and Risk Management Committee had eight (8) members. This was contrary to the Circular Ref. No OP/CAB.9/1A from the Head of Public Services, dated 11th March, 2020, which stipulates that the number of members to any committee should not be more than one third of the full board and members can only sit in a maximum of two (2) committees.

Further review revealed that one member sat in all the three (3) committees while another member sat in both the Finance, Administration and Infrastructure Committee and the Audit and Risk Management Committee. This was contrary to the Circular Ref. No OP/CAB.9/1A from the Head of Public Services dated 11th March, 2020 which provides that except the members representing The National Treasury and parent Ministry, a member serving in the Board's Audit committee shall not be appointed member of the Finance Committee and vice versa.

In the circumstances, Management was in breach of the Head of Public Services Circular.

5.0. Delayed Completion of Suba Technical and Vocational College

Mawego Technical Training Institute entered into a contract with a firm for the proposed construction of Suba Technical and Vocational College on 2 February, 2023 at a contract sum of Kshs.73,894,710. The contract period was 52 weeks commencing on the contract date and ending on 2 February, 2024. As at 30 June, 2024, a total of Kshs.40,039,941 had been spent on the project which included Kshs.29,715,172 incurred in the year under review. However, physical verification of the project on 24 March, 2025 revealed that the project was incomplete with major works such as painting, plumbing and electrical fittings still outstanding. The percentage of completion was around 80%.

In the circumstances, the value for money realized from the expenditure of Kshs.40,039,941 could not be confirmed.

6.0. Collapse of Pressed Steel Elevated Water Tank Tower

Included in Note 23-Property Plant and Equipment balance of Kshs.769,654,894 is capital work in progress balance of Kshs.243,860,732, which includes an amount of Kshs.5,332,477 paid to Planet Technical Solution. As reported in previous years, the institution entered into a contract with the firm for the proposed supply, delivery and installation of pressed steel elevated water tank tower and base and booster pumps at a contract sum of Kshs.5,940,375 on 6 December, 2021. The contract period was set at eight months with a commencement date of January, 2022 and completion date of August, 2022. However, the elevated water tank tower collapsed on 3 January, 2023 due to a structural failure. This happened despite the project receiving a certificate of practical completion on 31 August, 2022. Review of this project status in the month of March, 2025 revealed that the pressed steel elevated water tank tower was yet to be reinstated.

In the circumstances, the value for money realized from the expenditure of Kshs.5,332,477 could not be confirmed

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain

assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on the 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

1.0. Failure to Comply with the Approved Staff Establishment

Review of the human resource records revealed that the Polytechnic lacked a comprehensive human resource plan, in terms of human resources management on issues of staff recruitment, staff promotion, succession plan, performance evaluation, and appraisals.

Further, Paragraph 6.2.2 - Staff Establishment, Skills Set and Competence Development Review - of the Strategic Plan (2023-2027) indicates that the Polytechnic had an approved staff establishment of one and fifty-one (151) against the staff members in-post of eighty-five (85), resulting in an understaffing by sixty-six (66) employees or 44% of the authorized staff establishment.

In addition, in-depth scrutiny revealed that the following key departments of the Polytechnic were seriously understaffed as shown:

Department	Approved Establishment	In-post	Variance
Mechanical and Automotive Engineering	42	22	20
Supply Chain	9	3	6
ICT	7	2	5
Internal Audit	4	1	3
Office of the Dean of Students	6	2	4
Income Generating activity	5	0	5
Administration	50	28	22
Technicians	26	11	15

In the circumstances, the operations of the Polytechnic may be hindered due to understaffing, thus affecting the effective and efficient delivery of academic programs to the public.

2.0. Weak IT Internal Controls

Review of the Polytechnic's management information system that was in use by the revealed the following weaknesses:

2.1. ICT Systems Security Management

The Polytechnic did not have an approved IT security policy to ensure that data stored in its systems did not lose its integrity and is readily available when required. Further, Management had not put-up mechanisms to ensure that there is up-to-date security on all systems software. In addition, it was noted that most of the end user terminals did not have an antivirus installed.

2.2. Program Change Management

The Polytechnic did not document and approve processes to manage upgrades made to all financial and performance information system. This implies that changes to the financial system might occur without the completion formal change request documentation.

2.3. IT Service Continuity

The Polytechnic did not have a disaster recovery plan and had not implemented a backup and retention strategy. I also did not have backups stored in a secure offsite storage facility.

