

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT** THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 04 NOV 2025

DAY.

TUESDAY

OF

TABLED  
BY:

LOM

CLERK-AT  
THE-TABLE:

Benron Inzofi

PARLIAMENT  
OF KENYA  
LIBRARY

**THE AUDITOR-GENERAL**

**ON**

**EAST AFRICA SKILLS TRANSFORMATION  
AND REGIONAL INTERGRATION PROJECT  
(EASTRIP) GRANT/CREDIT NO. IDA 6334-KE**

**FOR THE YEAR ENDED**

**30 JUNE, 2025**

**KISUMU NATIONAL POLYTECHNIC**

THE NATIONAL ASSEMBLY  
HARRIS LAKE

DATE

DATE: 11/11/11

ADDED  
BY

BY: [Signature]



**THE WORLD BANK**



OFFICE OF THE AUDITOR GENERAL  
**RECEIVED**

16 SEP 2025



P. O. BOX 1188, KISUMU

**EASTRIP**  
Skills for Transformation & Regional Integration

**PROJECT NAME: EAST AFRICA SKILLS FOR TRANSFORMATION AND  
REGIONAL INTEGRATION PROJECT (EASTRIP)**

**IMPLEMENTING ENTITY: THE KISUMU NATIONAL POLYTECHNIC**

**PROJECT GRANT/CREDIT NUMBER: 6334-KE**

---

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2025**

---

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

## **1. Table of Contents**

1. Acronyms and Definition of Terms .....	ii
2. PROJECT INFORMATION AND OVERALL PERFORMANCE .....	iii
3. Statement of Performance against Project's Predetermined Objectives .....	xii
4. Environmental and Sustainability Reporting .....	xiv
5. Statement of Project Management Responsibilities .....	xviii
7. Statement of Financial Performance for the Year Ended 30th June 2025.....	1
8. Statement of Financial Position as at 30th June 2025 .....	2
9. Statement of Changes in Net Assets .....	3
10. Statement of Cash flow for the year ended 30th June 2025.....	4
11. Statement of Comparison of Budget and Actual Amounts for Year ended 30th June 2025....	5
12. Notes to the Financial Statements. ....	7
13. Annexes.....	30

## **1. Acronyms and Definition of Terms**

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
CT	County Treasury
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
TKNP	The Kisumu National Polytechnic
RFTITT	Regional Flagship TVET in Textile Technology
DLIs	Disbursement Linked Indicators

## **2. PROJECT INFORMATION AND OVERALL PERFORMANCE**

### **2.1 Name and registered office.**

**Name:** The project's official name is East Africa Skills for Transformation and Regional Integration Project (EASTRIP)

**2.2 Objective:** The key objective of the project is to increase the access and improve the quality of TVET programs in selected Regional Flagship TVET Institutes and to support regional integration in East Africa.

**2.3 Address:** The project headquarters office is in Kisumu County, Kenya.

The address of its registered office is P. O. Box 143 – 40100 Kisumu

**2.4 Contacts:** The following are the project contacts

Telephone: (+254) 723 446 773.

E-mail: [info@kisumupoly.ac.ke](mailto:info@kisumupoly.ac.ke)

Website: [www.kisumupoly.ac.ke](http://www.kisumupoly.ac.ke)

**Project information and overall performance (continued)**

**2.2 Project Information**

Project Start Date:	1 <sup>st</sup> January 2020
Project End Date:	31 <sup>st</sup> December 2026
Project Manager:	Catherine Kelonye (Chief Principal-The Kisumu National Polytechnic)
Project Sponsor:	World Bank

**2.3 Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Education – State Department of Vocational and Technical Training.
Project number	6334-KE
Strategic goals of the project	<p>The strategic goals of the project are as follows:</p> <p>(a) Students enrolled in selected Regional Flagship TVET Institutes and their partner institutions (non-project TVET institutes) in the country and across the region</p> <p>(b) Employers and targeted industries who will have access to a skilled workforce matched with their needs and standards.</p> <p>(c) Faculty and staff from the selected Regional Flagship TVET Institute whose academic, technical, management, and pedagogical skills will be upgraded and who will function in an improved teaching environment with upgraded facilities and can exchange knowledge and staff with other EASTRIP flagship TVET institutes and countries.</p>

