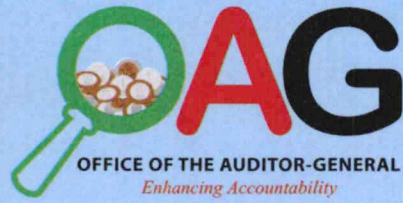


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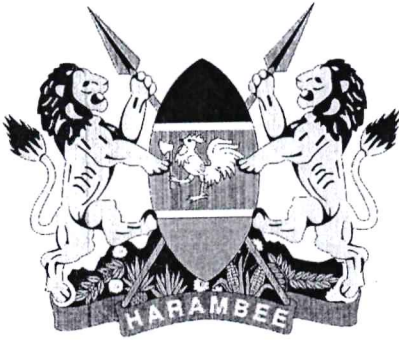
THE AUDITOR-GENERAL

ON

KISII NATIONAL POLYTECHNIC

FOR THE YEAR ENDED
30 JUNE, 2025

Revised 30th June 2025



04 NOV 2025



KISII NATIONAL POLYTECHNIC

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30TH JUNE 2025**

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

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Kisii National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2025

1. Acronyms & Definition of Terms

a. Acronyms

HELB	Higher Education Loans Board
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KNP	Kisii National Polytechnic
NHIF	National Hospital Insurance Fund
NSSF	National Social Security Fund
PAYE	Pay As You Earn
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TVC	Technical Vocational College
TVETA	Technical and Vocational Education and Training Authority
GC	Governing Council

b. Definition of Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

The Kisii National Polytechnic was founded on 19th December 1971 as Gusii Institute of Technology in Kisii town at a meeting of Abagusii Leaders' conference attended by representative from all walks of life.

It was registered in 1972 under the Education Act cap 212 of Laws of Kenya with the objective of providing technical education and training for youths. The initial courses were secretarial and Building technology. Since then, more courses have been introduced and currently KNP offers a total of seventy-four at Artisan, certificate, Diploma and Higher Diploma Levels.

The institution was moved from St. Vincent Centre in Kisii town, where it was initially housed, to the current site in 1980 where it occupies 16.95 hectares of land. The first buildings to be put up were two workshops (wood work technology and mechanical engineering), a typing pool, Dining hall and a hostel. In 1983 with the new facilities in place other new courses were added to the curriculum. The rest of this were courses in building trades which included carpentry and joinery, plumbing, masonry and electrical installation. The institution has continued to grow thanks to Donor assistance from various bodies and organisations.

The institution was elevated to a national polytechnic in May 2016 through Legal Notice No. 93.

The polytechnic currently offers over 150 courses in 11 departments namely

- i. Business studies,
- ii. Computing and Informatics
- iii. Mechanical and Automotive Engineering,
- iv. Electrical and Electronics Engineering,
- v. Building and Civil Engineering,
- vi. Liberal Studies,
- vii. Applied Sciences,
- viii. Health sciences
- ix. Agricultural and Environmental Sciences

- x. Hospitality and Tourism and
- xi. Fashion Design and Cosmetology

Currently the institution has a trainee population of 14,155, 319 trainers and 136 Non-training staff. Overtime, there has been a rapid expansion of infrastructure in a bid to meet the demands of the rising trainee population. This includes a Mechanical and Automotive block, Modern library and a tuition complex. Currently KNP is almost completing the construction of a new 5-storey tuition complex that has over 40 classrooms, 10 halls and 20 offices. Another highlight of the polytechnic is the Jitume Laboratory, which is equipped with 100 computers, and fast internet all with the sole purpose of enabling Kenyan youth acquire online jobs and earn digitally.

The Kisii National Polytechnic is a hub of activities where people work together to transform dreams into skills for life. We look forward to taking the polytechnic to higher levels of training individuals and enable them earn decent livelihoods.

(b) Principal Activities

The mandate of the polytechnic is to develop an institution with excellence in teaching, Training Scholarship, Entrepreneurship, Research, Consultancy, Community services and products with emphasis on technology, its development, impact and application within and outside Kenya.

Vision

A World Class Polytechnic in Training Research and Innovation that Responds to Market Needs.

Mission

To develop highly qualified, globally competitive and innovative human resource by providing quality training, applied research & extension and entrepreneurship skills that are responsive to market demands.

(c) Key Management

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

- Governing Council.
- Accounting officer/ Chief Principal
- Management Board
- Academic Board
- Heads of Departments

(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:

SN.	Designation	Name
1.	Chief Principal/Secretary Governing Council	Dr. John Akola
2.	Deputy principal Administration	Mr Nyakoe George
3.	Deputy principal Academics	Ms Damaris Gwako
4.	Registrar Academics	Ms Fridah Omweri
5.	Dean of students	Mr Finlay Nyanyuki
6.	Head of Finance	CPA Beatrice Kegwaro
7.	Head of Procurement	Ms Judith Mogere
8.	Head of Human Resource	Ms Janet Nyamongo

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

Finance & General Purposes Committee Activities

The Committee shall exercise all the powers of GC in financial matters except in relation to items, which are reserved, to GC, on which the Committee shall advise the GC.

Terms of Reference: The role of the Committee shall be to monitor the financial status of the Institute on behalf of the GC. In addition to advising GC on those matters referred to above, the Committee's responsibilities shall include:

Kisii National Polytechnic

Annual Report and Financial Statements for the year ended 30th June 2025

- (i) To monitor and facilitate the implementation of the Institute's strategy with regard to financial matters;
- (i) To receive reports from the Accounting Officer ensuring that ensuring that financial statements are understandable, transparent and reliable;
- (ii) To consider the adequacy of the Institute estate and proposals for its maintenance and development, including opportunities to dispose of and acquire new projects;
- (iii) To determine the fees and charges made for the institute services and facilities;
- (iv) To supervise the financial administration of the Institute and make recommendations to GC where appropriate;
- (v) To supervise the arrangements for safeguarding the Institute's assets;
- (vi) To ensure the proper financial evaluation and control of projects;
- (vii) To supervise the arrangements for investing the Institute's funds, including monitoring the performance of investments;
- (viii) To ensure the appropriate exploitation of the Institute's intellectual property;
- (ix) To make recommendations to GC on the financing of projects; and
- (x) To supervise the effective and efficient procurement and use of resources in accordance with the objectives of the Institute.

Table 1. Composition of Finance & General Purposes Committee

NO.	NAME	DESIGNATION
1.	Eng. Andrew Ngeno	Chairperson
2.	Ms Peninah Njung'e	Treasury Representative
3.	Mr Obadiah Okeri	Member
4.	Mr John Akola	Secretary

Audit Risk and Governance Committee Activities

The Committee shall exercise all the powers of GC in audit, governance and risk management matters except in relation to items that are reserved to GC, on which the Committee shall advise the GC. The Committee responsibilities shall include:

- (i) Ensuring the risk management process is comprehensive and on-going, rather than partial and periodic;

- (ii) Helping achieve an organization wide commitment to strong and effective internal controls, emanating from the tone at the top;
- (iii) Reviewing corporate policies relating to compliance with laws and regulations, ethics, conflicts of interest, and the investigation of misconduct and fraud;
- (iv) Reviewing current and pending corporate governance related litigation or regulatory proceedings to which the institution is party;
- (v) Continually communicating with senior management regarding status, progress, and new developments, as well as problematic areas;
- (vi) Ensuring the internal auditor's access to the audit committee, encouraging communication beyond scheduled committee meetings;
- (vii) Reviewing internal audit plans, reports and significant findings; and
- (viii) Establishing a direct reporting relationship with the external auditors.

Table 2. Composition of Audit and Risk Committee

NO.	NAME	DESIGNATION
1.	Ms. Rose Sharon Sabato	Chairperson
2.	Ms Peninah Njung'e	Treasury Representative
3.	Mr Peter Kamau	Ps representative VTT-Member
4.	CPA Callfax B. Nyanyuki	Secretary

Education, Research and Human Resource Committee Activities

The Committee shall exercise all the powers of GC in Education, Research and Human Resource matters except in relation to items that are reserved to GC, on which the Committee shall advise the GC. The Committee responsibilities shall include:

- (i) Driving the Institute's research agenda in line with the country's Vision;
- (ii) Encourage research culture in the institute;
- (iii) Institutionalize networking, collaboration research and outreach in the Institute;
- (iv) Encourage innovation and handle issues to do with intellectual property rights;
- (v) Ensure dissemination of research findings;

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- (vi) Advises the Board of Governors on the strategic direction of the Institute's academic activities, academic risks and the overall effectiveness of services in support of the academic endeavour;
- (vii) Responsible for providing assurance to the Board of Governors on the effectiveness of the Institute's academic governance arrangements, the student experience, and setting and maintaining standards;
- (viii) Support the development of HR policies, guidelines, procedures, regulations and standard; and
- (ix) Monitor labour administration in the Institute.

Table 3. Composition of Education, Research and Human Resource Committee

NO.	NAME	DESIGNATION
1.	Mr Stephen Marwa Muniko	Chairperson
2.	Eng Andrew Ngeno	Member
3.	Mr Peter Kamau	Ps representative VTT-Member
4.	Dr John Akola	Secretary

Human Resource Committee

The mission of the Human Resources Committee is to ensure that the Polytechnic has “*the right personnel with the right skills and the right attitude*”, to carry out the Polytechnic's mission and to support trainee learning in accordance with the Strategic Plan. Its role is to assist Council in fulfilling its responsibilities towards the employees of the Polytechnic in areas such as employment, recruitment, remuneration, equity, training and development and compliance with all relevant applicable laws.

- i. Developing a long-term Human Resources plan that is aligned with the Strategic Plan's long-term goals of the Polytechnic
- ii. Conducting the annual assessment of the Polytechnic's human resources needs and following up with the issues in areas of retirement, and separations.

- iii. To consider qualified candidates for filling vacant positions in the Polytechnic.
- iv. To short list candidates who are considered to have met the job requirements in accordance with the announcement inviting applications for the positions.
- v. To recommend to Council the appointment of suitable candidates(s) after considering all the requirements for the post or in case of there being no suitable candidate to recommend re-advertisement for the positions.
- vi. To review and make recommendations to Council on Salaries, Terms and Conditions of Service as and when necessary or when directed to do so by Council from time to time for all Polytechnic employees.
- vii. Assessing the academic staffing structure, and administrative structure to ensure that these structures are aligned with current and future needs of the Polytechnic.
- viii. Periodically conduct training to promote effectiveness of the members.
- ix. Conducting awareness workshops on health, hygiene and work life balance.
- x. Create a team spirit through networking and social functions.
- xi. To consider and advise Council on action to be taken with regard to staff disciplinary matters.
- xii. To submit regular reports to the Council on all matters related to human resources.

Table 4. Composition of human resource Committee

NO.	NAME	DESIGNATION
1.	Mr. Obadiah Okeri	Chairperson
2.	Ms. Sharon Sabato	Member
3.	Mr Stephen Mwaniniki Muniko	Member
4.	Dr John Akola	Secretary

Senior Management Activities

The main purpose of the senior management team is to:

- (i) Ensure that KNP's GC is able to take strategic decisions relation to the Institute's activities;
- (ii) Provide leadership in communicating KNP's mission, vision, strategic goals, core values, plans and achievements effectively and consistently to GC, Government,

and Staff, Clients, community members and the general public and other stakeholders;

- (iii) Be accountable for the development and implementation of the Institute's strategic, corporate and business plans in line with the mission and vision; and
- (iv) Take a strategic overview of performance in all areas of the Institute's activities.

Specifically, the Senior Management Team:

- i) Make recommendations to the GC on the implementation and achievement of the Board's Strategic Framework;
- ii) Monitor the Institute's Corporate Plan delivery through appropriate key management and performance information reporting to the Board of Governors appropriately;
- iii) In light of income projections and forecasts, considers the annual grants and operational expenditures and monitors such expenditures;
- iv) Determines strategic issues arising from the introduction of new policies or process, including actively managing risks across the Institute and regularly reviewing the corporate risk register;
- v) Considers the impact of external factors and developments, including specific political initiatives and the response to key consultation documents and where appropriate make recommendations to the Board and/or its relevant Committees; and
- vi) Leads all managers in motivating and developing the Institute's staff to deliver the highest standards of performance and customer service.

(f) Entity Headquarters

Kisii National Polytechnic
P.O. Box 222
Kisii-Keroka Road
Kisii, Kenya

(g) Entity Contacts

Customer Care Desk
Telephone: 058-76906/0700876991
E-mail: info@kisiiipoly.ac.ke
Website: www.kisiiipoly.ac.ke

(h) Entity Bankers

Central Bank of Kenya Haile Selassie Avenue P.O. Box 60000 City Square 00200 Nairobi, Kenya	Co-operative Bank of Kenya Kisii Branch	Kenya Commercial Bank Kisii Branch
------------------------------------------------------------------------------------------------------	--------------------------------------------	---------------------------------------

(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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2.The Council/Board of Governors

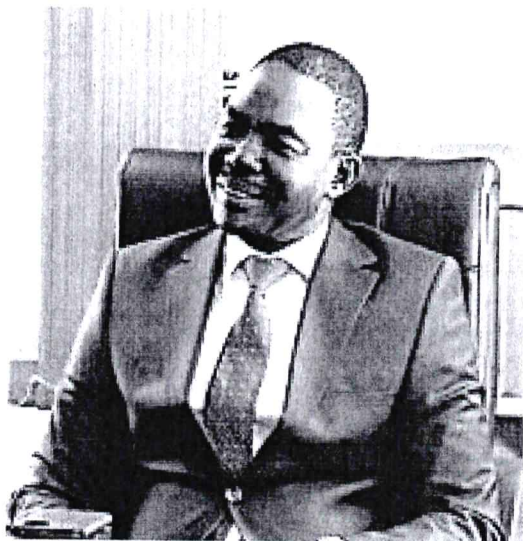
<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	 <p style="text-align: center;">Mr. Mongeri Mireri Nyanganyeria Chairperson Governing Council</p>	<p>Mr Mong'eri Mireri holds a Bachelor of Education degree in Economics and Geography. He has a teaching career that spans over 3 decades where he has served as teacher, Deputy Principal, and Principal, notably at Nyanchwa High School, Magena Boys High School and Ibacho High School. He has served as board member and chair of a number of institutions including Ibacho High School, Kisii Level Five Hospital, Gusii Institute of Technology and Gusii Water and Sanitation Company among others. He is the current Chair of Kisii National Polytechnic Governing Council since his appointment in the year 2022.</p>
2.	 <p style="text-align: center;">Eng. Andrew Ngeno Member</p>	<p>Eng. Ng'eno was appointed to the Governing Council in March 2023. He holds a BSc. Mechanical Engineering from The University of Nairobi and has courses towards attainment of MSc. In Energy Studies at Moi University. He also has a Certificate in Cane Sugar Manufacture from Rastic Mauritius. He is a member of the Engineers Board of Kenya and a corporate member with the Institution of Engineers of Kenya. Eng. Ng'eno currently serves as the Director- AGM Construction and Engineering Co. Ltd. Previously, he served as the Head of Processing and Engineering Department at the Kenya Seed Company, Factory Workshops Engineer at the Chemilil Sugar Company, Maintenance Manager at the East Africa Training and Extract Company among other positions held in nationally recognized companies.</p>