2.4. Fire Suppression and Climate Controls

The Polytechnic did not have Fire detection and suppression system in place. The server rooms were not properly secured and did not have the proper climate controls to ensure that the servers operated at their peak performance.

2.5. Logical Access Control

The Polytechnic did not have a formally documented and approved user management standards and procedures. Further, it was not possible to access the user database and determine if all the users of the system were authorized and if some of the users were overstepping their mandate. This was occasioned by the lack of a system administrator in the Polytechnic.

In the circumstances, the security and integrity of the information stored in the system could not be confirmed and IT services could be significantly interrupted in the event a disaster occurs.

not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

7 May, 2025

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and Board of Governors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

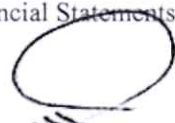
My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is

Mawego National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2024

14. Statement of Financial Performance For The Year Ended 30 June 2024

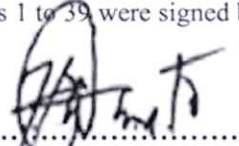
	Notes	2023-2024	2022-2023
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6(a)	73,961,100	66,473,000
Public contributions and donations	6 c)	0	12,600,000
Revenue from Non-Exchange transactions		73,961,100	79,073,000
Revenue from Exchange transactions			
Rendering of services- fees from students	7	354,802,721	262,708,096
Sale of goods	8	333,358	658,162
Rental revenue from facilities and equipment	9	848,910	732,341
Finance income	10	5,315,900	1,685,873
Other income	11	13,750,845	22,925,030
Revenue from Exchange transactions		375,051,734	288,709,502
Total Revenue		449,012,834	367,782,502
Expenses			
Use of goods and services	12	183,425,810	155,958,942
Employee costs	13	63,786,920	55,936,797
Board Expenses	14	4,665,300	7,992,560
Depreciation and amortization expense	15	32,860,678	18,489,817
Repairs and maintenance	16	16,363,370	22,458,911
General expenses	17	12,662,017	13,976,783
Grants and subsidies	18	14,901,600	19,274,123
Finance costs	19	287,825	348,302
Total Expenses		328,953,520	294,436,235
Other Gains/(Losses)			
Net surplus for the year		120,059,314	73,346,267

The Financial Statements set out on pages 1 to 39, were signed by:



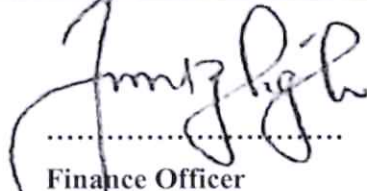
 Chairman of Board

Date:27/09/2024



 Principal

Date:27/09/2024



 Finance Officer
 ICPAK No.14313

Date:27/09/2024

Mawego National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2024

15. Statement of Financial Position As At 30th June 2024

Description	Notes	2023-2024	2022-2023
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	20	154,677,418	134,452,516
Current portion of receivables from exchange transactions	21(a)	259,354,596	155,827,931
Inventories	22	3,123,489	2,079,529
Total Current Assets		417,155,503	292,359,976
Non-Current Assets			
Long term receivables from exchange transactions	21(b)	2,059,255	2,259,255
Property, plant, and equipment	23	769,654,894	758,637,302
Intangible assets	24	5,882,250	5,175,000
Total Non-Current Assets		777,596,399	766,071,557
Total Assets (A)		1,194,751,902	1,058,431,533
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	25	16,531,118	7,586,315
Conditional Grants	20(b)	7,549,620	57,276,932
Refundable deposits from customers	26	2,203,000	
Total Current Liabilities		26,283,738	64,863,247
Non-Current Liabilities			
Total Liabilities (B)		26,283,738	64,863,247
Net Assets (A-B)		1,168,468,164	993,568,286
Represented By:			
Revaluation Reserves		399,502,649	399,502,649
Accumulated Surplus		398,656,195	563,664,215
Capital Fund		370,309,320	30,401,422
Net Assets		1,168,468,164	993,568,286


The Financial Statements set out on pages 1 to 39 were signed by:


.....
Chairman of Board

Date:27/09/2024


.....
Principal

Date:27/09/2024


.....
Finance Officer
ICPAK No.14313
Date:27/09/2024

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16. Statement of Changes in Net Asset For The Year Ended 30 June 2024