	<p>(d) Students, faculty, and staff in non-project TVET institutes partnering with the selected flagship TVET institutes who will benefit from knowledge sharing in good TVET management, program development, and instructional practices and from sharing of standards, curriculum, and training facilities.</p> <p>(e) Public and private TVET institutes within the East Africa region that will have access to a network of specialized trainers, a framework of core curricular competencies, quality assurance standards, and state-of-the-art facilities for up-to-date training of the workforce in priority sectors in the region.</p>
Achievement of strategic goals	<p>The project management aims to achieve the goals through the following means:</p> <ul style="list-style-type: none"> <li>Strengthening governance and management.</li> <li>Institutionalizing industry links.</li> <li>Developing market relevant competency-based training programs.</li> <li>Training of TVET managers and teachers.</li> <li>Upgrading key training facilities and equipment.</li> <li>Outreach and support for non-project national TVET institutes.</li> </ul>
Current situation that the project was formed to intervene	<p>The project was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> <li>Governance and Management Enhancement</li> <li>Skills Training and Transfer</li> <li>Regional Integration</li> </ul>
Project duration	<p>The project started on 1<sup>st</sup> January, 2020 and is expected to run until 31<sup>st</sup> December, 2026</p>

**Project Information and Overall Performance (Continued)**

**2.4 Bankers**

The following are the bankers for the current year:

- (i) Kenya Commercial Bank Limited.

Kisumu Branch

Oginga Odinga Street

AC. NO: 1266955216

**2.5 Auditors**

Office of the Auditor General

P O. BOX 30084-00100 Nairobi

**2.6 Roles and Responsibilities**

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Catherine Kelonye	Centre Manager	M.Ed Curriculum & Instruction	Overall Management and Leadership
Dr. Charles Asaka Nyangara	Centre Coordinator	PhD (Strategic Planning)	Coordination and supervision
Beatrice Abura	Deputy Centre Coordinator and TVET Specialist	MA Commercial Industrial Art and Design (Textile Design)	Technical Coordination
Milton Omollo	Supply Chain Focal Person	MSc-LSCM (Logistics and CPSP-K)	Procurement and contract Management
Thomas O. Nyang'or	Monitoring and Evaluation Focal person	Certified M&E. HND Entrepreneurship Education, Dip. Technical Education. H	M&E coordination

*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)*  
*Annual and Financial Statements*  
*For the Year ended 30<sup>th</sup> June 2025*

---

Evans Onyango	Industry and strategic partnership Focal person	MSC (Information Technology, Security & Audit)	Coordination of industry and strategic partners
Monica Mmbasu	Project Accountant	Bcom, CPA (K)	Project bookkeeping and accounting
Betty Abisa Oganda	Environment and Social Safeguards Focal Person	Bsc. Electrical Engineering and Bed. Electrical Engineering	Coordination of compliance to Environmental, Social and Health Safeguards

*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)*  
*Annual and Financial Statements*  
*For the Year ended 30<sup>th</sup> June 2025*

**Project information and overall performance (continued)**

**2.7 Funding summary**

The Project is for duration of seven years from 2020 to 2026 with an approved budget of EUR € 9,280,000 (use donor currency) equivalent to Ksh. 1,080,000,000 as highlighted in the table below (Extension of two years was granted)

Below is the funding summary:

**A. Source of Funds**

Source of funds	Donor Commitment		Amount received to date – (30 <sup>th</sup> June, 2025)		Undrawn balance to date	
	Donor currency	Kshs	Donor currency	Kshs	Donor currency	Kshs
	Euros		Euros		Euros	
	(A)	(A')	(B)	(B')	(A)-(B)	(A') - (B')
World Bank	9,280,000	1,080,000,000	8,245,973.67	1,121,585,952	1,034,026	152,506,530
<b>Total</b>	<b>9,280,000</b>	<b>1,080,000,000</b>	<b>8,245,973.67</b>	<b>1,121,585,952</b>	<b>1,034,026</b>	<b>152,506,530</b>

*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)*  
*Annual and Financial Statements*  
*For the Year ended 30<sup>th</sup> June 2025*