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Annual Report and Financial Statements For the year ended 30th June 2025

3.	 <p style="text-align: center;">Mr. Obadiah Okeri Member</p>	<p>Mr. Obadiah Okeri is a seasoned banking professional, holding a Bachelor's degree in Statistics and Economics from Kenyatta University, and is pursuing an MBA in Finance at Kisii University. His career began at Equity Bank and in 2007, he joined KCB Bank Limited as a graduate trainee. At KCB, Obadiah has held various positions, steadily rising to his current role as a Bank Manager.</p> <p>Obadiah Okeri was appointed to the Kisii National Polytechnic Governing Council in March 2023 Where he serves as the Chairman of the Human Resource Committee and a member of the Finance and General Purpose Committee.</p>
4	 <p style="text-align: center;">Mr. Marwa Muniko Member</p>	<p>Marwa Stephen Muniko is a holder of MBA (Human Resource Management) degree from Kenyatta University and BED degree in Kiswahili and Economics from Moi University. He joined TSC In 1994 as a High school teacher in Lambwe Sec School rose to principal in 2009 at Kebaroti Secondary School. Later he joined St. Augustine University of Tanzania in Mwanza as an assistant Lecturer and in 2013 he was appointed as County Chief Officer in charge of Education, Culture and Social Services in Migori County. He was appointed as member of Kisii National Polytechnic Governing Council in March 2023 where he serves as the Chairman of the Education, Research and Training Committee and a member of the Human Resource Committee</p>

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5	 <p style="text-align: center;">Ms. Sharon Rose Sabato Member</p>	<p>Sharon Rose Sabato was born in the year 1992, holds a Bachelor of Arts in integrated community development, and is currently pursuing M.A in project planning and management. She has over 12 years' experience in project planning and management having worked for various governmental and non-governmental organizations. She has worked with Girls Not Brides Secretariat (UK based INGO), International Indigenous Women's Forum (Lima, Peru), and Plan international-Kenya, Kenya National Bureau of statistics and Mainyoto Pastoralists Integrated Development Organization. Sharon was appointed as a council member for Kisii National Polytechnic in May 2023. She's the chairperson of the Audit committee and a member of the Human Resource committee.</p>
6	 <p style="text-align: center;">Mr. Peter Kamau Member</p>	<p>Peter Kamau holds BEd Technology Education from Moi University, HND Electrical Engineering from KTTC, Dip Electrical Engineering from KIST and Dip Technology Education from KTTC. He started his career as Electrical Technician in 1997 with later joined NYS Engineering Institute in 2003 as a trainer. Since then, he has worked in the Ministry of Youth Affairs, Nairobi County Government and In the year 2018, the Ministry of Education as Principal in Vocational & Technical Education. In the year 2021, Mr Kamau rose to a position of Assistant Director, Vocational and Technical Training. Mr. Kamau was appointed as an Alternate Governing Council Member for Kisii National Polytechnic in 2021. He represents PS TVET</p>



Dr. John Otieno Akola, DHL.
Chief Principal/GC Secretary

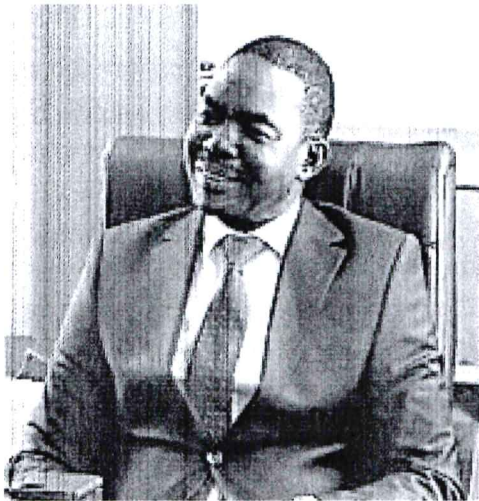

Date of birth 1968

Dr Akola John Otieno, DHL holds a honorary degree of Doctor of Humane Letters in Strategic Leadership, Governance and Global TVET advancement, BED (Technology) and currently pursuing Master of Philosophy in Technology Education. He is a dedicated and resourceful educator with over 10 years of Professional experience in education management. He has undergone Strategic leadership Development program and Senior Management Course at the Kenya School of Government.

Currently, he is the Chief executive officer of The Kisii National Polytechnic and the secretary to the Governing Council.

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Annual Report and Financial Statements For the year ended 30th June 2025

3. Key Management Team

SN.	Member/ Director	Details
1	 <p>Dr. John Otieno Akola, DHL. Chief Principal/GC Secretary</p>	<p>Date of birth 1968</p> <p>Dr Akola John Otieno, DHL holds a honorary degree of Doctor of Humane Letters in Strategic Leadership, Governance and Global TVET advancement, BED (Technology) and currently pursuing Master of Philosophy in Technology Education. He is a dedicated and resourceful educator with over 10 years of Professional experience in education management. He has undergone Strategic leadership Development program and Senior Management Course at the Kenya School of Government. Currently, he is the Chief executive officer of The Kisii National Polytechnic and the secretary to the Governing Council.</p>
2	 <p>Mr. Nyakoe George Robby M. Deputy Principal Administration</p>	<p>Date of Birth 1971</p> <p>George Nyakoe holds MEd in Economics of Education from Kenyatta University and a BEd in Mathematics and Economics from Moi University. He also has a postgraduate diploma in senior management from Kenya School of Government. George started his career as a high school teacher in Nyaikuro Mixed High School in 1994 where he rose to the position of deputy principal. He later joined KNP where he served as the Research and Development Coordinator for 12 years. Mr Nyakoe also served as chair of the Research and Development technical committee for KATTI between 2012 and 2018. He was deputy Principal in charge of academics in February 2024 and later Deputy Principal in charge of administration where he serves to date.</p>

3



Ms. Damaris Gwako
Deputy Principal Academics

Date of birth 1976

Damaris N. Gwako is an accomplished education professional. She holds a Bachelor of Business Administration with IT (HRM Option) from Jaramogi Oginga Odinga University of Science and Technology (JOUST), a Diploma in Business Secretarial Education Management from Kenya Technical Trainers College (KTTC), and a Diploma in Secretarial Studies from Rift Valley Technical Training Institute (RVTTI). Her career began in 2003 at Keroka Technical Training Institute, where she progressed from a teacher to Examinations Officer (2008-2020), Registrar (2020-2022), and Deputy Principal, Administration (2022). She also completed a Senior Management Course at Kenya School of Government, Baringo in 2022. Currently pursuing an MBA (HRM) at JOUST on a part-time basis, she continues to contribute to the academic sector with a focus on leadership and human resource management. Currently, she is serving as the Deputy Principal, Academics at Kisii National Polytechnic.

4





Mr Finlay Nyanyuki
Dean of Students

Date of birth 1979

Finlay Nyakundi Nyanyuki holds an MBA in Accounting from Egerton University and Bachelor of Education Arts (BED-Arts) in Mathematics and Economics from Moi University. He is also a CPA(K) holder and member of ICPAK. He has done a Senior Management Course from Kenya School of Government. He started his career as a Secondary school teacher at Mesabisabi Secondary School in 2003. He joined Kisii National Polytechnic, then Gusii Institute of Technology in 2010 as a trainer. In 2019, he was appointed as the Deputy Registrar Administration. In January 2024, he was appointed as the Dean of Students where he serves to date.

**Kisii National Polytechnic
Annual Report and Financial Statements For the year ended 30th June 2025**

5	 <p style="text-align: center;"><i>Ronald Nyabuto</i> <i>Registrar Academics</i></p>	<p>Date of birth 1975</p> <p>Ronald Nyabuto has a Masters degree in Applied Mathematics from Jomo Kenyatta university of Agriculture and Technology. He also hold B.ED (Science) degree with major in Mathematics and minor Physics from Moi University. He joined Gusii institute in January 2016 and deployed in Mechanical and Automotive department as a trainer. In the department, he was appointed a departmental examinations officer. In January 2024, he was appointed Ag Deputy Registrar academics and in March 2025 he was appointed the Ag Registrar Academics</p>
6	 <p style="text-align: center;">CPA Beatrice M Kegwaro Finance Officer</p>	<p>Date of birth 1988</p> <p>CPA Kegwaro Holds a BCOM degree from Kisii University Accounting option. She is an accountant by profession registered with The Institute of Certified Public Accountants of Kenya (ICPAK) Membership number 28927.</p> <p>Beatrice is currently doing Masters of Science in Finance and Economics – KCA University. She has more than 12 years of experience in the Finance and Accounting field; having worked as a Secondary School Bursar for 3 years at Kiongongi Secondary School and as an accountant for over 9 years in various institutions. Currently, she is the KNP’s Finance Officer since September, 2023 in charge of Finance management function.</p>



Ms Janet M Nyamongo
Ag. Human Resource Officer

Date of birth 1993

Janet M Nyamongo hold a Bachelor's Degree in Education Arts from Kisii University and a postgraduate diploma in Human Resource Management from KIM. She started her career as an administrative assistant in Kisii University in the year 2015. She joined The Kisii National Polytechnic in year 2020 as a Deputy Human Resource officer and later in 2023 she was appointed as acting Human Resource Officer where she serves to date.

7



Judy Mogere
Ag. Procurement Officer

Date of birth 1982

Judith Mogere holds a BCOM from Kisii University accounting option coupled with a Higher National Diploma in Entrepreneurship Development and a diploma in supplies management from Kisii Polytechnic. She is a procurement officer by profession registered with Kenya Institute of Supplies Management (KISM) membership number 72150. She has 12 years of experience in procurement and stores.

8

Kisii National Polytechnic
Annual Report and Financial Statements For the year ended 30th June 2025

4. Chairman's Statement

It is with great pleasure that I present this Financial Report for the financial year ended 30 June 2025

The KNP plays a pivotal role in developing highly qualified, globally competitive and innovative human resource by providing world class quality training, applied research and entrepreneurial skills.

The Kisii National Polytechnic takes cognizance of the global clarion call of sustainable development and our country's development agenda as defined in Vision 2030, Agenda 2063 - the Africa we want.

The Polytechnic seeks linkages, collaborations with industry players and other higher learning institutions notable among this is the collaboration with Vancouver Island University of Canada and the Department of Building and Civil Engineering under the Kenya Education for Employment Project (KEFEP) through the collaboration, Kisii National Polytechnic received equipment for masonry, carpentry and plumbing Workshops. Other collaborations include, the Kenya Dairy Board with the Department of Agriculture and Environment among others. These linkages and collaborations enhance our mission in reaching our vision. Following the elevation of the Institution to a National Polytechnic in 2016, the status has brought along several opportunities.

Key among these include; increased enrolment, government support, and more linkages and collaborations. This has resulted in increased access and need to ensure quality, relevance and equity in training.

My council is aware of the high levels of expectations from the trainees, community, employees and other stakeholders

The Governing Council has embarked on infrastructural development to accommodate increasing numbers of trainees. This will give the Polytechnic a competitive advantage in the operating environment and provide a conducive training environment.

The polytechnic won a grant of 3 million Euros under Skills Initiative for Africa (SIFA) and the commencement order for the project, which is domiciled in the polytechnic's Agriculture and Environmental Studies department, was given in February 2024. The project is ongoing.

Other avenues to fund the planned expansion of the physical facilities and infrastructure would also be explored with the focus being centred on resources mobilization and strategic initiatives.

The Polytechnic nevertheless continued to expand and improve its requisite physical facilities because of increased population in terms of trainees and staff numbers.

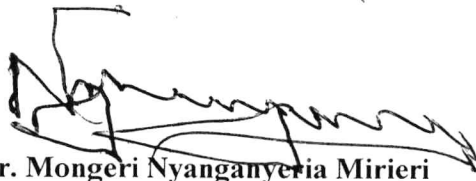
I am therefore pleased to report that during the year under review, a number of projects were initiated and are ongoing.

In conclusion, I believe that with all the planned strategies as envisaged, it is apparent that the future of the Polytechnic is bright and secure. Our commitment as a Council is to continue setting the right tone at the top, which is geared towards the realization of the Polytechnic's vision and mission.

Finally, I want to thank my fellow members of the Council, the Principal, the Management Board, Staff and Trainees of Kisii National Polytechnic for their commitment and hard work exhibited during the year.

Kisii National Polytechnic
Annual Report and Financial Statements For the year ended 30th June 2025

I also wish to thank the Government and all our stakeholders for their unwavering support. It is our expectation that the peaceful and productive environment witnessed during the year will continue into the coming year.



Mr. Mongeri Nyanganyeria Mirieri
CHAIR GOVERNING COUNCIL

DATE: 9/10/2025

Kisii National Polytechnic
Annual Report and Financial Statements For the year ended 30th June 2025

5. Report of the Chief/Senior Principal

I am pleased to present my report for the 2024/2025 financial year, which ended on 30 June 2025.

Kisii National Polytechnic is located within Kisii Municipality about 1.5 km South East of Kisii Township, Kisii County. The institution was founded in 1971 as Gusii Institute of Technology and was upgraded to a national polytechnic in 2016. Since then trainee population has increased progressively. In the Financial year 2024/2025 the total trainee population was 14,273 across 11 academic departments:

Table 5. Total enrolment as at 30th June 2025 and departments.

S/no	Department	Artisan	Certificate	Diploma	Total
1	Electrical and Electronic Engineering	44	418	1670	2132
2	Mechanical Engineering	59	332	835	1226
3	Building & Civil Engineering	157	918	1929	3004
4	Applied Sciences	0	312	399	711
5	Computing and Informatics	0	207	1208	1415
6	Business Studies	0	204	745	949
7	Liberal Studies	0	174	426	600
8	Hospitality and Tourism	67	370	595	1032
9	Health Sciences	10	211	622	843
10	Agriculture and Environment	0	243	606	849
11	Fashion Design and Cosmetology	162	579	771	1512
	TOTAL ENROLMENT	499	3968	9806	14273

The above admission strength is served by 319 trainers and 142 essential service providers. The population is expected to continue increasing due to the government new funding initiative for tertiary education and the institution national appeal in its status as a national polytechnic.

Kisii National Polytechnic has embraced best practice in its service delivery by investing in a 5 year Strategic Plan, annually evaluated performance contracting targets and regular quality assurance audits. The polytechnic is ISO 9001:2015 certified.