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
At July 1, 2022	399,502,649	490,317,948	30,401,422	920,222,019
Revaluation gain	-	-	-	0
Surplus/(deficit) for the year	-	73,346,267	-	73,346,267
Capital grants received during the year	-	-	-	0
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	-	-
At June 30, 2023	399,502,649	563,664,215	30,401,422	993,568,286
At July 1, 2023	399,502,649	563,664,215	30,401,422	993,568,286
Prior year Adjustment on Capital fund	-	(285,067,334)	285,067,334	0
Surplus for the year	-	120,059,314	-	120,059,314
Transfer from fees	-	-	34,200,000	34,200,000
Capital grants received during the year	-	-	20,640,564	20,640,564
Capital grants adjusted for in the previous year	-	-	56,192,540	56,192,540
Transfer Work in progress in Property, Plant and Equipment	-	-	(56,192,540)	(56,192,540)
At June 30, 2024	399,502,649	398,656,195	370,309,320	1,168,468,164

Note:

1. Transfer of Kshs. 56,192,540 relates to transfer of Building (Uriri TVC) having been capitalized from work in progress following its completion.
2. Transfer from fees of Kshs. 34,200,000 refers to portion of fees dedicated for internal development projects.

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

Description		2023-2024	2022-2023
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities		94,601,664	74,138,565
Rendering of services- fees from students		276,262,456	157,251,799
Sale of goods		333,358	658,162
Rental revenue from facilities and equipment		304,300	250,300
Finance income		5,315,900	1,685,873
Other income		13,127,796	22,925,030
Total Receipts		389,945,474	256,909,729
Payments			
Employee cost		63,786,920	55,936,797
Use of goods and services		156,275,480	151,305,940
Finance cost		287,825	348,302
Board Expenses		4,665,300	7,992,560
Repairs and maintenance		16,363,370	22,458,911
Grants and subsidies- Fees		14,901,600	19,274,123
General expenses		12,662,017	13,976,783
Total Payments		268,942,512	271,293,416
Net Cash Flows from operating activities	28	121,002,962	(14,383,687)
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	23	(98,110,060)	(130,764,734)
Purchase intangible assets	24	(2,668,000)	-
Net cash flows used in investing activities		(100,778,060)	(130,764,734)
Cash flows from financing activities			
Proceeds From Borrowing		-	-
Repayment Of Borrowings		-	-
Net cash flows used in financing activities		-	-
Net Increase/(Decrease) in Cash and Cash equivalents		20,224,902	(145,148,421)
Cash and Cash equivalents at 1 JULY	20	134,452,516	279,600,937
Cash and Cash equivalents at 30 JUNE	20	154,677,418	134,452,516

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18. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2024

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
	Kshs	Kshs	Kshs	Kshs	Kshs	%
Revenue						
Transfers from other National Government entities/ Capitation	186,000,000	(99,200,000)	86,800,000	73,961,100	12,838,900	15%
Rendering of services- fees from students	163,804,000	99,200,000	263,004,000	276,262,456	(13,258,456)	105%
Sale of goods	550,000	-	550,000	333,358	216,642	39%
Finance income	0	-	0	5,315,900	(5,315,900)	-%
Other Income	32,806,000	-	32,806,000	13,432,096	19,373,904	59%
Total Income	383,160,000	0	383,160,000	369,304,910	13,855,090	4%
Expenses						
Use of goods and services	169,858,820	-	169,858,820	156,275,480	13,583,340	8%
Employee costs	60,172,000	-	60,172,000	63,786,920	(3,614,920)	106%
Board Expenses	9,279,600	-	9,279,600	4,665,300	4,614,300	50%
Repairs and maintenance	15,000,000	-	15,000,000	16,363,370	(1,363,370)	109%
General expenses	12,000,000		12,000,000	12,662,017	(662,017)	6%
Grants and subsidies	0	-	0	14,901,600	(14,901,600)	100%
Total Expenditure	266,310,420	0	266,310,420	268,654,687	(2,344,267)	101%
Surplus For the Period	116,849,580	-	116,849,580	100,650,223	16,199,357	14%
Capital Expenditure	116,849,580	0	116,849,580	51,393,111	65,456,469	56%

(Budget notes)

1. Capitation was provided for three quarters instead of four, amounting to Kshs.11,000 instead of kshs.22,500.
2. Sale of goods was low due to low uptake of associated services.
3. Finance income was not provided for in the budget as it is an outlier depending on bank rates thus could not be determined with certainty.

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4. Other income was low due to low uptake of services as well as outstanding payments
5. Board expenses was under absorbed since no board was in place for half of the financial year
6. Capital expenditure was low due to slow initiation of development projects as a result of delay in funds.
7. Grants and subsidies relates to transfers from national government for mentee institution.
8. Development expenditure has not taken care of mentee institutions that are externally funded thus not budgeted for since TMNP has no control over their funding.