---

**Project information and overall performance (continued)**

**B. Application of Funds**

Application of funds	Amount received to date – (30 <sup>th</sup> June, 2025)		Cumulative amount paid to date – (30 <sup>th</sup> June 2025)		Unutilised Amount to date (30 <sup>th</sup> June, 2025)	
	Donor currency (Euros)	Kshs	Donor currency (Euros)	Kshs	Donor currency (Euros)	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
World Bank	8,245,973.67	1,121,585,952	7,785,364.13	1,055,437,632	460,609.54	66,148,320
Government of Kenya	-	-	-	-	-	-
<b>Total</b>	<b>8,245,973.67</b>	<b>1,121,585,952</b>	<b>7,785,364.13</b>	<b>1,055,437,632</b>	<b>460,609.54</b>	<b>66,148,320</b>

**Project information and overall performance (continued)**

**2.8 Summary of Overall Project Performance:**

***Budget Performance***

<b>YEAR</b>	<b>BUDGETED (Kshs)</b>	<b>ACTUAL REVENUE (Kshs)</b>	<b>ACTUAL EXPENDITURE (Kshs)</b>	<b>ABSORPTION RATE</b>
2019/2020	258,350,000	200,000,000	17,766,663	7%
2020/2021	299,233,337	115,000,000	90,110,431	30%
2021/2022	509,122,906	207,122,906	158,681,506	31%
2022/2023	248,441,403	241,195,575	219,473,479	85%
2023/2024	371,100,000	362,977,672	384,794,767	103%
2024/2025	264,192,246	272,576,202	184,610,786	70%
<b>Cumulative Expenditure</b>			<b>1,055,437,632</b>	

*The project used the rollover budget approach to cater for the funds that had not been utilised in the previous years.*

***Physical progress based on outputs and outcomes since project commencement,***

**Infrastructure development**

One of the landmark achievements under the EASTRIP initiative has been the 95 % completion of construction of the Regional Flagship TVET Institute in Textile Technology (RFTITT). The modern, state-of-the-art facility is now partially occupied, providing learners and trainers with a conducive environment that aligns with international training standards. This development represents a major milestone in the transformation of Kisumu National Polytechnic into a regional center of excellence in textile technology.

### **Installation of Furniture and Readiness of Learning Spaces**

All furniture required for classrooms, hostels, laboratories, and administrative offices has been successfully procured and is currently being installed. Classrooms and hostels are now fully functional and ready to accommodate students and staff. These enhanced physical facilities are essential for fostering a comfortable and engaging learning atmosphere, thus improving the overall academic and training experience.

### **Establishment of a Fully Equipped Textile Learning Factory**

A significant success is the complete procurement of cutting-edge textile equipment for the institute's Learning Factory. Installation is currently underway. The Learning Factory model will enable hands-on, industry-aligned training that bridges the skills gap between education and the dynamic textile industry. This facility is expected to enhance practical skills development, support innovation, and stimulate entrepreneurship among students.

### **Strong Progress on Disbursement Linked Indicators (DLIs)**

The Kisumu National Polytechnic has achieved most of the agreed-upon Disbursement Linked Indicators (DLIs) under the EASTRIP framework. These include indicators related to, procurement of equipment, curriculum development and implementation, institutional governance, faculty capacity building, and stakeholder engagement. This success has not only unlocked critical funding but also reinforced the Polytechnic's commitment to performance-based growth and accountability.

### **Enhanced Regional Visibility and Industry Engagement**

Through its progress, the RFTITT has positioned Kisumu National Polytechnic as a regional hub for textile training, attracting interest from both local and international stakeholders. The institution is increasingly becoming a preferred partner for industry collaboration, student exchange, and innovation in textile production and design

## **2.9 Summary of Project Compliance:**

During the period under review there were no cases of non-compliance

### 3. Statement of Performance against Project's Predetermined Objectives

The overall project objective is to increase the *access* and improve the *quality* of TVET programs in selected Regional Flagship TVET Institutes and to support *regional integration* in East Africa. The Project Grant/Credit Number is 6334-KE