Kisii National Polytechnic also holds graduation ceremonies annually to celebrate and award graduates of the institution. In August 2024 the polytechnic graduated 3,454 trainees.

Kisii National Polytechnic has over the years defined its place in research, innovation and development by participating annually and even holding research conferences and engaging in regional and annual TVET Fairs. The polytechnic has also introduced skills competitions as a major activity that is conducted annually.

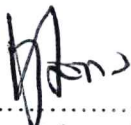
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Financial Performance

As in the previous years, the main source of funding to the Polytechnic during the period under review was fees from students with a contribution of a total of Kshs 657,744,461 for recurrent expenditure purposes. This registers a significant increase in fees collection as compared to the previous financial year. In addition, Kisii National Polytechnic generated a sum of Kshs 52,533,618 from Income Generating activities (IGA's), catering and other incomes. The Polytechnic also received Kshs 255,610,700 in lieu of capitation from the Ministry of Education. However, as at the end of the financial year the Polytechnic had not received capitation grants for quarter four.

In conclusion, I take this opportunity to thank the KNP Governing Council for providing the desired guidance, oversight and support during the year which was way beyond expectations and which I highly appreciate. I also wish to sincerely give my regards to the Management Board, all staff and Trainees for the team spirit, peace, hard work and discipline exhibited throughout the year.

Finally, I would like to thank the Government of Kenya for its support during the period under review. I also appreciate the moral support of our collaborators, partners and other stakeholders during the year. It is my plea that we continue working together as a team in the new financial year and beyond.



.....
Dr. John Otieno Akola, PhD
Principal/Secretary Governing Council

Date: 9/10/2025

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6. Statement of Performance against Predetermined Objectives

Kisii National Polytechnic has 9 strategic pillars and objectives within its Strategic Plan for the Financial Years 2023-2028. These strategic pillars are as follows:

Pillar 1: To provide Market Oriented Training Programs

Pillar 2: To Undertake Applied Research and Develop Innovation

Pillar 3: To adopt ICT in Teaching, Learning, Research and Management

Pillar 4: To Provide Quality Learning Environment

Pillar 5: To Enhance the Human Resource Capital Capacity Base of KNP

Pillar 6: To Enhance the Financial Sustainability of KNP

Pillar 7: To Enhance Efficiency and Effectiveness of the Polytechnic Management and Governance

Pillar 8: To Enhance Result – Based Performance Evaluation and Quality Assurance

Pillar 9: To Enhance the Corporate Social Responsibility of KNP.

Kisii National Polytechnic develops its Annual Work Plans based on the above nine Pillars. Assessment of the Council's performance against its Annual Work Plan is done on a quarterly basis. The Polytechnic achieved its performance targets set for the Financial Year 2024/2025 period for its 9 Strategic Pillars, as indicated in the diagram below

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		-Adequate sanitation facilities -Perimeter wall constructed -Approved Report for clean water	-Stock the library with new book titles -construct sanitation facilities -To fix a grill to the perimeter wall -To provide clean water for use	-Library stoked with new book titles. - Extra washrooms constructed to cater for the increased population - Grill fixed to the perimeter wall -Approved report
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5. STRATEGIC THEME/ISSUE: Human Capital Capacity

STRATEGIC OBJECTIVE 5: To enhance human capital capacity base and Financial Sustainability in the Institution

Key Result Area 5	To enhance the Human Capital Capacity Base of KNP			
Outcome 5.1	Improved Human Capital Capacity Base			
	<i>Strategic Objectives</i>	<i>Key Performance Indicators</i>	<i>Activities</i>	<i>Achievements</i>
	To enhance human capital capacity base of KNP	- Signed contracts for council staff -benchmarking reports -sensitization reports	-Recruit staff in deficit areas -Carry out benchmarking -Carry out sensitization -Carry out trainings	- 44 council staff recruited in deficit areas -15 staff carried out benchmarking - Staff sensitized on PC targets - 50 staff attended various trainings

6. STRATEGIC THEME/ISSUE: Resource Mobilization, Collaboration and Entrepreneurship.

STRATEGIC OBJECTIVE 6:

Enhance the Financial Sustainability of KNP

Key Result Area 6	Enhance the Financial Sustainability of KNP			
Outcome 6.1	Financial Sustainability of KNP Enhanced			
	<i>Strategic Objectives</i>	<i>Issues</i>	<i>Strategies</i>	<i>Achievements</i>
	Enhance the Financial Sustainability of KNP	-Financial reports -Production units -MOU agreements	-Hire out facilities -carry out internal maintenance of facilities and equipment -Use departments to carry out projects	- Polytechnic halls and grounds hired out -Maintenance of facilities done internally -Building department engaged to construct the perimeter wall

3. STRATEGIC THEME/ISSUE: ICT Integration

STRATEGIC OBJECTIVE 3:

Adopt ICT in Teaching, Learning, Research and Management

Key Result Area 3	To adopt ICT in Teaching, Learning, Research and Management			
Outcome 3.1	ICT adopted in Teaching, Learning, Research and Management			
	<i>Strategic Objectives</i>	<i>Key Performance Indicators</i>	<i>Strategies</i>	<i>Achievements</i>
	Adopt ICT Integration within the Institution	-Internet contract agreement -Portals in place -Up to date website -Biometric identification kits -ERP contract agreement -E-content	-Provide internet services -Update the website -Maintain student and staff portal -Adopt biometric identification -Implement ERP	-Internet provided (100mbs) both LAN and WIFI -Portals in place -Up to date website -Biometric identification kits -Sensitization in ERP -E-content

4. STRATEGIC THEME/ISSUE: Learning Environment

STRATEGIC OBJECTIVE 4: To Provide Quality Learning Environment

Key Result Area 4	1. To Provide Quality Learning Environment			
Outcome 4.1	Improved Learning Environment			
	<i>Strategic Objectives</i>	<i>Key Performance Indicators</i>	<i>Activities</i>	<i>Achievements</i>
	To provide quality learning environment	-Complete two sheds constructed -Equipped laboratories -stocked library	-To construct two sheds to take care of the increased student population -To construct Tuition Block Complex II Phase -Equip laboratories	-Two complete sheds -Tuition Block constructed up to 80% level -Laboratories equipped

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		-Adequate sanitation facilities -Perimeter wall constructed -Approved Report for clean water	-Stock the library with new book titles -construct sanitation facilities -To fix a grill to the perimeter wall -To provide clean water for use	-Library stoked with new book titles. - Extra washrooms constructed to cater for the increased population - Grill fixed to the perimeter wall -Approved report
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5. STRATEGIC THEME/ISSUE: Human Capital Capacity

STRATEGIC OBJECTIVE 5: To enhance human capital capacity base and Financial Sustainability in the Institution

Key Result Area 5	To enhance the Human Capital Capacity Base of KNP			
Outcome 5.1	Improved Human Capital Capacity Base			
	<i>Strategic Objectives</i>	<i>Key Performance Indicators</i>	<i>Activities</i>	<i>Achievements</i>
	To enhance human capital capacity base of KNP	- Signed contracts for council staff -benchmarking reports -sensitization reports	-Recruit staff in deficit areas -Carry out benchmarking -Carry out sensitization -Carry out trainings	- 44 council staff recruited in deficit areas -15 staff carried out benchmarking - Staff sensitized on PC targets - 50 staff attended various trainings

6. STRATEGIC THEME/ISSUE: Resource Mobilization, Collaboration and Entrepreneurship.

STRATEGIC OBJECTIVE 6:
 Enhance the Financial Sustainability of KNP

Key Result Area 6	Enhance the Financial Sustainability of KNP			
Outcome 6.1	Financial Sustainability of KNP Enhanced			
	<i>Strategic Objectives</i>	<i>Issues</i>	<i>Strategies</i>	<i>Achievements</i>
	Enhance the Financial Sustainability of KNP	-Financial reports -Production units -MOU agreements	-Hire out facilities -carry out internal maintenance of facilities and equipment -Use departments to carry out projects	- Polytechnic halls and grounds hired out -Maintenance of facilities done internally -Building department engaged to construct the perimeter wall

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				- Collaboration MOU with the Kisii County Government for maintenance of Capital round about and people's park in force
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7. STRATEGIC THEME/ISSUE: Polytechnic Governance

STRATEGIC OBJECTIVE 7:

Enhance Efficiency and Effectiveness of the Polytechnic Management and Governance

Key Result Area 7	Enhanced Efficiency and Effectiveness of the Polytechnic Management and Governance			
Outcome 7.1	Enhanced Efficiency and Effectiveness of the Polytechnic Management and Governance			
	<i>Strategic Objectives</i>	<i>Issues</i>	<i>Strategies</i>	<i>Achievements</i>
	1. Enhanced Efficiency and Effectiveness of the Polytechnic Management and Governance	-Reviewed charter -QMS certification -ISMS certification -student union -Student constitution	-Review service charter -Implement QMS -Implement ISMS -Hold student election -Review student constitution	-Service charter reviewed and converted to audio-visual format -QMS implemented -ISMS implemented -Student election held -Student constitution reviewed

8. STRATEGIC THEME/ISSUE: Monitoring and Evaluation

STRATEGIC OBJECTIVE 8:

To enhance result-based performance evaluation and quality assurance

Key Result Area 8	To enhance Result Based Performance evaluation and Quality Assurance			
Outcome 8.1	Enhanced result-based performance evaluation and quality assurance			
	<i>Strategic Objectives</i>	<i>Issues</i>	<i>Strategies</i>	<i>Achievements</i>
	Enhanced Result Based Performance Evaluation and Quality Assurance	-M&E reports -Internal Audit reports -External Audit reports	-Carry out internal audits -Carry out external audits	-Monitoring carried out quarterly -2 internal audits carried out -1 external audit carried out

9. STRATEGIC THEME/ISSUE: Corporate Social Responsibility

STRATEGIC OBJECTIVE 9:

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Enhance the Corporate Social Responsibility of KNP

Key Result Area 9	To enhance the Corporate Social Responsibility of the KNP			
Outcome 9.1	Enhanced Corporate Social Responsibility			
	<i>Strategic Objectives</i>	<i>Issues</i>	<i>Strategies</i>	<i>Achievements</i>
	Enhance the Corporate Social Responsibility of KNP	<ul style="list-style-type: none"> -Budgets -worksheets -Register of alumni 	<ul style="list-style-type: none"> -Maintain capital round about -Beautify Kisii County people's park -Visit children's home -Update Alumni data base 	<ul style="list-style-type: none"> -Capital round about maintained -Trees planted at the county people's park - Children's home visited and given donations -Alumni data base updated -Tracer study conducted

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7. Corporate Governance Statement

1. Process of Council Members Appointment.

The Polytechnic Council was appointed by the Cabinet Secretary Ministry of Education, with effect from 17th March 2023 for a term of three years. There are nine Council members comprising of the Chairman, one member representing Principal Secretary Ministry of Education, six (6) independent members. The Principal is an *ex-officio* member of the Council.

Subject to the provisions of the Polytechnic order, the office of a member of the Council shall become vacant if the member:

- a) Resigns by notice in writing addressed to Cabinet Secretary
 - b) Is unable to perform the functions of the Office due to prolonged physical or mental incapacity.
 - c) Is adjudged bankrupt by a court of competent jurisdiction or enters into a composition or scheme of arrangement for the benefit of creditors
 - d) Is guilty of gross misconduct
 - e) Fails to meet requirements of chapter six of the Constitution
- Or
- f) Is convicted of an offence and sentenced to imprisonment for a period of six months or more.

The appointment of Council members shall:

- a) Take into account ethnic and gender balance
- b) Promote inclusion of persons with disability, minorities and marginalized and
- c) Ensure balanced cores skills and competencies amongst the members

In appointing members of the Council, the Cabinet Secretary shall stagger the appointment of some members to maintain a proportion of new membership that ensures continuity in the services of the Council.

2. Process of Council Member Removal.

Where the office of a member of the Council becomes vacant the Cabinet Secretary may subject to the provisions of this order, appoint another person to fill the vacancy for the unexpired term of such member.

Notwithstanding the generality of the foregoing any member of the Council suspected of having contravened chapter six or chapter thirteen of the Constitution shall vacate office to pave way for investigations.

Where a person who has vacated office under sub-paragraph (3) is not found culpable after investigations carried out under sub-paragraph (5) the person shall be reinstated as a member of the Council.

Paragraph 12 shall apply with respect to the conduct of the business and affairs of the Council.

3. Roles and Functions of the Council

- i. To ensure that proper management structure is in place and that the management maintain the corporate integrity, reputation and responsibility of the Polytechnic
- ii. To monitor and evaluate the implementation of the strategies, policies and management plans of the Polytechnic
- iii. To constantly review the viability and financial sustainability of the Polytechnic once in every year
- iv. To ensure that the Polytechnic complies with all the relevant laws, regulations, governance practices and accounting and auditing standards

4. Committees of the Polytechnic Council

In order to facilitate the smooth running of its affairs, the Polytechnic Council establishes such committees with the membership and with such terms of reference as it may deem fit. The following committees were in place during the financial year 2024/2025

- i. Education, Training and Research
- ii. Finance and General Purpose
- iii. Human Resource
- iv. Audit and Risk Management Committee.

The Polytechnic Council nominates a chairperson of each committee of the Council, in the absence of the Chairperson of any committee, the members present and constituting a quorum may elect one person from among them to chair the meeting. The Chairperson of the Polytechnic Council and the Principal are ex-officio members of every committee of the Council.

5. Governing Council Training

The TVET Act No. 29 of 2013 Section 28 and 29 establishes and gives mandate to the Councils and Boards of Governors to manage the TVET institutions on behalf of the Education Cabinet Secretary.

It is a requirement that the Governing Council members understand their functions and conduct hence the need for induction and training.

In the 2024 /2025, financial year Council attended two (2) trainings as follows:

Audit Committee of the Council training on 9th – 12th September 2024 and 3rd – 7th February, 2025 in Naivasha by Public Sector Accounting Standards Board.

The theme was, enhancing the capabilities of the audit committee members and secretariat that will be enablers in demonstrating professional excellence while complying with internal auditing standards. The highlights of the training were:

- i. Legislative and Regulatory Requirements: Leading practices, Strong effective board, finance and audit committees and clear accountability for Risk Management and Internal Control Financial Management & Reporting .

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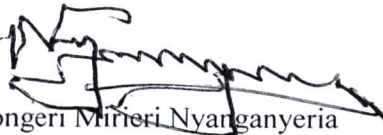
- ii. Roles and Responsibilities of audit committees vis-a-vis the board: policy considerations, purpose, mandate, responsibilities, coverage and contributing value to the entity Policies, Laws and TVET reforms
- iii. Corporate Governance: How the Tone at the Top Influences the Corporate Culture Procurement and Assets Disposal in TVET Institutions, performance and ESG.
- iv. Audit Committee Guidelines.
- v. Transition to Global internal audit standards
- vi. Zero fault audit mantra.
- vii. Emerging technological trends and cross cutting issues.