Changes between original and final budget was due to reallocations.

9. Reconciliation of total actuals reported in the this statement and total actuals reflected in the statement of financial performance:

	Amount (Kshs)
REVENUE	
Total actual income as per statement of comparison of budget and actual amounts	369,304,910
<i>Add: Accrued fees</i>	78,540,265
<i>Add: Rent receivable</i>	544,610
<i>Add: Accrued other income</i>	623,049
Total actual revenue as per statement of financial performance	449,012,834
EXPENSES	
Total actual expenditure as per statement of comparison of budget and actual amounts	268,654,687
<i>Add: Accrued use of goods and services</i>	27,150,330
<i>Add: Depreciation and amortization expense</i>	32,860,678
<i>Add: Finance costs</i>	287,825
Total actual expenses as per statement of financial performance	328,953,520

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10. Notes to the Financial Statements

1. General Information

Mawego National Polytechnic is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to offer Technical and Business course training.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgment in the process of applying the TMNP accounting policies. The areas involving a higher degree of judgment or complexity. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the TMNP. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2024.

There are no new standards in the year ended 30th June 2024

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024.

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

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	<p>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</p> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p>Unified reporting on revenues</p>
IPSAS 48: Transfer Expenses	<p>Applicable 1st January 2026</p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p>Applicable 1st January 2026</p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p>No effect</p>

iii. Early adoption of standards

TMNP did not early adopt any new or amended standards in year 2024.

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4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

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b) Budget information

The original budget for FY 2023/2024 was approved by the Board on **27/01/2023**. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

c) Taxes

Current income tax

The entity is exempt from paying taxes.

Sales tax/ Value Added Tax

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

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

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

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

e) Property, plant and equipment

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

TMNP uses straight line depreciation policy in line with the finance management policy.

	Depreciation rate (%)
Buildings	2
Roads	15
Motor vehicle	25
Furniture and fittings	10
Computers	30
Plant and Equipment	10
Other assets	10

f) Leases

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

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g) Intangible assets

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

h) Research and development costs

The Entity expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the Entity 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.

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

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Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

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

j) 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.

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Inventories (Continued)

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

k) Provisions

Provisions are recognized when TMNP 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 TMNP 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

TMNP 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

TMNP 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 Institution 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.

l) Social Benefits

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

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m) Nature and purpose of reserves

TMNP creates and maintains reserves in terms of specific requirements.

n) Changes in accounting policies and estimates

TMNP 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

TMNP provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions to NSSF 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. 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

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

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s) Service concession arrangements

TMNP 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 Institution 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 Institution 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, 2024.

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5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available.

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

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6. Transfers from other National Government entities

Description	2023-2024	2022-2023
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	64,747,500	66,473,000
Helb- Uriri TVC	9,213,600	0
(a) Total unconditional Grants	73,961,100	66,473,000
Conditional Grants amortised/ recognised in revenue		
Mbita TVC Grant	4,640,564	5,165,565
Suba TVC Grant	16,000,000	2,500,000
Total Conditional Grants	20,640,564	7,665,565
Total Government Grants and Subsidies	94,601,664	74,138,565

(b) Transfers from other Government entities (Categorized)

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of Technical and Vocational Training	73,961,100	-	20,640,564	94,601,664	74,138,565
Total	73,961,100	0	20,640,564	94,601,664	74,138,565

(c) Public Contributions and Donations

Description	2023-2024	2022-2023
	Kshs	Kshs
Computers Donation	-	12,600,000
Other Donations	-	-
Total Donations and Contributions	0	12,600,000

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7. Rendering of Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Tuition fees	126,794,534	59,320,680
Activity fees	16,811,300	11,516,300
Industrial attachment fees	8,302,500	5,268,000
Examination fees	37,421,711	32,951,260
Bus fund	3,191,000	6,272,000
Fines and damages	9,591,381	5,500
PU,PU-Catering, accommodation & helb applic.	1,331,315	214,150
Registration	1,298,800	685,800
Development fees	12,630,000	8,432,000
Local transport and travelling	35,258,850	23,704,400
Electricity, water and conservancy	23,323,250	15,447,600
Personal emolument	83,849,000	56,440,000
Practical	20,025,700	13,231,800
Medical	5,589,350	3,764,350
Repairs maintenance and improvement	16,772,100	11,288,000
Contingency	15,398,440	11,046,500
Internet	1,676,000	1,129,100
Student council	2,793,990	1,880,550
Bursary	0	10,106
Rangwe TVC	200,000	100,000
Capitation	(33,256,500)	0
Transfer to capital fund for Development	(34,200,000)	
Total revenue from the rendering of services	354,802,721	262,708,096