Objective	Outcome	Indicator	Performance
1. To strengthen governance and management	Improved Leadership and Management Capacity	No of Managers attending capacity building sessions	9 staff members attended Strategic Leadership Development Programme. 9 others attended Senior Management Course. 3 staff members underwent training on result based monitoring and evaluation.
2. Institutionalizing industry linkages	Strengthened relationship with industry players and stakeholders established	Memorandum of Agreement (MOUs) signed with industries and partner institutions  No of activities conducted with industry and partner institutions.  No of IAB meetings held	7 MOUs with clear obligations were signed with industry and partner organizations  2 (two) IAB meeting held  2 staff exchange programs were conducted with Hawassa PTC and General Wingate PTC hosted by TKNP EASTRIP Project.  Tracer study conducted
3. To develop and implement industry responsive competency-based programmes	Short and long-term industry responsive and competency-based programmes implemented	Number of demand-driven programs developed and accredited.  No of Trainees undertaking accredited programmes.	3 programmes (Weaving Machine Technology, Textile Processing and Fashion and Apparel design accredited and implemented.  120 trainees undertaking developed and accredited programmes.
4. To upgrading key training facilities and equipment	Effective learning infrastructure in use.	% completion of Planned construction works. % delivery and installation of learning and production equipment	Construction of RFTITT 95% completion.  All equipment have been delivered and installation is in progress
5. To outreach and provide support to non-project national (NPN) TVET	Capacity strengthening of Non Project National TVETS engaged and mentored	No of Non-Project National (NPN) TVET Institutions engaged.	8 NPN TVET participated in international skills competition.  21 NPN TVET staff trained in Financial management &

			reporting. Resource Mobilization, Procurement Management,
--	--	--	---

**Challenges**

The project commenced on 9th February 2022, with an original contract duration of 72 weeks, targeting completion by 28th June 2023. However, due to various justifiable delays, six extensions of time were granted to the Contractor, Chaju Builders Limited, extending the completion date to 31st March 2025. However, the contractor requested for mutual termination of the contract. The Defects Liability Period (DLP) will run for one year, ending on 31st March 2026. The project also experienced slow rectification of defective workmanship continue to affect overall progress. Also though power supply to the Institute has been initiated, the internal distribution and final connection are still pending. This has delayed equipment installation training and commissioning. Landscaping works, critical for restoring vegetation cover and enhancing the site’s aesthetics, are yet to commence. The contractor is yet to finalize all outstanding works, address the snag list, and adequately prepare for the Defects Liability Period (DLP).

**Opportunities**

The mutual termination of the Regional Flagship TVET Institute in Textile Technology (RFTITT) contract presents an opportunity to reorganize and implement remaining works without further delays. A dedicated budget has already been set aside to facilitate project completion. A power transformer has been installed and is now awaiting internal power distribution across the Institute. The procurement process for lifts for both the Administration Block and Factory Block is currently underway, which will improve accessibility and functionality upon installation. Funding has been allocated for the construction of the Ginnery House, a key infrastructure component to support cotton processing and storage. The Effluent Treatment Plant (ETP) is currently undergoing design revisions to meet environmental and operational standards. Plans for the Ginnery Shed, essential for installation of ginnery equipment and cotton storage, are in progress and aligned with the broader project objectives.

#### **4. Environmental and Sustainability Reporting**

The project addresses critical skills shortages and mismatches by providing technical assistance, financial support, and fostering industry partnerships. It aims to enhance the relevance and quality of training programs.

#### **Sustainability Strategy and Profile**

##### **Strategic Direction**

The Polytechnic recognizes sustainability as a core institutional value. Under the leadership of top management and the accounting officer, TKNP is aligning its sustainability efforts with global best practices, while responding to political, economic, and social dynamics that influence long-term institutional viability.

##### **Economic Sustainability Approach**

To achieve economic resilience, TKNP is focused on the prudent utilization of resources, the diversification of revenue streams, and long-term financial planning that aligns with current realities and future risks.

##### **Strategies and Actions:**

The project intends to conduct annual reviews of learning enterprises and explore new income-generating opportunities; Pursue innovative and non-traditional revenue streams to future-proof the institution's financial health;. Maximize cost-effectiveness across programs through sound financial management: Implement Organizational Excellence; Reviews across all divisions to identify areas for efficiency improvement; actively seek donor grants to support sustainability initiatives; establish a dedicated TKNP Special Purpose Vehicle for income generation and Engage in public-private partnerships to reduce capital expenditure burdens.

##### **Revenue Growth Strategies**

Expanding Fees Revenue through Learning Enterprises: TKNP will strengthen its role as a skills development hub by offering competency-based training programs for the apparel and textile

industry. This model aims to increase enrolment and diversify revenue through customized training that meets dynamic industry demands.