6. Council Remuneration

Kisii National Polytechnic Council members do not receive a salary. However, they are paid a sitting allowance for every scheduled meeting attended. The Chairman also receives a monthly honorarium. The sitting allowance paid to the council members is disclosed in note 13 of the financial statements.

Shared Believe

The Polytechnic Council and management have a shared believe that corporate governance is a continuous process and that good corporate governance must be embedded in our culture to support our values of discipline, high moral standards and integrity, which are fundamental to the long-term success, and sustainability of our mandate as an institution of higher learning.



Mongeri Mireri Nyanganyeria
Chair Governing Council

Date: 9/10/2025

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8. Management Discussion and Analysis

Operational and Financial Performance

The following management’s discussion and analysis (MD&A) provides a comprehensive overview of the financial position of Kisii National Polytechnic as at June 30, 2025 and its changes in financial position for the year the ended, as compared with the financial year 2023/2024.

During the year that has just ended, financial reporting of Kisii National Polytechnic included 11 academic departments, offering 2 higher diploma programs, 63 diploma programmes, 46 Craft Certificate programs and 6 Artisan programmes, with 14,273 trainees enrolled. Kisii National Polytechnic conducts its activities on 42 acres of land.

The Polytechnic’s annual financial report includes four basic financial statements: The Statement of Financial Performance, the Statement of Financial Position, the Statement of Cash Flows and the statement of Comparison of Budget and Actual Amount. These statements focus on the financial performance of the Polytechnic, the changes in financial position, cash flows of the Polytechnic’s activities and compliance with the approved budget respectively.

Financial Highlights

Revenue from Exchange Transactions was the major source of funding for the Polytechnic.

During the financial year 2024/2025, the enrolment was 14273 trainees compared to 14155 trainees in financial year 2023/2024.

Operating Revenue Source for the last three years

	2022/2023	2023/2024	2024/2025
	Kshs	Kshs	Kshs
Government Capitation	176,353,900	244,441,072	255,610,700
Tuition (School Fees)	345,720,820	527,748,505	657,744,461
Hire of Facility	916,109	7,052,400	7,475,568
Income Generating Activities	7,679,262	4,730,056	4,566,306
Other Income	24,908,895	111,482,062	40,491,744
Total	555,578,986	895,454,095	965,888,779

Total operating revenues increased by Kshs 70,434,684 from 895,454,095 in the financial year 2023/2024 to Kshs 965,888,779 in 2024/2025. This is attributable to increased enrolment of trainees because of two major intakes during the financial year. In addition, implementation of the new funding model led to increase in funds from the government despite not receiving Capitation money due for the fourth quarter.

9. Environmental and Sustainability Reporting Statement

Kisii 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/citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

Sustainability Strategy and Profile

The Polytechnic is charged with the responsibility of creating a knowledge-based society that upholds justice, democracy and accountability. In this regard, KNP is under duty to promote a culture of compliance with laws, civility and human decency in behaviour among the Polytechnic community and between the Polytechnic community and the outside world. At the same time, the government, communities, development partners and other stakeholders continue to make substantial investment to support higher education programs and projects.

In the last few years, the Polytechnic has benefited from CDF through fees payment for various needy trainees. As one of the TVET institutions in Kisii County, it will be prudent for the administrators, political players and stakeholders not only to continue with their goodwill in harnessing financial support which will not only be of great use to the Polytechnic, but also in helping the Polytechnic amongst other institutions, position itself in terms of TVET training in line with Vision 2030.

The government's effort is appreciated within the context of TVET Act of 2013 on Technical and Vocational Education and Training, Research and Innovation. This has given much impetus to the allocation of funds to TVET institutions in form of Trainees' capitation, HELB loans and bursaries and infrastructural development fund in the implementation of the "big 4" Agenda.

KNP is located in Kisii County within an area of moderately well-endowed work force. Being in the town proximity, the Polytechnic is exposed to a variety of challenges that must be addressed. At institutional level, the increase in the number of trainees enrolled in regular programmes has not been matched by the desire for expanded infrastructure such as lecture halls and lecture rooms, library, offices, workshops and laboratories, hostels and other facilities. KNP has increasingly been compelled to address its funding shortfall from alternative sources.

The Kenya Vision 2030 has accorded science, technology and innovation high priority.

The vision is based on the realization that in an increasingly knowledge-based and globalized world, Science,

Technology and Innovation (ST&I) are essential, both for social and economic progress and for global competitiveness of our nation. KNP is a critical driver of innovation systems and the resultant development in science, technology and innovation such as our award-winning robot in the TVET robotic contest involving universities and colleges.

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Technical education is essential for economic progress and for global competitiveness of our nation and is also central in productivity and the socio-economic transformation of the country. The Sector Plan for Science, Technology and Innovation (2018-2023) provides for revitalization and harnessing of science, technology and innovation for Kenya's prosperity and global competitiveness. In this regard, human resource development, research and knowledge generation will be strengthened at KNP to enhance their application in national production systems for sustainable development.

In line with the fourth agenda of the "Big 4" and the Vision 2030, KNP has the knowledge and capacity to deliver on the Manufacturing agenda.

KNP needs to improve and expand the laboratories/workshops and accredit them to meet the set standards for the local and international market. Further, KNP will construct and equip an innovation laboratory/workshop.

Environmental performance

Protection of the environment in which we live and operate is part of our organizational cultural values and principles and we consider it to be a sound business practice. Care for the environment is one of our key responsibilities and an important part of the way in which we do business.

We commit to:

- i. Provide a framework for planning and sustainable management of the Polytechnic environment.
- ii. Strengthen the institutional and individual capacity for effective management of the environment.
- iii. Ensure sustainable management of the Polytechnic's environment and its surrounding.
- iv. Ensure cooperation, collaboration, partnerships and participation in the protection conservation and management of the environment by all stakeholders.

Application of these principles and practices will make a significant contribution to the Polytechnic's environmental sustainability programs.

The Management therefore ensures that the Polytechnic reduces the environmental impact by:

- i. Engaging with staff, Trainees and the surrounding communities to encourage environmentally sustainable behaviour.
- ii. Planting of trees to minimize greenhouse gas emissions in operations and work towards carbon neutrality.
- iii. Minimizing use of natural resources such as water, non-renewable energy and paper.
- iv. Following the waste hierarchy- avoid or minimize, reduce, reuse, recycle and then dispose off correctly as the last option.
- v. Minimizing the use of hazardous substances.

- vi. Encouraging sustainable practices in relation to design, transport and travel, procurement and catering.

Employee welfare

When a vacant position arises, an advertisement is placed in two leading daily newspapers and online in order to reach a wide audience and coverage. The adverts usually contain a caption indicating that the polytechnic is an equal opportunity employer. Women, people with disabilities and marginalised communities are encouraged to apply.

During the shortlisting process, the panel ensures that at least a third (1/3) of the candidates are opposite gender. Throughout the interview process, if the highest number of successful candidates are male a consensus is reached to engage a female candidate though they may not have scored the highest but have met the minimum requirements.

In the course of hiring process, the relevant stakeholders like the heads of departments are involved in every stage of the recruitment process in order to get the best fit for the Departments. The council also takes part in the interviews to ensure a balanced perspective and transparency in the recruitment process. Returns are made after the interviews to the Ministry of Education on the recruitment of Public Service Commission trainers.

Every year returns are made to the National Employment Authority (NEA) on the status of all employees in each year. The returns include those that have been hired and those who have left the service of the Polytechnic during the year.

Efforts made by the Polytechnic to improve employees' skills include:

1. The Human Resource Department carries out a training needs assessment from which a training calendar is developed in order to ensure that the polytechnic has the right skills.
2. The Polytechnic pays trainings to build their competencies in various areas and pays for their membership in professional bodies.
3. The Polytechnic's ICT and Hospitality Department have in house programs for training

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Staff in their areas of specialization in order to improve their skills. The Polytechnic carries out an annual appraisal process during which employees are evaluated by the Heads of Department in consultation with the Human Resource Officer in order to their strengths and weaknesses and recommendations are given to improve on the identified weak areas identify.

On health and safety, the Polytechnic carries out a First Aid training for both Trainees and staff and this is carried out annually. The polytechnic has procured a WIBA cover for all staff

Market place practices-

The management also ensured that we dealt responsibly, openly and fairly with clients and partners/stakeholders as defined in our service charter by:

- i. Serving our clients with dignity, courtesy and respect.
- ii. Continuously providing efficient and effective service.
- iii. Adhering to ethical and equitable service provision
- iv. Enhancing transparency, integrity and accountability
- v. Observing the principle of natural justice.
- vi. Maintaining appropriate confidentiality
- vii. Discharging our duties professionally and with due diligence and ensuring delivery of affordable quality education.

Corporate Social Responsibility / Community Engagements

The Polytechnic dispensary in conjunction with Ministry of Health Kisii County carries out medical screening every term for the Trainees, staff and the community around the institution.

The screening of the neighbouring community was majorly on non-communicable diseases like hypertension and diabetes where those who availed themselves had their blood pressure and blood sugar checked and all the suggestive cases were given referrals accordingly by the Polytechnic clinician. This was preceded by sensitization of our community on all the non-communicable diseases on preventive measures. Major cleaning up exercise of areas around the institution and the police station was undertaken to maintain good environmental hygiene.

The operational and ultimate responsibility for the commitment to our Corporate Social Responsibility principles lies with the Council and the top management. Every employee of

Kisii National Polytechnic
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Polytechnic is expected to give their full co-operation to the above principles in their activities at work. Clients or stakeholders are also expected to apply our environmental principles.

The effectiveness of the policy statement will be monitored and reviewed regularly by the Council and Management to ensure the Polytechnic has continued compliance with any relevant legislation to meet new legal requirements and to identify areas in need of improvement. We will also ensure that all changes will be brought to the attention of all employees as necessary.

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10. Report of the Governing Council

The Council members submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the Kisii National Polytechnic affairs.

Principal activities

The core business of the Polytechnic is provided for by a legal notice No. 93 for Kisii National Polytechnic known as Kisii National Polytechnic Order, 2016. The Notice provides in Part II section 4 (1) the functions and objectives of the Polytechnic.

The objects and functions of the National Polytechnic shall be to: -

Provide, directly or in collaboration with other institutions of higher learning, facilities for technical trainers in technological, professional, scientific education;

- I. Participate in technological innovation and in the discovery, transmission and enhancement of knowledge for economic, social, cultural, scientific, and technological development;
- II. Contribute to industrial and technological development of Kenya, in collaboration with the industry and other organizations, through transfer of technology;
- III. Promote and establish a culture of innovation in engineering and technology and technology transfer amongst staff and trainees;
- IV. Develop an institution with excellence in teaching, training, scholarship, entrepreneurship, research, consultancy, community service, among other educational services and products, with emphasis on technology and its development, impact and application within and outside Kenya;
- V. Provide a multi-level system of post-secondary school education and training programmes relevant to the needs of the community, covering a wide range of fields and levels with provision for recognition of prior learning and flexibility of transition between programmes;
- VI. Provide high quality education, research, residential, commercial, cultural, social, recreational, and sporting and other facilities;
- VII. Advance knowledge and its practical application by research and other means, the dissemination of outcome of research by various means and the commercial exploitation of research results;

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- VIII. Promote critical inquiry within the Polytechnic and in the general community;
- IX. Participate in commercial ventures and activities;
- X. Foster the general welfare of all staff and trainees;
- XI. Provide opportunities for development and further training for staff of the Polytechnic;
- XII. Develop and provide educational, cultural, professional, technical and vocational services to the community and in particular, foster corporate social responsibility;
- XIII. Provide programmes, products and services in ways that reflect the principles of equity and social justice;
- XIV. Facilitate trainees' mobility between different programmes at different technical training institutions and other national polytechnics;
- XV. Conduct examinations and grant such academic awards as may be provided under this Order; and
- XVI. Collaborate with recognized universities for the conduct and award of degree programmes in technology.

Results

The results of the entity for the year ended June 30 are set out on pages 1-5

Kisii National Polytechnic
Annual Report and Financial Statements For the year ended 30th June 2025

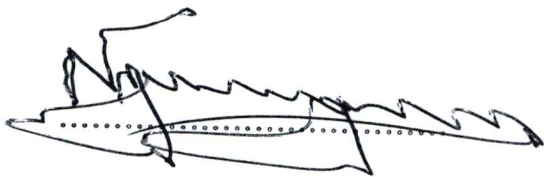
The Governing Council

The members of the Council who served during the year are shown on page xi-xii.

Auditors

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

By Order of the Board



Mongeri Mirieri Nyanganyeria

Chair Governing Council



Dr. John Otieno Akola **DHL**

Principal/Secretary Governing Council

11. Statement of Board of Governors/ Council's Responsibilities

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

The council members are responsible for the preparation and presentation of Kisii National Polytechnic financial statements, which give a true and fair view of the state of affairs of Kisii National Polytechnic for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the institute; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Kisii National Polytechnic (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The council members accept responsibility for the Kisii National Polytechnic 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 the Kisii National Polytechnic's financial statements give a true and fair view of the state of Kisii National Polytechnic's transactions during the financial year ended June 30, 2025, and of the Kisii National Polytechnic's financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the Kisii National Polytechnic, which have been relied upon in the preparation of the Kisii National

Kisii National Polytechnic
Annual Report and Financial Statements For the year ended 30th June 2025

Polytechnic's financial statements as well as the adequacy of the systems of internal financial control.

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

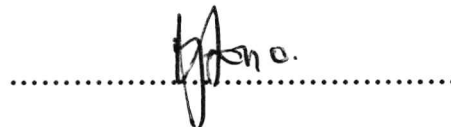
Approval of the financial statements

The Kisii National Polytechnic financial statements were approved by the Board on 20th August, 2025 and signed on its behalf by:



Mongeri Mirieri Nyanganyeria

Chairperson of the Board/Council



Dr. John Otieno Akola, DPL

Accounting Officer/Principal

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
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HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KISII NATIONAL POLYTECHNIC FOR THE YEAR ENDED 30 JUNE, 2025

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 for Kisii National Polytechnic set out on pages 1 to 52, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of cash flows, statement of changes in net assets 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 respect, the financial position of Kisii National Polytechnic as at 30 June, 2025, 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 Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Long Outstanding of Receivables from Student Debtors

The statement of financial position reflects current portion of receivables from exchange transaction of Kshs.582,916,218 as disclosed in Note 19(a) to the financial statements. This balance includes of receivables aged more than one year of Kshs.350,182,236 or 60% of the balance indicative of an increase of Kshs.232,366,562 or 200% from the prior year balance of Kshs.117,815,674 for similar receivables. This is an indication of Management's laxity in collection and implementation of strategies to recover outstanding debtors thus posing the risk of incurring bad debts. Further no provisions have be made to adjust the balances for likely impairment despite the lapse of significant duration before collections are made.