(Revenue expected from students; scholarship received of Kshs.48,416,394 was allocated to students and accounted for on the above vote heads)

8. Sale of Goods

Description	2023-2024	2022-2023
	Kshs	Kshs
IM Practical sales	106,070	33,000
Bus hire	227,288	622,662
Tender	0	2,500
Total Revenue from Sale of Goods	333,358	658,162

(Funds from production unit)

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9. Rental revenue from facilities and equipment

Description	2023-2024	2022-2023
	Kshs	Kshs
Rent Received	304,300	250,300
Rent receivable	544,610	482,041
Total	848,910	732,341

10. Finance Income

Description	2023-2024	2022-2023
	Kshs	Kshs
Interest income	5,315,900	1,685,873
Interest from outstanding debtors	0	0
Total finance income	5,315,900	1,685,873

(Interest earned from savings and call a/c.)

11. Other Income

Description	2023-2024	2022-2023
	Kshs	Kshs
Advance recoveries	0	15,000
Return on imprest	120,000	76,400
Accommodation and boarding	3,111,100	15,753,900
Application fee	410,100	153,900
Kuccps application	6,019,500	63,500
Caution money	2,203,000	1,155,500
Institute id	881,400	462,200
Passport fee	500	63,810
Graduation fees	0	3,758,000
Accommodation (IM)	146,550	500
PU Catering	858,695	1,422,320
Total other income	13,750,845	22,925,030

(Kuccps application includes a receivable of Kshs.623,049)

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12. Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Tuition	9,609,340	9,761,375
Industrial attachment costs	2,587,900	2,248,230
Electricity, Water and conservancy	5,892,593	3,812,560
Activity	7,390,399	8,303,705
Contracted Security	3,524,880	3,172,500
Admin/contingency	24,204,094	17,729,887
Research and Development	3,539,035	2,981,779
School equipment and stores	27,142,819	20,744,137
Advance	138,000	118,000
Examination fees	61,124,890	41,609,764
Application fees	280,020	168,475
Boarding expenses	1,224,972	2,497,120
Local transport and travelling	20,518,383	13,501,634
Practical	2,616,807	9,952,548
PU, PU-Catering	13,509,988	19,227,038
Bus hire	121,690	130,190
Total good and services	183,425,810	155,958,942

School Equipment and Stores includes payables of Kshs.16,531,118

13. Employee Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Salaries and wages	55,224,841	48,560,131
NHIF	1,956,450	1,667,900
NSSF	6,009,150	4,446,230
Higher education loans board	139,115	233,230
Kudheihwa workers union	24,150	72,150
Gratuity	190,053	716,496
Social contributions/welfare	243,161	240,660
Employee Costs	63,786,920	55,936,797

14. Board Expenses

Description	2023-2024	2022-2023
	Kshs	Kshs
Chairman's Honoraria	210,000	360,000
Other Board/Council Expenses	4,455,300	7,632,560
Total	4,665,300	7,992,560

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15. Depreciation and Amortization expense

Description	2023-2024	2022-2023
	Kshs	Kshs
Property, plant and equipment	30,899,928	16,764,817
Intangible assets	1,960,750	1,725,000
Total depreciation and amortization	32,860,678	18,489,817

16. Repairs and Maintenance

Description	2023-2024	2022-2023
	Kshs	Kshs
Property	16,363,370	22,458,911
Total Repairs and Maintenance	16,363,370	22,458,911

17. General Expenses

Description	2023-2024	2022-2023
	Kshs	Kshs
Fines and damages	2,159,680	11,000
Graduation expense	388,000	5,921,358
Kuceps application	1,458,000	0
Medical expenses	625,558	466,415
MISU	4,027,450	1,838,316
PC/ISO	1,566,880	2,243,500
PU OTC	1,116,700	559,170
Refund	24,200	2,489,524
Tender expenses	387,910	447,500
Mawego-Mbita TVC	907,639	0
Total contracted services	12,662,017	13,976,783

18. Grants and Subsidies - Fees

Description	2023-2024	2022-2023
	Kshs	Kshs
Uriri TVC	5,688,000	3,107,123
Uriri Helb	9,213,600	16,167,000
Total Grants and Subsidies	14,901,600	19,274,123