**Generating Revenue through Innovative Services:** TKNP plans to establish a certified textile testing laboratory. The lab will serve dual purposes of supporting product development and quality assurance for the Institute and provision of services to external partners and procurement agencies

**Industry-Focused Manufacturing:** The Polytechnic will leverage its specialized machinery to accept direct orders and subcontracts from industry clients for apparel and product development.

### **Environmental Performance**

TKNP is guided by a strong commitment to environmental sustainability, aligned with national climate goals and the Greening TVET strategy. The institution's environmental management efforts focus on:

- Installation of solar-powered floodlights for campus street lighting, reducing grid energy dependency.
- Tree planting initiative: Over 16,800 trees planted in collaboration with partners—contributing significantly to afforestation and carbon sequestration efforts.
- Integration of green practices in curricula, fostering environmental literacy among students and staff.
- Establishing a comprehensive waste management policy, including waste segregation, recycling, and responsible disposal.

### **Employee Welfare**

The Kisumu National Polytechnic (TKNP), through its Human Resource Management, upholds transparent, merit-based recruitment practices guided by Kenya's Public Service values and the institution's Strategic Plan. The recruitment policy emphasizes: Gender inclusivity, with deliberate efforts to uphold gender equity in hiring and promotion, in alignment with Kenya's two-thirds gender rule; Stakeholder engagement, including involvement of the Council, departmental heads, union representatives, and external observers (where necessary) during recruitment processes to

ensure accountability; Continuous improvement, with periodic reviews of HR manual and policy to reflect changes in the labour market, government regulations, and institutional needs.

Further, TKNP is committed to continuous staff development. Key initiatives include: Capacity-building workshops, seminars, and industry-relevant training through the EASTRIP project; Sponsorship and support for advanced studies and professional certification programs; Structured career progression, guided by job grading and the Schemes of Service.

The Polytechnic has adopted a Performance Appraisal System (PAS), which aligns individual targets with institutional objectives. Annual evaluations are conducted transparently.

TKNP has also established an active Occupational Health and Safety Committee and a dedicated officer, ensuring compliance with the Occupational Safety and Health Act (OSHA) 2007. Key actions include: Regular safety audits and fire drills, Staff training on workplace safety, emergency preparedness, and first aid, Installation of safety signage, fire extinguishers, and emergency exits across facilities, Provision of personal protective equipment (PPE) in labs, workshops, and construction zones

### **Marketplace Practices**

#### **a) Responsible Supply Chain and Supplier Relations**

The Polytechnic fosters ethical and mutually respectful relationships with its suppliers. Key practices. These include: Transparent procurement procedures in line with the Public Procurement and Asset Disposal Act, Fair contract awards based on value for money, quality, and supplier capacity, timely payment processing to maintain supplier trust and support business continuity and clear dispute resolution mechanisms and supplier feedback channels.

#### **b) Responsible Ethical Practices**

TKNP maintains a strong institutional culture of integrity, transparency, and accountability. The following mechanisms are in place are: Code of Ethics and Conduct for staff and stakeholders; Zero-tolerance policy on corruption and conflict of interest and Internal Audit to enhance compliance

#### **c) Regulatory Impact Assessment and Stakeholder Protection**

The Polytechnic remains fully compliant with applicable laws, regulations, and donor requirements.

d)Community Engagement

The Kisumu National Polytechnic is deeply committed to uplifting the community through meaningful engagements and CSR initiatives. Highlights from the reporting period include: Donation of learning fabric to needy, participation in county clean-up exercises, hosting of career fairs, open days, and mentorship forums to promote access to TVET education among local youth, short-term training programs for jua kali artisans and Boda Boda operators, and women's groups to improve livelihood skills and awareness campaigns on HIV/AIDS, mental health, and non-communicable diseases targeting students and surrounding communities.

## **5. Statement of Project Management Responsibilities**


The Principal of The Kisumu National Polytechnic and the Project Coordinator are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for the financial period ended June 30, 2025. 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 project, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the project, (v) Selecting and applying appropriate accounting policies and (vi) Making accounting estimates that are reasonable in the circumstances.