In circumstances, the accuracy, recoverability and fair statement of the current portion of receivables from exchange transaction of Kshs.582,916,218 as at 30 June, 2025 could not be confirmed.

2. Long Outstanding Non-Exchange Receivables from Mentees

The statement of financial position also reflects receivables from non-exchange transactions balance of Kshs.4,640,680 as disclosed in Note 20(a) to the financial statement. The balance comprise of amounts due from two mentee institutions; Kitutu Masaba and Riamo Technical and Vocational Colleges of Kshs.3,463,610 and Kshs.1,177,070 respectively. The receivables date back as from year 2018. The last Management reminder to the two institutions is dated 17 July, 2024 with no other communication was evidenced on the follow up.

In circumstances, the accuracy, recoverability and fair statement of the receivables from non-exchange transactions balance of Kshs.4,640,680 as at 30 June, 2025 could not be confirmed.

3. Failure to Undertake Valuation of Biological Assets

The statement of financial position reflects biological assets balance of Kshs.594,500 as disclosed in Note 24 to the financial statement. The biological assets balance was based on the valuation conducted on 1 November, 2022. However, the balance excluded value of undetermined quantity of trees, agroforest and crop biological assets.

In the circumstances, the accuracy and completeness of biological assets balance of Kshs.594,500 as at 30 June, 2025 could not be confirmed.

4. Unsupported Refundable Deposits from Customers

The statement of financial position reflects refundable deposits from customers of Kshs.67,156,566 as disclosed in Note 26 to the financial statement which includes Kshs.30,645,496 as retention monies. The retention monies had deposited into the Polytechnic's development account. However, cash book for the development account reflected a balance of Kshs.22,002,806 resulting to an unexplained variance of Kshs.8,642,690. This could be an indication of the retained monies having been diverted for other purposes. Further, the Polytechnic did not maintain a dedicated retention money bank account.

In circumstances, the accuracy and completeness of retention monies balance of Kshs.30,645,496 as at 30 June, 2025 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kisii 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 final revenue budget and actual on comparable basis amount of Kshs.1,054,316,422 and Kshs.706,914,714 respectively, resulting to underfunding of Kshs.347,401,708 or 33% of the budget.

In the circumstances, the underfunding may have impacted negatively on planned activities of the Polytechnic.

My opinion is not modified in respect of these matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the effect of 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 Audit Matters

In the audit report of 2023/2024 financial year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in the Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk

Management and Governance. However, Management has not resolved the following issues or given any explanation for failure to resolve them as at 30 June, 2025;

S/No	Audit Issue
1	Long Outstanding Receivables
2	Biological Assets-Valuation
3	Budgetary Control and Performance
4	Climate Changes Regulations
5	Non-compliance with Ethnic Composition Requirement on Staffing
6	Stalled Projects: – 1) Construction of a Multipurpose Hall at Kitutu Masaba Technical Vocational College 2) Erection and Completion of a Twin Workshop, Classrooms and Office Block at the Proposed Kitutu Chache South Technical and Vocational College 3) Construction of Classrooms, Workshops and Office Block for South Mugirango Technical and Vocational College.

Other Information

The Management is responsible for the Other Information set out on pages iii to xlvi which comprises, which comprises the Key Entity Information and Management, The Council/Board of Governance, Chairman’s Statement, Report of the Chief/Senior Principal, Statement of Performance Against Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting and the Report of the Governing Council. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Avoidable Legal Expenses

Included the use of goods and services amount is Kshs.16,821,904 in respect to general administrative expense which further include an expenditure of Kshs.1,291,379 for legal fees and court-awarded damages for cases ruled against the institution. The amount comprised of Kshs.800,000 paid an advocate via voucher no. 1739, made on 13/03/2025, and Kshs.491,379 to an auctioneer via voucher number 1338 and 1768 made on 13/03/2025 and 18/03/2025 respectively. The payments originated from year 2021 employment dispute case where the institution wrongfully dismissed an employee, as ruled by the courts on 28 January, 2025. The consent judgment required a stay of sale for vehicle Reg. No. KAY 220V upon payment of auctioneer costs and storage charges, immediate reinstatement of the employee by 1 May, 2025, payment of salary arrears and benefits of Kshs.1,626,920 from termination to reinstatement date and payment of Kshs.2,000,000 aggravated damages plus Kshs.195,306 costs by 10 July, 2025.

In the circumstances, the Polytechnic incurred avoidable expense amounting to Kshs.3,822,226 due to non-adherence to its own the human resource manual. The payment does not constitute value for money from use of public resources.

2. Delay in Implementation of the Skills Initiative for Africa (SIFA) Project

The statement of performance reflects use of goods and services amount of Kshs.431,544,394 as disclosed in Note 11 to the financial statements. Included in the balance was SIFA counterpart contribution of Kshs.11,134,109. The amount spent was for facilitation in preparation of requisite documents for the implementation agreement. The audit revealed that the State Department of TVET and the Polytechnic signed Grant financing agreement on 17 October, 2023 at a contract sum EUR 3,000,000 from AUDA – NEPAD and GoK EUR 456,406 with a contract reference AUDA – NEPAD/KFW 2015 69 052/FW1KEN to support building capacity to deliver skills programmes for the Agricultural value chain (AGSKILLS), contract period ending 31 December, 2025. As at the time of audit, the project had concluded on evaluation of prequalification applications for consulting services for architectural, engineering, technical studies, environmental and social impact assessment and supervision of construction works for the proposed AGSKILLS training facilities stage. Therefore, only less than two (2) months to the end of the contract were remaining to undertake objective 1 related to construct project building for skills development, objective 2 related to procure, install, test and commission equipment for skill development and objective 3 related to improve skills and incubation ideas in Agricultural Value Chains (AVCs). Further, implementation agreement clause 3.3.1 states that the strict period for the SIFA contribution for the implementation of the activities described in the contract was from the date of effectiveness of the contract on grant financing agreement signed on 28 June 2024 to 30 September, 2025.

In circumstances, with the remaining period to the end of the contract, the likelihood of achieving the outstanding three main project objectives may not be realized.

3. Irregularities in Human Resources Management Practices

3.1 Non-Compliance with one Third of Basic Salary Rule

Review of the Polytechnic's payroll revealed that eight (8) employees earned net salary of less than a third (1/3) of their basic salary in various months contrary to Section 19(3) of the Employment Act, 2007 which states that the total amount of deduction from the wages of an employee shall not exceed two-thirds (2/3) of such wages.

3.2 Non-Adherence to Set Threshold on Recruitment of Persons with Disabilities

Analysis of the payroll revealed that the Polytechnic had a total of five hundred and four (504) employees, but only nine (9) persons with disability had been hired representing 2% of the employees. This was contrary to Section B.23 (2) of the Human Resource Policies and Procedures Manual for the Public Service, 2015 on Rights and Privileges of Persons with Disabilities which requires the Government to implement the principle that at least five (5) percent of all appointments are for persons with disabilities.

3.3 Non-Compliance with Ethnic Composition

Analysis of the payroll audit revealed that the Polytechnic had a total workforce of five hundred and four (504) employees. However, four hundred (400) or 79% were from the dominant ethnic community which is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which stipulates no public establishment shall have more than one-third of its staff from the same ethnic community. Further, analysis of the payroll revealed that a total of thirty-five (35) staff had been recruited in the year under review. However, twenty-eight (28), which is equivalent to (80%) were from the dominant ethnic community. This was contrary to Section 7(1) of the National Cohesion and Integration Act, 2008, which requires that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff.

In circumstances, Management was in breach of the Law.

4. Preferential Award of Repairs and Maintenance of Small Works

Note 15 to the financial statements discloses repairs and maintenance costs of Kshs.21,779,269. Audit review established that there were sixty one (61) prequalified supplier for small works for the year under review. However, only two small suppliers were awarded works valued at Kshs.16,014,221 or 91% of the available works. This was contrary to Section 106 (2) of the Public Procurement and asset disposal Act 2015. Further, the institution has building and civil engineering department which could doing some of these maintenances of the institution's buildings. Management did not explain why there was no rotation of the prequalified pool of suppliers.

In circumstances, Management was in breach of the Law.

5. Project Implementation Status- Stalled Projects

5.1 Suna West Technical and Vocational College

The Polytechnic awarded a contract for construction of proposed erection to completion of twin workshop, classroom and office block (2 storey) at Suna West Technical and Vocational College, Tender No. KNP/T/CONST/1/7/2024 to a company at a total contract sum of Kshs.60,700,660. The contract was signed on 27 August, 2024. Our audit verification revealed that the project's progress was at 20% as per the clerk of works report. The contractor vide a letter dated 6 March, 2025 had requested for an extension of the construction period citing various reasons among them lack of labor. However, as at the time of the audit the contractor had been paid Kshs.8,367,600 or 14% of the entire contract sum.

5.2 South Mugirango Technical and Vocational College

The Polytechnic awarded a contract for construction of proposed erection and completion of tin workshop, classrooms and office block (2 storey) for the proposed South Mugirango Technical Training and Vocational college, Tender No. MOEST/TVET/23/2018-2019 to a company on 18 April, 2019 for a total contract sum of Kshs.55,241,205. The contract period was 16 weeks. Our audit verification revealed that the contractor issued a notice to suspend works on 11 November, 2019 due to delayed payment of work done and as at July 2023 the cumulative amounts paid to Galaxy Limited were Kshs.43,274,401.97 or 78.3% of the total contract sum for only 65% of actual works done. Further, on 15 August, 2023, the contractors terminated the contract sighting non-payment of pending certificates amounting to Kshs.1,676,621 which was pending for over 3 years. In addition, the Polytechnic entered into a new contract on 27 August, 2024 with another company for the completion of twin workshops, classroom and offices block at South Mugirango Technical and Vocational College for a contract sum of Kshs.21,588,120. As at the time of the audit, the company had been paid Kshs.13,401,295 or 62% of the contract sum. The audit also revealed that there was an unauthorized variation on the roof design.

5.3 Kitutu Chache Technical and Vocational College

The Polytechnic awarded a contract for construction of proposed erection and completion of twin workshop classrooms and office block (2 storey) for Kitutu Chache TVC Tender No. MOE-VTT/TVET/14/2018-2019 a company in 2019. The contract agreement was not provided for audit review. From the winning bidders bid, the contract sum was Kshs.57,053,885. The commencement date was 24 April, 2010 and the contract period was to be 52 weeks with completion date 24 April, 2020. However, the audit revealed that there was project variation that was measured Kshs.10,048,225 or 17.6% of the original contract sum. Physical verification revealed that the project was at 90% completion but the contractor had abandoned the site, the building is deteriorating making pending works on site increase by 23.58% to a total contract sum of Kshs.70,509,735 as noted in a report of Ministry of Transport, infrastructure housing, urban development and public works. Further, the contractor is still in possession of the site albeit no workmen or equipment on site despite that the contractor had been paid 100% of the initial contract sum. In addition, learning is conducted in the nearby Kiamwasi Technical College. From the documentation review,

there have been numerous meetings with Ministry officials, Polytechnic's management and the contractor to chart a way to completion and no progress has been made and the project is exactly 5 years overdue.

In circumstances, the value for money has not been realized from the investment in the stalled projects.

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 are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Failure to Implement Recommendations of the Internal Audit

Audit review revealed delays in the implementation of the internal audit recommendations. Further, management did not have in place a system for the implementation statuses of the audit recommendations. In addition, the minutes of the internal audit committee did not demonstrate that those charged with action points reverted back to the internal audit with implementation status of the audit findings.

In circumstances, the polytechnic internal controls systems may not improve due to failure to implement the audit recommendations.

2. Weak Legal Systems

During the year under review, the Polytechnic incurred legal fees for various court cases filed against the it. The solely on the Office of the Attorney General for legal representation and advisory services, resulting in underrepresentation, lost cases and incomplete litigation records. Further, a comprehensive schedule of pending court cases, including their current status was not provided for audit review. In addition, the Polytechnic failed to include a dedicated budget line for legal expenses in its approved budget.

In the circumstances, the effectiveness of legal system within the Polytechnic could not be confirmed.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall

governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of the Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as the 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 Polytechnic's 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 Council is responsible for overseeing the Polytechnic's financial reporting process, reviewing the effectiveness of how the 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 of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial

transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

26 November, 2025

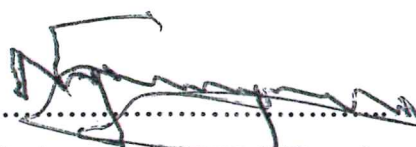
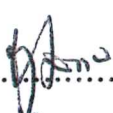
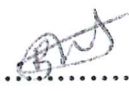
Kisii National Polytechnic
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13. Statement of Financial Performance for the Year Ended 30 June 2025

Description		2024-2025	2023-2024
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	255,610,700.00	244,441,072.00
		255,610,700.00	244,441,072.00
Revenue from Exchange transactions			
Rendering of services- fees from students	7	657,744,461.00	527,748,505.00
Sale of goods	8	4,566,306.00	4,730,056.00
Rental revenue from facilities and equipment	9	7,475,568.00	7,052,400.00
Miscellaneous/ other income	10	40,491,744.00	111,482,062.00
Revenue from Exchange transactions		710,278,079.00	651,013,023.00
Total Revenue		965,888,779.00	895,454,095.00
Expenses			
Use of goods and services	11	431,544,394.00	403,543,275.00
Employee costs	12	129,456,522.00	127,512,587.00
Board /Council Expenses	13	15,607,944.00	13,540,078.00
Depreciation and amortization expense	14	41,574,630.00	39,906,496.00
Repairs and maintenance	15	21,779,269.00	55,662,461.00
Grants and subsidies	16	-	21,719,072.00
Contracted services		-	
Finance costs	17	93,219.00	102,119.00
Total Expenses		640,055,978.00	661,986,088.00
Net surplus/(deficit) for the year		325,832,801.17	233,468,007.00

(The notes set out on pages 8 to 39 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 7 were signed by:

		
.....
Chairman of Council/Board	Principal	Finance Officer
Date	Date	ICPAK No 28927
		Date 09/10/2025

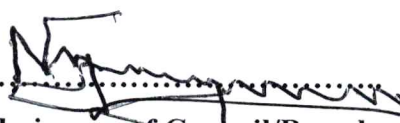
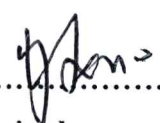
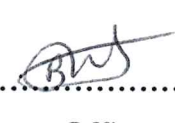
Comparative FY refers to the financial year preceding the current year.