19. Finance Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Bank charges	287,825	348,302
Total Finance Costs	287,825	348,302

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20. Cash and Cash Equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Account	82,263,161	134,232,516
On - Call Deposits	72,257,477	0
Cash at hand	156,780	220,000
Total Cash and Cash Equivalents	154,677,418	134,452,516

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

Financial Institution	Account number	2023-2024	2022-2023
		Kshs	Kshs
a) Current Account			
Kenya Commercial Bank	1106779630	20,019,743	22,026,498
	1106780612	17,893,663	2,501,486
	1104936054	7,871,369	19,597,177
	1124881085	2,451,969	2,453,734
	1202157165	4,245,617	7,942,166
	1274670497	440	4,673,498
	1274670276	74	8,290,842
Equity Bank,	1500272717716	29,780,286	14,247,114
Sub- Total		82,263,161	81,732,516
b) On - Call Deposits			
Kenya Commercial Bank	1305863690	72,257,477	52,500,000
Sub- Total		72,257,477	52,500,000
c) Others			
Cash in Hand		156,780	220,000
Sub- Total		156,780	220,000
Grand Total		154,677,418	134,452,516

b) Conditional Grants

source	Purpose	2023-2024	2022-2023
Ministry of Education	Uriri TVC construction	74	4,673,498
Ministry of Education	Mbita TVC construction	440	8,290,842
Ministry of Education	Suba South TVC	7,549,106	41,920,592
Ministry of Education	Uriri TVC Capitation	0	2,392,000
Total		7,549,620	57,276,932

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21. Receivables from Exchange transactions

21 (a) Current Receivables from Exchange transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Receivables		
Student Debtors	257,902,347	155,345,890
Rent Debtors	544,610	482,041
Mentorship Debtors (Mbita TVC)	907,639	0
Total Current Receivables	259,354,596	155,827,931

21 (b) Long- term Receivables from Exchange transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Non-Current Receivables		
Mabera TVC	1,138,255	1,138,255
Rangwe TVC	921,000	1,121,000
Total	2,059,255	2,259,255
Current Portion Transferred To Current Receivables	0	0
Total Non-Current Receivables	0	0
Total Receivables	2,059,255	2,259,255

21 (c) Ageing Analysis of Receivables from Exchange transactions

Description	2023-2024		2022-2023	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	103,741,838	40%	34,719,152	22%
Between 1- 2 years	50,970,900	19%	43,981,420	28%
Between 2-3 years	27,994,715	11%	29,616,185	19%
Over 3 years	78,706,398	30%	49,770,429	31%
Total	261,413,851	100%	158,087,186	100%

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22. Inventories

Description	2023-2024	2022-2023
	Kshs	Kshs
Consumable stores-Fuel,water & Lab. chemicals	164,479	0
Hardware and Building materials	1,892,747	98,962
Stationery	693,125	0
Electrical stores	130,560	0
Housekeeping/Cleaning Materials stores	201,864	54,500
Catering stores- Foodstuffs	40,714	1,926,067
Total Inventories at lower of Cost and Net Realizable Value	3,123,489	2,079,529

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23. Property, Plant and Equipment

Cost	Land	Buildings	Roads	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Other Assets	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation rate	0%	2%	15%	25%	10%	30%	10%	10%		
At 1 July 2022	50,000,000	446,140,931	15,186,914	32,819,267	1,927,777	3,512,009	7,146,609	3,343,609	112,731,377	672,808,493
Additions				5,840,000	-	2,190,000	32,892,450		89,842,284	130,764,734
Disposals			-		-		-			
Transfers/Donations						12,600,000	-			12,600,000
At 30th June 2023	50,000,000	446,140,931	15,186,914	38,659,267	1,927,777	18,302,009	40,039,059	3,343,609	202,573,661	816,173,227
Additions		630,449	0	0	0	0	0	0	97,479,611	98,110,060
Disposals		-	-		-		-		0	0
Transfer/Adjustments							-		(56,192,540)	(56,192,540)
At 30th June 2024	50,000,000	446,771,380	15,186,914	38,659,267	1,927,777	18,302,009	40,039,059	3,343,609	243,860,732	858,090,747
Depreciation And Impairment										
At 1 Jun 2022	-	21,526,504	1,843,712	13,851,756	497,977	1,081,561	1,671,529	158,715	-	40,771,108
Depreciation	-	8,492,289	2,001,480	4,741,878	142,980	729,134	547,508	139,354	0	16,764,817
Disposals	-	-	-	-	-	-	-	-	0	0
At 30 Jun 2023	0	30,018,793	3,845,192	18,593,634	640,957	1,810,695	2,219,037	407,617	0	57,535,925
Depreciation	-	8,935,427	2,278,037	9,664,816	192,778	5,490,603	4,003,906	334,361	0	30,899,928
Disposals	-	-	-	-	-	-	-	-	-	0
At 30th Jun 2024	0	38,954,220	6,123,229	28,258,450	833,735	7,301,298	6,222,943	741,978	0	88,435,853
Net Book Values										
At 30th Jun 2023	50,000,000	416,122,138	11,341,722	20,065,633	1,286,820	16,491,314	37,820,022	2,935,992	202,573,661	758,637,302
At 30th Jun 2024	50,000,000	407,817,160	9,063,685	10,400,817	1,094,042	11,000,711	33,816,116	2,601,631	243,860,732	769,654,894