The Principal of The Kisumu National Polytechnic and the Project Coordinator accept responsibility for the Project's financial statements, which have been prepared on the accrual basis method of financial reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

The Principal of The Kisumu National Polytechnic and the Project Coordinator think that the Project's financial statements give a true and fair view of the state of the Project's transactions during the period ended 30<sup>th</sup> June, 2025 and of the Project's financial position as at that date. The Principal of The Kisumu National Polytechnic and the Project Coordinator further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements and the adequacy of the systems of internal financial control. The Principal of The Kisumu National Polytechnic and Project Coordinator confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants and that Project funds received during the financial year under audit were used for the eligible purposes for which they were intended and were properly accounted for.

### **Approval of the Project Financial Statements**

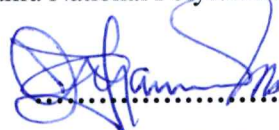
The Project financial statements were approved by the Principal of The Kisumu National Polytechnic and the Project Coordinator on and signed by:



.....

Name: Catherine Kelonye

The chief principal



.....

Name: Dr. Charles Nyangara

Project Coordinator

# REPUBLIC OF KENYA

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



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

*Enhancing Accountability*  
**REPORT OF THE AUDITOR-GENERAL ON EAST AFRICA SKILLS  
TRANSFORMATION AND REGIONAL INTEGRATION PROJECT (EASTRIP)  
GRANT/CREDIT NO. IDA 6334-KE FOR THE YEAR ENDED 30 JUNE, 2025 - KISUMU  
NATIONAL POLYTECHNIC**

---

## 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.

An Unmodified Opinion is issued when the Auditor-General concludes that 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 aim to address the Auditor-General's statutory roles and responsibilities 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

### Opinion

I have audited the accompanying financial statements of East Africa Skills Transformation and Regional Integration Project (EASTRIP) Grant/Credit No. IDA 6334-KE Kisumu

---

*Report of the Auditor-General on East Africa Skills Transformation and Regional Integration Project (EASTRIP)  
Grant/Credit No. IDA 6334-KE for the Year Ended 30 June, 2025-Kisumu National Polytechnic*

National Polytechnic set out on pages 1 to 31, which comprise the statement of financial position as at 30 June, 2025 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of East Africa Skills Transformation and Regional Integration Project (EASTRIP) 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 the terms of the Financing Agreement Grant/Credit No. IDA 6334-KE dated 18 December, 2018 between the International Development Association and the Republic of Kenya and the Performance Financing Agreement between the Government of the Republic of Kenya and Kisumu National Polytechnic dated 14 June, 2019 and the Public Finance Management Act, 2012.

### **Basis for Opinion**

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the East Africa Skills Transformation and Regional Integration Project (EASTRIP)-Kisumu 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 opinion.

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.264,192,246 and Kshs.272,576,202 respectively resulting to an overfunding of Kshs.8,383,956 or 3% of the budget. Similarly, the Project expended total actual expenditure of Kshs.184,438,405 against a final budget of Kshs.264,192,246 resulting to an under-expenditure of Kshs.79,753,841 or 30% of the budget. Management attributed the under expenditure to delayed provision of power supply by the Kenya Power, which was a requirement for the installation and commissioning of the project. Non-implementation of the planned activities may result in failure to achieve all the Project planned deliverables.

My opinion is not modified in respect of this matter.

## **Key Audit Matters**

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

## **Other Information**

Management is responsible for the Other Information set out on page iii to xviii which comprise of the Project Information and Overall Performance, Statement of Performance Against Predetermined Project's Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Project'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.

## **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 effects of the matter 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**

#### **Delay in Completion of Regional Flagship TVET Institute for Textile Technology Project**

The statement of financial position and as disclosed in Note 17 to the financial statements reflects Property, Plant and Equipment balance of Kshs.605,794,186 which includes Capital Work in Progress (WIP) balance of Kshs.392,034,811. The balance relates to construction works of the Regional Flagship TVET Institute for Textile Technology (RFTITT) Project which includes an amount of Kshs.60,147,748 paid to the project contractor in the year under review. However, review of records revealed that the contract was awarded for a sum of Kshs.394,053,615 effective 9 February, 2022 for a period of seventy-two (72) weeks with expected completion date of 8 June, 2023. Further, the Project records indicate the contractor had requested for six (6) extensions which were

all granted with the last addendum granted on 21 December, 2024 pushing completion date to 31 March, 2025.