Kisii National Polytechnic
Annual Report and Financial Statements For the year ended 30th June 2025

14. Statement of Financial Position As At 30th June 2025

Description	2024-2025		2023-2024
	Notes	Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	18	132,552,897	134,633,259
Current portion of receivables from exchange transactions	19(a)	582,916,218	314,526,295
Receivables from non - exchange transactions	20(a)	4,640,680	4,640,680
Inventories	21	11,601,354	9,175,982
Total Current Assets		731,711,149	462,976,216
Non-Current Assets			
Property, plant, and equipment	22	2,560,199,112	2,664,062,044
Intangible assets	23	22,414,495	16,576,868
Biological Assets	24	594,500	594,500
Total Non-Current Assets		2,583,208,107	2,681,233,412
Total Assets (A)		3,314,919,256	3,144,209,628
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	25	7,349,100	131,991,337
Refundable deposits from customers	26	67,156,566	74,287,127
Payments received in advance	27	5,324,824	28,675,198
Total Current Liabilities		79,830,490	234,953,662
Non-Current Liabilities			
Deferred income			
Total non- current liabilities		0	0
Total Liabilities (B)		79,830,490	234,953,662
Net Assets (A-B)		3,235,088,766	2,909,255,966
Represented By:			
Revaluation Reserves		1,746,926,772	1,746,926,772
Accumulated Surplus		1,488,161,994	1,162,329,193
Capital Fund			
Net Assets		3,235,088,766	2,909,255,965

The Financial Statements set out on pages 1 to 7 were signed by:

 Chairman of Council/Board	 Principal	 Finance Officer ICPAK No 28927 Date 09/10/2025
Date	Date	

Comparative FY refers to the financial year preceding the current year.

15. Statement of Changes in Net Asset For The Year Ended 30 June 2025

Description	Revaluation reserve	Accumulated Surplus	Capital fund	Total
At July 1, 2023	1,786,833,268	888,954,007	-	2,675,787,275
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	233,468,690	-	233,468,690
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to accumulated surplus	(39,906,496)	39,906,496	-	-
At June 30, 2024	1,746,926,772	1,162,329,193	-	2,909,255,965
At July 1, 2024	1,746,926,772	1,162,329,193	-	2,909,255,965
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	325,832,801	-	325,832,801
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to accumulated surplus	-	-	-	-
At June 30, 2025	1,746,926,772	1,488,161,994	-	3,235,088,766

16. Statement of Cash Flows For The Year Ended 30 June 2025

Description		2024-2025	2023-2024
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities	6	273,610,700	244,441,072
Rendering of services- fees from students	7	384,725,371	457,546,799
Sale of goods	8	4,566,306	4,730,056
Rental revenue from facilities and equipment	9	7,475,568	7,052,400
Miscellaneous income	10	40,491,744	111,482,062
Total Receipts		710,869,689	825,252,389
Payments			
Use of goods and services	11	446,452,468	408,525,939
Employee costs	12	130,399,726	127,512,587
Board /Council Expenses	13	15,607,944	13,540,078
Repairs and maintenance	15	21,779,269	55,662,461
Finance costs	17	93,219	102,119
Contracted services		-	-
Mentee Institutions		-	21,719,072
Total Payments		614,332,626	627,062,256
		96,537,064	198,190,133
Cash Generated from operations			-
Net Cash Flows from operating activities		96,537,064	198,190,133
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	22	(68,246,634)	(122,787,628)
Proceeds from sale of property, plant and equipment		-	-
Net cash flows used in investing activities		(68,246,634)	(122,787,628)
Cash flows from financing activities			
Proceeds From Borrowing		-	-
Refundable deposits		(30,370,791)	-
Net cash flows used in financing activities		(30,370,791)	-
Net Increase/(Decrease) in Cash and Cash equivalents		(2,080,361)	75,402,505
Cash and Cash equivalents at 1 JULY	18	134,633,259	59,230,754
Cash and Cash equivalents at 30 JUNE	18	132,552,897	134,633,259

17. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other National Government entities	-	-	-	273,610,700	(273,610,700)	
Rendering of services- fees from students	656,672,458	376,490,611	1,033,163,069	380,770,396	652,392,673	63
Sale of goods	4,463,482	589,871	5,053,353	4,566,306	487,047	10
Rental revenue from facilities and equipment	4,000,000		4,000,000	7,475,568	(3,475,568)	(87)
Other Income	12,100,000	-	12,100,000	40,491,744	(28,391,744)	(235)
Total Income	677,235,940	377,080,482	1,054,316,422	706,914,714	347,401,708	33
Expenses						
Use of goods and services	105,418,446	216,183,563	321,602,009	421,447,724	(99,845,713)	(31)
Employee costs	105,530,032	48,350,864	153,880,896	130,399,726	23,481,170	15
Board Governing Council Expenses	14,485,000	7,315,000	21,800,000	15,607,944	6,192,056	28
Repairs and maintenance	1,500,000	41,500,000	43,000,000	21,779,269	21,220,731	49
Contracted services	4,500,000	14,500,000	19,000,000	25,097,269	(6,097,963)	(32)
Total Expenditure	231,433,478	327,849,427	559,282,905	614,332,626	(55,049,721)	(10)
Capital Expenditure	445,802,462	49,231,055	495,033,517	55,624,436	439,409,081	89
Surplus For the Period	-	-	-	36,957,652		

Budget notes**Notes for variations above 10%**

- i. The institution received Kshs. 273,610,700 capitation grants including Kshs 18,000,000 on behalf of mentee institutions both of which were not in the approved budget for transfers from the government.
- ii. Management instituted operation of more income generating activities that led to increase of rental income from facilities and other income resulting to a variance of 87% and 235% respectively.
- iii. Excluded from the actual amount of rendering of services is capitation of ksh 276,974,065 normally budgeted under fees from students as it's purely meant for students' fees, resulting to underutilization of 63%.
- iv. Due to increased facilities like ablution facilities to address the growing population, the scope of cleaning services increased leading to increased expenditure on contracted services.
- v. The overutilization in use of goods and services is as a result of increased cost of teaching materials and workshop and practicals expenses due to implementation of modularized curriculum as directed by the Ministry
- vi. The Polytechnic was unable to employ more personnel as budgeted for due to late approval of Supplementary budget leading to underutilisation of employee cost by 15%.
- vii. There was underutilization of Council expenditure due to reduced Council activities during the financial year.
- viii. The underutilization of repairs and maintenance budget was as a result of unrealisation of the planned repairs due to late approval of the supplementary budget.
- ix. The overall adjustment to the original budget of Kshs 377,080.482 is due to supplementary budget.

Budget Reconciliation

Description of Particulars	Amount in Kshs
Actual Surplus Amounts as per the statement of Budget	36,957,652
Cash and Cash equivalents (30.06.2024)	134,633,259
Closing Cash and Cash Equivalent as per the statement of Cash flows	132,552,897

18. Notes to the Financial Statements

1. General Information

Kisii 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 provision of education.

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.

There are no new and amended standards issued in the financial year.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

Standard	Effective date and impact:
IPSAS 43: Leases	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p>

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	<p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>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.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 45: Property Plant and Equipment</p>	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 46: Measurement</p>	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ol style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p> <p><i>State the expected impact of the standard to the Entity if relevant</i></p>
<p>IPSAS 47: Revenue</p>	<p><i>Applicable 1st January 2026</i></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</p>

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	statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 48: Transfer Expenses	<i>Applicable 1st January 2026</i> 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. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> 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. <i>State the expected impact of the standard to the Entity if relevant</i>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<i>Applicable 1st January 2027</i> The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires: <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized. <i>State the expected impact of the standard to the Entity if relevant</i>

iii. Early adoption of standards

Kisii National Polytechnic did not early-adopt any new or amended standards in year 2025.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

The 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.

b) Budget information

c) Budget information

The original budget for FY 2024-2025 was approved by the Council in January 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. 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. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5.

d) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule 1 of the Income Act.

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.

e) Investment property

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Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an -year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit.(entity to amend appropriately).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.

f) Property, plant and equipment

All property, plant and equipment are stated at revalued figures 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.

g) 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.

h) Intangible assets

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

i) Biological Assets

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

j) 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

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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.

k) 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.

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 cash flows 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 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.

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.

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l) 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.

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 the *Entity*.

m) Provisions

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

Contingent liabilities

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

Contingent assets

The *Entity* does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events

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not wholly within the control of the Kisii National Technic 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.

n) Social Benefits

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

o) Nature and purpose of reserves

The Kisii National Polytechnic creates and maintains reserves in terms of specific requirements.

p) Changes in accounting policies and estimates

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

q) Employee benefits

Retirement benefit plans

The *Entity* provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

r) 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

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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.

s) 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.

t) Related parties

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

u) Service concession arrangements

Kisii National Polytechnic 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 *Entity* 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 *Entity* also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

v) 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.

w) Comparative figures

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

x) Subsequent events

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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, 2025.

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5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Kisii National Polytechnic.
- 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.

6. Transfers from other National Government entities

Description	2024/2025	2023/2024
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	255,610,700.00	171,722,000.00
Operational Grant		31,000,000.00
Development grants	-	
Total unconditional Grants	255,610,700.00	202,722,000.00
Conditional Grants amortised/ recognised in revenue		
Library Grant	-	-
Hostels Grant	-	-
Tuition Block Grant-KNP		20,000,000.00
Twin Workshops Block Grant-Mentee Institutions	-	21,719,072.00
Learning Facilities Grant	-	-
Other Organizational Grants	-	-
Total Conditional Grants	-	41,719,072.00
Total Government Grants and Subsidies	255,610,700	244,441,072.00

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(a) 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	2022/2023
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of TVET	255,610,700.00	0	-	255,610,700.00	244,441,072.00
State Department of TVET	18,000,000.00				
Total	273,610,700.00	0	-	255,610,700.00	244,441,072.00

7. Rendering of Services

Description	2024/2025	2023/2024
	Kshs	Kshs
Tuition Fees	323,310,592.83	133,341,131.33
Electricity, Water and Conservancy	48,473,551.67	57,383,994.17
Personnel Emoluments	135,162,850.00	170,743,000.00
Local Transport and Travel	46,956,400.00	48,914,762.50
Repairs, Maintenance and Improvement	38,838,666.67	30,548,416.67
Activity Fees	51,862,400.00	50,989,100.00
Industrial Attachment Fees	13,140,000.00	35,827,500.00
Total Revenue from The Rendering of Services	657,744,461.17	527,748,505.67

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8. Sale of Goods

Description	2024/2025	2023/2024
	Kshs	Kshs
Driving school revenue	523,270.00	774,320.00
Carwash sales	2,986.00	
Bakery sales	61,133.00	
Sale of Farm Produce	196,084.00	
Cafeteria sales	1,059,833.00	
Production Units revenue		3,955,736.00
Medical	2,723,000.00	
Total Revenue from Sale of Goods	4,566,306.00	4,730,056.00

9. Rental revenue from facilities and equipment

Description	2024/2025	2023/2024
	Kshs	Kshs
Hire of Facilities and Equipment	6,933,868.00	6,567,800.00
Contingent Rentals		
Operating Lease Revenue	541,700.00	484,600.00
Others (<i>specify</i>)		
Total	7,475,568.00	7,052,400.00

10. Other Income

Description	2024/2025	2023/2024
	Kshs	Kshs
Graduation fees	1,552,500.00	2,829,000.00
Board Indexing	112,000.00	
Motor Vehicle Operations	2,782,827.00	
Boarding Fees	4,777,900.00	3,096,000.00
Research and innovation		-
Examination Fees	11,216,587.00	74,568,491.00
Registration Fees	10,145,500.00	12,627,000.00
TVETA fees	2,494,900.00	2,639,000.00
Student ID	2,603,500.00	2,930,500.00
Student Affairs	4,374,900.00	11,742,481.45
Fines and Penalties	431,130.00	1,049,590.00
Total other income	40,491,744.00	111,482,062.45

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11. Use of Goods and Services

Description	2024/2025	2023/2024
	Kshs	Kshs
Teaching and learning materials	77,516,212.00	56,646,083.19
Workshop/Practical Expenses	53,376,457.00	30,850,690.00
Industrial attachment costs	9,739,207.00	10,426,000.00
Electricity	5,897,996.00	8,537,439.01
Water	3,576,704.00	3,782,429.57
Outsourced Security Services	6,073,124.00	7,538,370.00
Out sourced Cleaning Services	17,746,909.00	15,869,603.80
Subscriptions	506,358.00	741,300.00
Examination Expenses	58,559,977.00	93,189,012.00
Production Unit Expenses	21,064,331.00	16,085,333.00
Travelling and accommodation	53,909,102.00	38,097,756.00
Fuel, oil and motor vehicle Operations	13,275,445.00	13,325,388.25
Insurance	2,537,244.00	3,226,320.00
Printing and stationery	15,982,945.00	23,430,619.00
Office Cleaning and Sanitation	1,004,400.00	780,370.00
Telephone and Postage expenses	590,449.00	260,975.00
Internet expenses	5,819,736.00	2,926,937.00
Staff Training and Capacity building	2,711,550.00	4,138,945.00
Seminars Conferences and workshops	8,573,210.00	
Student ID Expense		2,344,461.00
Office meals and refreshments	1,601,265.00	
Performance contracting expenses	460,148.00	
TVETA expenses	3,215,000.00	
Cleaning Materials Stores	405,887.00	
Staff Uniforms	366,920.00	
Guidance and counselling expenses	2,036,720.00	
SIFA Counterpart contribution	11,134,109.00	
Graduation expenses	7,105,615.00	
Student council	12,533,018.00	16,021,134.00
Research and innovation	741,695.00	4,824,435.00
Institution mentoring	272,725.00	686,945.00
Medical expenses	975,560.00	800,034.60
General administrative Expenses	16,821,904.00	38,605,899.00
Activity expenses	14,358,349.00	10,406,795.00
Total good and services	431,544,394.00	403,543,274.42

12. Employee Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Salaries and wages	83,346,854.00	89,801,384.00
PAYE	12,764,391.00	8,280,564.00
NITA Levy	154,350.00	155,450.00
NHIF	3,077,397.00	2,980,000.00
NSSF	13,254,720.00	7,708,955.00
HELB	751,730.00	1,163,592.00
SACCO	9,489,818.00	12,486,102.00
KUDHEIHA Union	275,000.00	369,771.00
Housing Levy	3,457,817.00	2,336,594.00
Staff Welfare	1,558,445.00	865,500.00
Terminal Benefits	-	-
Casual Wages	1,326,000.00	1,364,675.00
Employee Costs	129,456,522.00	127,512,587.00

13. Council Expenses

Description	2024/2025	2023/2024
	Kshs	Kshs
Chairman's Honoraria	920,000.00	820,000.00
Directors Emoluments	14,687,944.00	12,720,078.00
Total	15,607,944.00	13,540,078.00