WIP

Uriri TVC - 4,495,686
Mbita TVC – 15,158,341
Suba TVC – 29,730,922
Medical Laboratory – 4,730,557
Elevated Tank – 1,000,000
Modern Toilets – 2,810,000
Tuition Block – 39,554,105

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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). The assets were revalued by Odongo Kabita professional valuers in 2024. These amounts were adopted in the financial statements on 2022/2023.

23 (b) Property, Plant and Equipment at Cost

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	50,000,000	0	50,000,000
Buildings	446,771,380	38,954,220	407,817,160
Roads	15,186,914	6,123,229	9,063,685
Plant And Equipment	40,039,059	6,222,943	33,816,116
Motor Vehicles including Motorcycles	38,659,267	28,258,450	10,400,817
Furniture and Fittings	1,927,777	833,735	1,094,042
Computers and Related Equipment	18,302,009	7,301,298	11,000,711
Other Assets-Cutleries	3,343,609	741,978	2,601,631
Work in Progress	243,860,732	0	243,860,732
Total	858,090,747	88,435,853	769,654,894

24. Intangible Assets

Description	2023-2024	2022-2023
	Kshs	Kshs
Cost		
At beginning of the year	5,175,000	6,900,000
Additions	2,668,000	0
At end of the year	7,843,000	6,900,000
Additions-internal development	-	-
At end of the year	7,843,000	6,900,000
Amortization and impairment		
At beginning of the year		-
Impairment loss	1,960,750	1,725,000
At end of the year	1,960,750	1,725,000
NBV	5,882,250	5,175,000

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25. Trade and Other Payables

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Trade payables	16,531,118		7,586,315	
Fees paid in advance	-		-	
Other Payables	-		-	
Total Trade and Other Payables	16,531,118		7,586,315	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	16,531,118	100%	7,586,315	100%
1-2 years	-		-	
2-3 years	-		-	
Over 3 years	-		-	
Total (to tie to totals above)	16,531,118	100%	7,586,315	100%

26. Refundable Deposits from Customers/Students

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Caution money	2,203,000		0	
Other refundable deposits	-		-	
Total Deposits	2,203,000		0	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year		%		%
1-2 years	2,203,000	100%		%
2-3 years		%		%
Over 3 years		%		%
Total (to tie to totals deposits above)	2,203,000	%		%

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27. Employee Benefit Obligations

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 1,080 per employee per month.

28. Cash generated from operations.

	2023-2024	2022-2023
	Kshs	Kshs
Surplus for the year before tax	120,059,314	73,346,267
Adjusted for:		
Depreciation	32,860,678	18,489,817
Working Capital Adjustments		
Increase in Inventory	(1,043,960)	3,730,863
Increase in Receivables	(103,526,665)	(73,708,949)
Increase in Payables	8,944,803	922,139
Increase in capital fund	54,840,564	(37,163,824)
Prior year adjustment on capital fund	8,868,228	0
Net Cash Flow from Operating Activities	121,002,962	(14,383,687)

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29. Financial Risk Management

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

(i) Credit risk

The entity 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 management. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Institution's management based on prior experience and their assessment of the current economic environment.

(ii) Liquidity risk management

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

(iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Institution'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 Institution'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 Institution's exposure to market risks or the manner in which it manages and measures the risk.