Review of interim certificate number 14 dated 22 October, 2024 shows that total works done were at 95% completion and valued at Kshs.383,956,173. Further, the project status report and physical inspection held on 5 September, 2025 revealed that the project was incomplete after the lapse of the five (5) months revised completion date. Management explained that the site is practically closed with work in progress after the contractor requested for a termination of the contract on 25 March 2025. Records show that the contractor was yet to complete all outstanding works which includes lift installation, supply and distribution of power as per clauses 57 and 38 of the contract installation and commissioning of equipment and settle compensations due to a deceased worker.

In the circumstances, delay in completion of the project may lead to cost escalations and value for money for resources expended on the Project have not been realized.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

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

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### **Conclusion**

As required by International Development Association and Financing Agreement Grant/Credit No. IDA 6334-KE dated 18 December, 2018, I report based on my audit that 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:

- i. The information given in the Management report on pages iii to xviii is consistent with the financial statements;
- ii. Adequate accounting records have been kept by the Project so far as appears from the examination of those records; and
- iii. The Project's financial statements are in agreement with the accounting records and returns.

### **Basis for Conclusion**

The Financing Agreement Grant/Credit No. IDA 6334-KE dated 18 December, 2018 requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Project compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### **Responsibilities of Management and those Charged with Governance**

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 Project'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, the Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

## **Auditor-General's Responsibilities for the Audit**

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 INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires 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 IFPP 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**

**29 September, 2025**

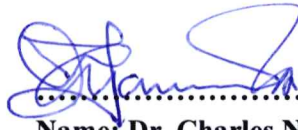
**7. Statement of Financial Performance for the Year Ended 30th June 2025.**

	Notes	FY2024-2025
		Kshs
<b>Revenue</b>		
Revenue Transfers	6	272,576,202
<b>Total revenue</b>		<b>272,576,202</b>
<b>Expenses</b>		
Operational Secretariat	7	18,044,260
Training Key Management Staff	8	7,420,743
Workshops and Seminars	9	4,955,463
Institutionalizing Industry Linkages	10	7,764,287
Training of school managers and trainers	11	1,500,800
Depreciation and Impairment	12	51,665,982
Competency Based Curriculum	13	204,000
Outreach support non project Tvets	14	2,162,200
Equipping of key learning facilities (Consultancy)	15	5,588,621
<b>Total expenses</b>		<b>99,306,356</b>
<b>Surplus/ (deficit)</b>		<b>173,269,846</b>

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.



Name: Catherine Kelonye  
 Chief Principal



Name: Dr. Charles Nyangara  
 Project Coordinator




Name: Monica Mmbasu  
 Project Accountant

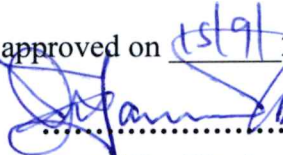
*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)*  
*Annual and Financial Statements*  
*For the Year ended 30<sup>th</sup> June 2025*


**8. Statement of Financial Position as at 30th June 2025**

	Note	30-Jun-25	1st July 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash equivalents	16	66,148,321	241,474
<b>Total Current Assets</b>		<b>66,148,321</b>	<b>241,474</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	17	605,794,186	-
<b>Total Non- Current Assets</b>		<b>605,794,186</b>	<b>-</b>
<b>Total Assets (a)</b>		<b>671,942,507</b>	<b>241,474</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and Other Payables		-	
TKNP			22,230,950
<b>Total Current Liabilities</b>		<b>-</b>	<b>22,230,950</b>
<b>Total Liabilities (b)</b>		<b>-</b>	<b>22,230,950</b>
<b>Net Assets (a-b)</b>		<b>671,942,507</b>	<b>(21,989,476)</b>
<b>Represented By:</b>			
Accumulated Surplus		671,942,507	(21,989,476)
<b>Total Net Assets</b>		<b>671,942,507</b>	<b>(21,989,476)</b>

The financial statements were approved on 15/9/2025 2025 and signed by:

  
 .....  
**Name: Catherine Kelonye**  
**Chief Principal**

  
 .....  
**Name: Dr. Charles Nyangara**  
**Project Coordinator**

  
 .....  
**Name: Monica Mbasu**  
**Project Accountant**  
**ICPAK Member 23510**

**9. Statement of Changes in Net Assets**

Description	Accumulated Surplus
	Kshs
<b>As at 30<sup>th</sup> June 2024 (Cash Basis)</b>	-
Adjustments:	
Asset Recognition	498,672,662
Liabilities recognition	-
<b>As at 1<sup>st</sup> July 2024</b>	<b>498,672,662</b>
Surplus/(Deficit) for the year	173,269,846
<b>As at 30<sup>th</sup> June 2025</b>	<b>671,942,507</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements.