14. Depreciation and Amortization expense

Description	2024/2025	2023/2024
	Kshs	Kshs
Property, plant and equipment	38,372,559.00	37,538,371.72
Intangible assets	3,202,071.00	2,368,124.00
Investment property carried at cost	0	0
Total depreciation and amortization	41,574,630.00	39,906,495.72

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15. Repairs and Maintenance

Description	2024/2025	2023/2024
	Kshs	Kshs
Property	17,583,130.00	48,019,821.00
Equipment and machinery	1,111,665.00	1,442,550.00
Vehicles	2,863,720.00	4,528,790.00
Furniture and fittings		
Computers and accessories	220,754.00	1,671,300.00
Total Repairs and Maintenance	21,779,269.00	55,662,461.00

16. Grants and Subsidies

Description	2024/2025	2023/2024
	Kshs	Kshs
Mentee Institutions Transfers		21,719,072.00
Total Grants and Subsidies	-	21,719,072.00

17. Finance Costs

Description	2024/2025	2023/2024
	Kshs	Kshs
Bank Charges	93,219.00	102,118.75
Total Finance Costs	93,219.00	102,118.75

18. Cash and Cash Equivalents

Description	2024/2025	2023/2024
	Kshs	Kshs
Current Account	132,552,897.35	134,633,259.00
Total Cash and Cash Equivalents	132,552,897.35	134,633,259.00

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

Financial Institution	Account number	2024/2025	2023/2024
		Kshs	Kshs
a) Current Account			
KNP- Kenya Commercial Bank	1181135699	11,829,398.25	6,077,828.00
KNP-Cooperative Bank	01120017051900	45,320,092.64	16,926,889.00
KNP-Cooperative Bank	01139017051900	31,721,715.21	22,422,096.00
KNP-Cooperative Bank	01139017051901	22,019,721.65	48,846,094.00
Borabu-Cooperative Bank	01141424762900	-	39,345.00
Riamo TTI-Cooperative Bank	01141424763000	-	1,052.00
Kakrao TVC-Cooperative Bank	01141809820300	-	818,958.00
Kitutu Masaba TVC- Kenya Commercial Bank	1181135567	9,720,354.35	16,572,647.00
South Mugirango TVC- Kenya Commercial Bank	1259203727	2,766,655.25	14,832,461.00
Kimwasi TVC- Kenya Commercial Bank	1259204596	8,073,296.00	8,075,639.00
Suna west TVC- Kenya Commercial Bank	1332489079	1,086,764.00	
Sub- Total		132,537,997.35	134,613,009.00
b) Others(Specify)			
Cash in Hand		14,900.00	20,250.00
Sub- Total		14,900.00	20,250.00
Grand Total		132,552,897.35	134,633,259.00

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19. (a) Current Receivables from Exchange transactions

Description	2024/2025	2023/2024
	Kshs	Kshs
Current Receivables		
Student Debtors	576,622,447.54	309,447,825.00
Other Exchange Debtors	6,293,770.00	5,078,470.00
Total Current Receivables	582,916,217.54	314,526,295.00

(b) Current Receivables from Exchange transactions

Description	2024/2025		2023/2024	
	Kshs	% of the total	Kshs	% of the total
Less than 1 year	232,734,035.54	39.93%	196,710,621.00	62.54%
Between 1- 2 years	232,366,508.30	39.86%	112,219,180.00	35.68%
Between 2-3 years	112,219,180.00	19.25%	4,619,949.00	1.47%
Over 3 years	5,596,494.00	0.96%	976,545.00	0.31%
Total (a+b)	582,916,217.84	100%	314,526,295.00	100%

20. (a) Receivables from Non-Exchange transactions

Description	2024/2025	2023/2024
	Kshs	Kshs
Current Receivables		
Capitation Grants*	-	-
Transfers from Other Govt. entities	-	-
Undisbursed Donor Funds	-	-
Other Debtors (Non-Exchange Transactions)	4,640,680.00	4,640,680.00
Less: Impairment Allowance	-	-
Total Current Receivables	4,640,680.00	4,640,680.00

(b) Ageing Analysis on Receivables from Non-Exchange Transactions

Description	2024/2025		2023/2024	
	Kshs		Kshs	
	2023/2024	% of the total		% of the total
Less than 1 year	-	-	-	-
Between 1- 2 years	-	-	4,640,680.00	100%
Between 2-3 years	4,640,680.00	100%	-	-
Over 3 years	-	-	-	-
Total	4,640,680.00	100%	4,640,680.00	100%

21. Inventories

Description	2024/2025	2023/2024
	Kshs	Kshs
Consumable stores	2,540,933.00	4,584,169.00
Maintenance stores	5,423,871.00	2,701,090.00
Health Unit stores	1,679,240.00	
Electrical stores	1,329,862.00	1,594,913.00
Cleaning Materials stores	15,260.00	295,810.00
Catering stores	612,188.00	-
Less: Impairment allowance		
Total Inventories at lower of Cost and Net Realizable Value	11,601,354.00	9,175,982.00

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22. Property, Plant and Equipment at Cost

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Mentee Work in Progress	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation Rate		2.50%	25.00%	12.50%	30.00%	12.50%			
At 1 July 2023	1,339,840,000	683,878,073	23,594,613	24,622,119	16,594,184	23,187,273	217,598,514	251,087,680	2,580,402,456
Additions	0	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0	0
Transfers/Adjustments	0	0	0	0	0	0	0	0	0
Revaluation	0	0	0	0	0	0	0	0	0
At 30th June 2024	1,339,840,000	698,488,590	17,695,960	33,523,852	13,274,229	22,761,746	217,598,514	320,879,154	2,664,062,045
Additions	0	16,894,848	0	7,771,357	13,462,002	287,956	0	20,790,773	59,206,936
Disposals	0	0	0	0	0	0	0	0	0
Transfer/Adjustments	0	0	0	0	0	0	-124,697,310	0	-124,697,310
Revaluation	0	0	0	0	0	0	0	0	0
At 30th June 2025	1,339,840,000	715,383,438	17,695,960	41,295,209	26,736,231	23,049,702	92,901,204	341,669,927	2,598,571,671
Depreciation And Impairment									
At 1 July 2023	0	23,050,435	7,320,943	3,573,400	7,044,456	4,006,927	0	0	44,996,161
Depreciation	0	17,909,964	5,898,653	4,789,122	5,688,955	3,251,678	0	0	37,538,372
Disposals	0	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0	0
At 30 Jun 2024	0	40,960,399	13,219,596	8,362,522	12,733,411	7,258,605	0	0	82,534,533
Depreciation	0	17,884,586	4,423,990	5,161,901	8,020,869	2,881,213	0	0	38,372,559
Disposals	0	0	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0	0	0
Transfer/Adjustment	0	0	0	0	0	0	0	0	0
At 30th Jun 2025	0	58,844,985	17,643,586	13,524,423	20,754,280	10,139,818	0	0	120,907,092
Net Book Values									0
At 30th Jun 2024	1,339,840,000	698,488,590	17,695,960	33,523,852	13,274,229	22,761,746	217,598,514	320,879,154	2,664,062,045
At 30th Jun 2025	1,339,840,000	697,498,852	13,271,970	36,133,308	18,715,362	20,168,489	92,901,204	341,669,927	2,560,199,112

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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 Morowi Company Ltd professional valuers on 26/09/2023. These amounts were adopted in the financial statements on 30th June 2023.

22 (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	1,339,840,000	-	1,339,840,000.00
Buildings	715,383,438	40,960,399	674,423,039.00
Plant And Machinery	23,049,702	7,258,605	15,791,097.00
Motor Vehicles including Motorcycles	17,695,960	13,219,596	4,476,364.00
Computers and Related Equipment	26,736,231	12,733,411	14,002,820.00
Office Equipment, Furniture, And Fittings	41,295,209	8,362,522	32,932,687.00
Total	2,164,000,540	82,534,533	2,081,466,007

23. Intangible Assets

Description	2024/2025	2023/2024
	Kshs	Kshs
Cost	12.50%	12.50%
At beginning of the year	16,576,868.00	17,355,324.00
Additions	9,039,698.00	1,589,668.00
At end of the year	25,616,566.00	18,944,992.00
Additions–internal development	-	-
At end of the year	25,616,566.00	18,944,992.00
Amortization and impairment		
At beginning of the year	4,847,456.00	2,479,332.00
Amortization	3,202,071.00	2,368,124.00
At end of the year	8,049,527.00	4,847,456.00
Impairment loss	-	-
At end of the year	22,414,495.00	16,576,868.00
NBV	22,414,495.00	16,576,868.00

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24. Biological Assets

	2024/2025	2023/2024
	Kshs	Kshs
Cattle	594,500.00	594,500.00
Trees	-	-
Total	594,500.00	594,500.00

25 Trade and Other Payables

Description	2024/2025	2023/2024
	Kshs	Kshs
Trade payables	7,349,100.00	6,092,598.00
Due to Mentee Institutions		124,697,310.00
Salary deductions		943,204.00
Examination Fees	-	-
Ministry Monitoring and evaluation		258,225.00
Total Trade and Other Payables	7,349,100.00	131,991,337.00

Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	7,349,100.00	100%	7,294,027.00	6%
1-2 years	-	0%	-	0%
2-3 years	-	0%	124,697,310.00	94%
Over 3 years	-	-	-	-
Total (to tie to totals above)	7,349,100.00	100%	131,991,337.00	100%

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26 Refundable Deposits from Customers/Students

Description	2024/2025		2023/2024	
	Kshs		Kshs	
Mentee Institutions	31,676,569.00		40,340,102.00	
Caution money	4,864,000.00		5,296,000.00	
Other refundable deposits(Retention Monies)	30,645,496.00		28,651,025.00	
Total Deposits	67,186,065.00		74,287,127.00	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	25,082,040.00	42.77%	54,228,226.00	73%
1-2 years	42,104,025.00	63.61%	20,058,901.00	27%
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total (to tie to totals deposits above)	67,186,065.00	100%	74,287,127.00	100%

27 Payments received in advance.

Description	2024/2025	2023/2024		
	Kshs	Kshs		
Fees received in advance	5,324,824.00	28,675,198.00		
Others (Specify)	-	-		
Total	5,324,824.00	28,675,198.00		
Ageing analysis:		Comparative FY		% of the Total
Under one year	5,324,824.00	100.00%	28,675,198.00	100%
1-2 years				
2-3 years				
Over 3 years				
Total	5,324,824.00	100%	28,675,198.00	100%

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28 Cash generated from operations.

Description	2024/2025	2023/2024
	Kshs	Kshs
Surplus for the year before tax	325,832,801	233,468,007
Adjusted for:		-
Depreciation	41,574,630	39,906,496
Finance Cost	-	-
Working Capital Adjustments		
Increase in Inventory	(2,425,372)	6,097,385
Increase/(Decrease) in Receivables	(268,389,923)	(58,236,025)
Increase in Payables	(55,073)	(23,045,730)
Net Cash Flow from Operating Activities	96,537,064	198,190,133

Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

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

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Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Receivables from exchange transactions	314,526,295	314,526,295	-	-
Receivables from non-exchange transactions	4,640,680	4,640,680	-	-
Bank balances	134,633,259	134,633,259	-	-
Total	453,800,234	453,800,234	-	-
At 30 June 2025				
Receivables from exchange transactions	582,916,218	582,916,218	-	-
Receivables from non-exchange transactions	4,640,680.00	4,640,680.00	-	-
Bank balances	178,712,399	178,712,399	-	-
Total	766,269,297	766,269,297	-	-

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

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

(i) Liquidity risk management

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

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

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Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade Payables	7,294,027.00	-	-	7,294,027.00
Deferred Income	28,675,198.00	-	-	28,675,198.00
Total	35,969,225.00	-	-	35,969,225.00
At 30 June 2025				
Trade Payables	7,349,100.00	-	-	7,349,100.00
Deferred Income	5,324,824.00	-	-	5,324,824.00
Total	12,673,924.00	-	-	12,673,924.00

(iii) Market risk

The entity has put in place an internal audit function to assist it in assessing the risk faced by the entity 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 entity'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 entity'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 entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

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	2024/2025	2023/2024
	Kshs	Kshs
Revaluation Reserve	1,746,926,772	1,746,926,772
Retained Earnings (Accumulated surplus)	1,488,161,994	1,162,329,193
Capital Reserve		
Total Funds	3,235,088,766	2,909,255,965
Total Borrowings	-	-
Less: Cash and Bank Balances	-	-
Net Debt/(Excess Cash and Cash Equivalents)	-	-
Gearing	-%	-%

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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 the Kisii national Polytechnic, holding 100% of the *entity's* 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 Ministry of Education;
- iii) Key management;
- iv) The Governing Council;

Events after the Reporting Period

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

Ultimate And Holding Entity

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

Currency

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

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21. 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)
1.0	<p>Undisclosed capital grants Transfers from other government entities Khs 244,441,072 however inter entity confirmations reflects 202, 722,000 resulting a variance of Kshs 41,419,072 which could have been accounted for in statement of changes in equity.</p>	<p>Management notes the observation and wishes to respond as follows: The figure of Kshs. 202,722,000 relates only to recurrent grants. The figure of 41,719,072 relates to conditional development grant and will be corrected in the subsequent financial statement in the statement of changes in equity for the year 2024/2025 bringing the total grants to 244,441,072 and will be confirmed in the in subsequent year.</p>	Partly Addressed	30/09/2025
2.0	<p>Long outstanding receivables The statement of financial position shows a balance of Kshs 314,526,295. Analysis revealed Kshs 5,596,494 has been outstanding for 2 years and receivables of Kshs 4,640,680 also outstanding for 2 years.</p>	<p>Management has noted the auditor's observation on receivables and is committed to put measures in place to ensure reduction and management of student debtors. Management has already developed debt management policy and sought its approval by the Governing council and endeavours to ensure full</p>	Partly addressed	30/06/2026

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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)
	2. The polytechnic does not have a credit policy (debt management policy) thus recoverability of the above cannot be confirmed.	operationalization of the policy in management of the existing receivables		
3.0	i. Inconsistencies in financial statements Note number 28 cash flow from operating activities had been omitted of Ksh 198,190,133	Management has noted the auditor's observation on note number 28 (cash flow from operating activities), which is not referenced on the face of the cash flow statement during keying in. This will be corrected in subsequent financial reports and will not recur.	Addressed	
	Inconsistencies in financial statements Statement of budget actual expenditure of Kshs 600,360,520 differs from statement of financial performance of Kshs 661,986,088 resulting to unexplained variance of Kshs 61,625,568	2. Management has noted the auditor's observation difference of kshs.61,625,568 between the budget actual expenditure and expenditure reported in the statement of financial performance. The difference arises from depreciation and amortization expenditure of kshs 39,906,496 and grants and subsidies for mentee institutions expense of kshs 21,719,072 which are not included in the figures for budget actual expenditure. The statement of budget comparison requires actual cash expenditure and does not include depreciation. Similarly,	Addressed- Management has now provided explanation	