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iv) Capital Risk Management

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

Description	2023-2024	2022-2023
	Kshs	Kshs
Revaluation Reserve	399,502,649	399,502,649
Retained Earnings	717,923,529	551,064,215
Capital Reserve	30,401,422	30,401,422
Total Funds	1,147,827,600	980,968,286
Total Borrowings		-
Less: Cash and Bank Balances	(154,677,418)	(134,452,516)
Net Debt/(Excess Cash and Cash Equivalents)		
Gearing		%

30. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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

31. Capital Commitments

Capital Commitments	2023-2024	2022-2023
	Kshs	Kshs
Authorised for: Gate	8,000,000	0
Authorised and Contracted for; Medical laboratory	0	4,500,000
Total	8,000,000	4,500,000

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32. Events After The Reporting Period

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

33. Ultimate And Holding Entity

The entity is a Semi-Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

34. Currency

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

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11. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Budgetary control and performance The underfunding and under expenditure affected the planned activities and may have impacted negatively on the service delivery to the students and stakeholders of the Institute</p>	<p>The role out of Higher education funding model is continually enhancing financing as opposed to capitation which occasioned underfunding</p>	Not resolved	To be resolved by June 30, 2025.
	<p>Non-compliance with the laws on Affirmative Action Mawego TTI had a work force of 135 employees out which 97 employees were members of one ethnic community. There was no member representing persons with disability</p>	<p>The management has complied with the National Cohesion and Integration in subsequent recruitments.</p>	Not resolved	To be resolved by June 30, 2025.

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>Non-compliant with membership of Board of Governance committees. Review of the membership of the board of committees revealed that the committees had membership of more than three members contrary to circular from Head of public service.</p>	<p>The committees were reconstituted in compliance with the circular</p>	<p>Resolved</p>	
	<p>Collapse of pressed steel elevated water tank tower. Elevated water tank collapsed on 3 January 2023 due to structural failure despite the project receiving certificate of practical completion.</p>	<p>The management is in the process of negotiating with the contractor to redo the work as recommended by the ODPP.</p>	<p>Not resolved</p>	<p>To be resolved by December 31, 2025.</p>
	<p>Delayed completion of Mbita Technical and vocational College The project had not been completed as at 30 June, 2023.</p>	<p>The Institution had been completed and operationalized in May 2024.</p>	<p>Resolved</p>	
	<p>Ineffective Debt Management Policy</p>	<p>The Institution has embraced the shift of funding from capitation to HEF that funds fees depending on student</p>	<p>Not resolved</p>	<p>To be resolved by December 31, 2025.</p>

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	The Institute has no operational debt recovery policy and, as a result, student debts has continued to grow over the years.	needs thus having prospect of reducing uncollected fees		
	Lack of Human Resource Plans/Inadequate Staffing Review of Internal audit, human resource function and procurement revealed that each department was composed of only one officer, contrary to the staff establishment.	The management had recruited officers in the said departments as per the staff establishment	Resolved	



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Dr. John Abuto, PhD
Accounting Officer/Principal

Date: 27/09/2024

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Appendix II: Projects Implemented by Mawego National Polytechnic

Projects

Projects implemented by the 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)
Uriri TVC		Government/cdf	1 year	56,192,540	No	Yes
Mbita TVC		Government/cdf	1 year	50,676,976	No	Yes
Suba TVC		Government/cdf	1 year	68,500,000	No	Yes

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Uriri TVC	56,192,540	56,192,540	100%	56,192,540		Government/cdf
2	Mbita TVC	56,792,540	55,317,540	100%	56,792,540		Government/cdf
3	Suba TVC	73,894,710	40,039,941	60%	73,894,710		Government/cdf
4	Mawego Tuition	88,999,260	63,450,300	97%	88,999,260		Fees

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Appendix III- Inter-Entity Confirmation Letter

Name of transferring entity: Ministry of Education

Name of beneficiary entity: Mawego National Polytechnic

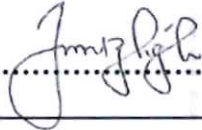
Confirmation of amounts received by Mawego National Polytechnic as at 30 th June 2024					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Scholarship	Total (C)=(A+B)
	02/10/2023	23,782,500			23,782,500
	18/01/2024	19,117,000			19,117,000
	06/02/2024	21,848,000			21,848,000
	27/02/2024			45,224,916	45,224,916
	06/03/2024			3,191,478	3,191,478
	12/03/2024		4,640,564		4,640,564
	12/03/2024		16,000,000		16,000,000
	12/06/2024	500,000			500,000
Total		64,747,500	20,640,564	48,416,394	134,304,458

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

Head of Accounts Department - Disbursing Entity:

Name Sign Date

Head of Accounts Department - Beneficiary Entity:

Name CPA Felex Odera Sign  Date.....27/09/2024.....