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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 transfers to mentee institutions accounts is not an actual expenditure.		
	<p>Inconsistencies in financial statements. Statement of comparison of budget actual amount reflects adjustment of income and expenditure budgets of Kshs 389,242,378 and Kshs 257,965,539 respectively however the adjustments have not been explained under budget thus accuracy and completeness of financial statements cannot be confirmed</p>	<p>3. Management has noted the auditor's observation on adjustment of income budgets of Kshs 389,242,378 and Kshs 257,965,539 respectively. The adjustments relates to amounts approved in the supplementary budget upon application by the Governing Council and submitted to the Ps SD- TVET.</p>	Addressed- Management has now provided explanation	
4.0	<p>Biological assets valuation Statement of financial position shows that the biological assets balance of Kshs 594,500 has been running constant for past 3 years, and it was not clear how the valuation was arrived at as there was no inventory and valuation report provided during the audit. Also noted that trees have been excluded thus the balance cannot be confirmed.</p>	<p>Management has noted the auditor's observation on biological assets and wish to state its commitment to ensure valuation of the assets as recommended. The figure of biological assets balance of Kshs 594,500 is based on the latest valuation which was conducted on 1st November 2022. Management is in communication with the local agricultural ministry officers to assist in the valuation. All the biological assets of the institution will be valued and a biological asset inventory record</p>	Partly addressed	31/12/2025

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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)
		established to ensure fair presentation in subsequent financial reports. The latest valuation report has been provided for review.		
5.0 (a)	<p>Budget performance</p> <p>1. The statement of comparative budget and actual amounts reflects final receipts budget and actual on a comparable basis amount of Kshs.719,861,632 and Kshs.895,454,095 respectively, resulting in an excess receipts of Kshs.175,592,463 or 24 % of the budget.</p>	Management has noted the auditor's observation on excess receipts. The over collection of Kshs.175,592,463 is attributable to a higher-than-expected enrolment of new students in the financial year under review due to a general rise in interest for technical courses among the public.	Addressed	
5.0(b)	<p>Budget performance</p> <p>2. Similarly, the National Polytechnic had recurrent expenditure of Kshs.600, 360,520 against an approved recurrent budget of Kshs.576, 991,301 resulting to an over-expenditure of Kshs.23, 369,219 whose approval was not provided for audit review.</p>	Management has noted the auditor's observation on the over-expenditure of Kshs.23, 369,219. The recurrent over-expenditure of Kshs.23, 369, 219 arose out of increase in enrolment of students which lead to increased expenditure in teaching materials and workshop and laboratory materials. The over-expenditure amounts to 4% of the approved budget which is well within the 10% limit provided for in law.	Addressed	

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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)
5.0(c)	<p>Budget performance</p> <p>3. Further, the Polytechnic incurred capital expenditure of Kshs.122, 787,628 out of the approved budget of Kshs.142,870,331, resulting in an under-expenditure of Kshs.20,082,703.50, or 14% of the budget.</p>	<p>Management has noted the auditor's observation on the capital budget under-expenditure of Kshs.20, 082, 703.50. Management commits to full absorption of the approved budgets in future periods to ensure value for money.</p>	Addressed	
6.0	<p>Prior year matters</p> <p>As indicated in implementation status, various prior year audit issues had been resolved as at 30 June 2024. However, management has not provided evidence on how they were resolved.</p>	<p>Management notes the auditor observation and has now provided all explanation and evidence for review.</p>	Addressed	
7.0	<p>Climate changes regulations</p> <p>The polytechnic has integrate climate change regulations and action plan into its operations including implementing a green energy policy using solar energy, launching afforestation programs with a target of planting and growing 130,000 trees annually. And enhancing waste management with the goal of reducing greenhouse gas emissions. However, most of these targets were not met with no trees planted in the year. Additionally the polytechnic lacked mechanisms to</p>	<p>Management has noted the auditor's observation on climate change regulations and commits itself to meet the set targets in future and to put in place reporting, monitoring and review mechanisms for climate performance. In the year under review, the Polytechnic managed to plant a total of 20,265 trees. Management commits itself to adhere to the set targets in subsequent financial periods.</p>	Partly addressed	30/06/2026

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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)
	report sectoral greenhouse gas emissions and had neither designated a coordination unit with adequate staff and resources, nor appointed a senior officer to oversee climate action plans.			
8.0	<p>Long outstanding accounts payables The amount of Kshs 131,991,337 reported in the financial year under review revealed Kshs 124,697, 310 has been outstanding for last 2 years.</p>	Management has noted the auditor's observation on outstanding debts however the balance of Kshs 124,697,310 was erroneous carried forward in the financial statement management will consider to consider the approval for write-off the balance polytechnic does not owe mentee institution	Addressed-Council approved correction of the error which has been corrected now.	
9.0	<p>Non-compliance with composition of requirement on staffing The polytechnic has a work force of 313 employees, 251 (80%) were members of dominant community.</p>	The Institution is committed to observing regional balance during recruitment. The current imbalance is as a result of recruitments in earlier years when the Institution was community based and had recruited from within the community. In subsequent recruitments, the institution is committed to observing regional balance. An analysis of staff ethnic composition from the year 2013 to the year 2023 indicates a	Partly addressed	Any time new recruitments are done

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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)
		progressive effort to reduce the imbalance from a high of 92% in the year 2013 to 77% in the year 2023. In the latest recruitment which took place in June 2021, 44% of the new staff are from other regions.		
10.0	Stalled Projects			
10.1	Construction of a Multipurpose Hall at Kitutu Masaba Technical Vocational College Review of records revealed that the Polytechnic made a payment of Kshs. 5,194,770 against contract sum of Kshs. 9,419,280 to a local contractor towards the construction of a multipurpose hall at Kitutu Masaba Technical Vocational Collage. The project commenced on 27th February, 2022 and was to be completed within sixteen (16) weeks on 14th June, 2022. However, project verification revealed the project has stalled at 55% completion state. At the time of audit, the contractor was not on sight.	Kitutu Masaba TTI – The project stalled due to the changes in price of materials, which has not been approved by the ministry. During the last site meeting which was held in August 2023 the contract implementation team agreed with the contractor to resume work immediately. The contractor resumed the construction and the project has been completed as of 25th September 2024. The issue of land title deed is being sorted by the Mongoni Secondary Board of Governors in liaison with the Management of Kitutu Masaba Technical and Vocational College. The boundaries have been established and they are in the process of subdivision. Attached is the	Addressed	

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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)
	Management have not provided information and supporting documentation for stalling of the project. Further, the institution is yet to have the land registered in their name as the ownership document is still registered under Mongoni Secondary School and dispensary	Certificate of Practical Completion for the project		
10.2	Erection and Completion of a Twin Workshop, Classrooms and Office Block at the Proposed Kitutu Chache South Technical and Vocational College. Review of records revealed that the Polytechnic awarded a contract towards the erection and completion of a twin workshop, classrooms and offices block at the proposed Kitutu Chache South Technical and Vocational College to a local contractor at a contract sum of Kshs.57, 053,885. The contract commenced on 15 April, 2019 for a duration of 52 weeks with expected completion date of 24 April, 2020. The contractor had cumulatively been paid Kshs.51, 333,960 as at December, 2023.	Management acknowledges the observation on the status of the Erection and Completion of a Twin Workshop, Classrooms and Offices Block at the Kitutu Chache South Technical and Vocational College. The project had progressed well but due to the topography of the construction site it was inevitable for a variation of Kshs 13,455,850 to cater for the additional basement floor. Management is in communication with the ministry and the ministry disbursed half of the funds in May 2024 amounting to Ksh 5,228,500 required to complete the project. The balance was included in the second half of FY 2023/24 National Treasury printed estimates but was not disbursed owing to collapse of Finance Bill	Not addressed	30/06/2026

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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)
	Further, the contract sum had been varied upwards from Kshs.57,053,885 to Kshs.67,102,110 completion period extended by 139 weeks as a result of a retention wall and extra classes which were not in the original approved drawings even though the performance bond that was valid until 7 March, 2020 was yet to be renewed after expiry. However, physical verification revealed the project was behind schedule at 90% completion state. At the time of audit, the contractor was not on sight. Management have not provided information and supporting documentation for delay in completion of the project.	2024. On 6th November 2024 a multi urgency team was established under the Government Delivery Unit to appraise the project to facilitate completion. Attached is request for funds and road map for completion as requested by the ministry.		
10.3	Construction of Classrooms and Office Block for South-Mugirango Technical and Vocational College. The statement of financial performance and as disclosed in Note 24 to the financial statements reflects property plant and equipment balance of 2,580,402,456 which includes additions to capital work in progress of Kshs. 155,832,721. Review of records revealed that the National Polytechnic	South Mugirango TVC-The project has not been completed because the Ministry had not sent all the money as at 30 June 2023, the ministry had sent Kshs 41,248,550 out of contract sum of Kshs 55,241,205. The contractor abandoned the site due to the delay by the ministry to remit the contract sums. Efforts to get the contractor back to site bore no fruit and the contract was subsequently	Not addressed	30/06/2026

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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>awarded a contract towards the construction of classrooms, workshops and office block for South Mugirango Technical and Vocational College to a local contractor at a contract sum of ksh.55,241,205 for a period was 52 weeks starting from 9 May, 2019 to 9 May, 2020.</p> <p>However, physical verification of the works in November, 2024 revealed that the project stalled. Management have not provided information and supporting documentation for stalling of the project.</p>	<p>terminated through mutual agreement. A new tender for the completion of the project has since been awarded and the contractor is on site. Attached are the letter of notification of award, letter of acceptance by the contractor and an extract of the signed agreement.</p>		
10.5	<p>Other Mentee institutions</p> <p>The following mentee institutions whose completion status could not be confirmed as management did not provide current project completion status report, percentage of completion cost to date, completion certificates and handover reports: Kitutu Masaba TVC, South Mugirango TVC and Kiamwasi TVC.</p>	<p>Management notes the observation and wish to refer to 3.1- 3.3 above.</p>	<p>Status addressed in other PARAGRAPHS</p>	
11.0	<p>Library books</p> <p>4.1 There library books are not quantified</p> <p>4.2 Library books are not depreciated</p>	<p>Management notes well the observations on Library Books.</p>	<p>Not addressed</p>	<p>31/12/2025</p>

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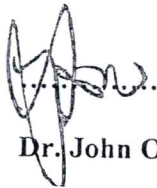
Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	4.3 Lack of insurance covers for library books	Library Books shall be quantified and depreciated in subsequent financial periods. Management commits to put in place plans to undertake insurance cover for library books and seek approval for allocation of funds for the same in the FY 2025-2026 budgeting cycle.		
11.0	Non-compliance with Budget guidelines 1.The statement of comparison reflects final total income and total expenditure of Kshs.719,861,632 and Kshs. 576,991,301 respectively, resulting in a budget surplus of Kshs.142,870,331	Management has noted the auditor's observation on non-compliance with budget guidelines and wishes to respond as follows: The amount Ksh 576,991,301 relates to approved budget for recurrent expenditure only. Approved budget for capital expenditure is Ksh 142,870,331 bringing a total expenditure budget of Ksh 719,861,632 same as income.	addressed	
12.0	Internal controls ICT and Risk Management 1.1 Lack of enterprise wide risk management (ERM) and risk policy –no evidence that the ERM was effectively working.	Management has noted the auditor observation and registers its commitment to ensure ERM is put in place as soon as possible. However the institution has put in place a working risk management policy and has been availed for the auditor review. Currently the polytechnic has a draft ERM	Partly Addressed	31/12/2025

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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)
	1.2. Polytechnic has ABNO but all its cashbook and financial reports are manual hence prone to error and inaccuracies and possible manipulations of figures and balances Internal Audit did not perform any financial or ERP audit and IA has no access rights.	Management has taken note of the auditor observation on internal controls and has come up with measures to ensure strong internal control systems. Management has started process to ensure the ERP provides real time records update of transactions and hence system maintained cashbooks. Management has granted rights to IA now.	Addressed	
13.0	<p>Fixed asset management and records</p> <p>i. Latest detailed Asset valuation report and handed over asset and liability were not availed accuracy of inherited assets cannot be confirmed.</p> <p>ii. Insurance reports /agreements of various assets not availed for audit review thus status of insurance against risks cannot be confirmed.</p> <p>iii. Assets register lacking key information like date of acquisition, cost , accumulated depreciation</p>	Management has taken note of the auditor observation on asset management and is committed to implementing the auditor recommendations and wish to state the following: The current asset register is being maintained as per the National Treasury guidelines and template. Efforts are already in place to ensure proper maintenance of all fixed assets and records as required. Management has already instituted	Partly addressed	31/12/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
	iv. Most assets are not tagged and asset movement registers not appropriately kept No evidence of disposal of items kept and those earmarked for disposal.	asset management committee to ensure regular inventory take and records update.		

.....
Dr. John Otieno Akola, DHL

Chief Principal/Secretary, Governing Council

13/10/2025

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Appendix II: Projects Implemented by (*The Entity*)

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	New Tuition Block	312,962,035	289,758,971	95%	312,962,035	289,758,971	A in A- Fees from students

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Appendix III- Inter-Entity Confirmation Letter



KISII NATIONAL POLYTECHNIC

Tel: 0700152177 / 0752031300
 Email: info@kisiipoly.ac.ke
 Website: www.kisiipoly.ac.ke

P.O. Box 222 - 40200
 Tel: 058-20319558
 KISII - KENYA



Name of beneficiary entity: Kisii National Polytechnic

Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
397672	23/09/2024	56,485,700	-	56,485,700	Capitation 4 th quarter
397003	02/10/2024	47,532,000	-	47,532,000	FY/2023/2024
398859	22/10/2024	-	7,000,000	7,000,000	Capitation 1 st Quarter
437983	19/02/2025	151,593,000	-	151,593,000	Suna West NG-CDF
454051	28/03/2025	-	1,000,000	1,000,000	Capitation 2 nd , 3 rd and 4 th Quarter
460926	28/05/2025	-	10,000,000	10,000,000	Suna West NG-CDF
Total		202,722,000	41,719,072	273,610,700	For Suna West TVC

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 Finance Department - Beneficiary Entity:

Name Beatrice Kegware Sign [Signature] Date 09/10/2025

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Appendix IV: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
Tree Planting	Launch at Nyamache	Tree planting for implementation of climate change directives and greening	1.Tree planting and participation 2.Training and sensitization 3.observing of Mazingira day	60,600	42,400	256,700	76,700	A-in-A	1.The State Department of TVET 2. County Government of Kisii

The above expenditure is included in the use of goods and services in the statement of financial performance.