The financial statements were approved on 15/9/ 2025 and signed by:



.....  
**Name: Catherine Kelonye**  
**Chief Principal**



.....  
**Name: Dr. Charles Nyangara**  
**Project Coordinator**



.....  
**Name: Monica Mmbasu**  
**Project Accountant**  
**ICPAK Member No.23510**

*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)*  
*Annual and Financial Statements*  
*For the Year ended 30<sup>th</sup> June 2025*

**10. Statement of Cash flow for the year ended 30th June 2025**

Description	Note	FY 2024/2025
		Kshs
<b>Cashflow from operating activities</b>		
<b>Receipts</b>		
Revenue Transfers		272,576,202
<b>Total receipts</b>		<b>272,576,202</b>
<b>Payments</b>		
Use of goods and services		(47,640,374.48)
<b>Net cash flow from operating activities</b>		<b>224,935,828</b>
<b>Cashflow from investing activities</b>		
Acquisition of non-financial assets		(136,798,031)
Acquisition of Intangible assets		-
<b>Net cash flows from investing activities</b>		<b>(136,798,031)</b>
<b>Cash flow from financing activities</b>		-
<i>TKNP</i>		(22,230,950)
<b>Net cash flow from financing activities</b>		
Net increase/Decrease in cash and cash equivalents		65,906,847
<b>Cash and cash equivalent at 1<sup>st</sup> July 2024</b>	<b>16</b>	<b>241,474</b>
<b>Cash and cash equivalent at end June 2025</b>	<b>16</b>	<b>66,148,322</b>

**11. Statement of Comparison of Budget and Actual Amounts for Year ended 30th June 2025**

Details	Original Budget FY 2024/2025	Adjustments	Revised Budget FY 2024/2025	Actual on Comparable Accumulative Basis FY 2024/2025	Utilization Variance	% of Utilization
	A	B	C=a+b	D	E=c-d	F
	Kshs		Kshs	Kshs	Kshs	
Receipts	286,000,000	(21,807,754)	264,192,246	272,576,202	8,383,956	103%
<b>Total Funds</b>	<b>286,000,000</b>	<b>(21,807,754)</b>	<b>264,192,246</b>	<b>272,576,202</b>	<b>8,383,956</b>	<b>103%</b>
Expenses						
1.1 Operational and secretariat expenses	22,744,944	(2,095,130)	20,649,814	18,044,260	2,605,554	87%
1.2.1 Training of Key management team	12,071,750	(4,500,000)	7,571,750	7,420,743	151,007	98%
1.3 Workshops and Seminars	4,500,000	729,988	5,229,988	4,955,463	274,525	95%
2.0 Institutionalizing Industry Linkages	5,500,000	2,400,000	7,900,000	7,764,287	135,713	98%
3.0 Competency based Training	8,000,000	(7,796,000)	204,000	204,000	0	100%
4.0 Training of school managers and trainers	4,701,000	(3,101,000)	1,600,000	1,500,800	99,200	94%
5.1 Purchase of Learning testing and production equipment	115,064,192	(58,916,157)	56,148,035	37,997,949	18,150,086	68%
5.2 Upgrading key training facilities and procurement, testing of equipment(Construction)	73,418,114	53,262,576	126,680,690	73,707,741	52,972,949	58%
5.3 Equipping of key learning facilities and Workshop with Furnitures	35,000,000	707,969	35,707,969	30,680,962	5,027,007	86%
6.0 Outreach and Support to non-project National	5,000,000	(2500000)	2,500,000	2,162,200.00	337,800	86%
<b>Total Expenses</b>	<b>286,000,000</b>	<b>(21,807,754)</b>	<b>264,192,246</b>	<b>184,438,405.08</b>	<b>79,753,841</b>	<b>70%</b>

- In year 2023/2024 there was recurrent creditors of Kshs.22,230,150 which was paid using the funds received in the year 2024/2025.
- The budget revision was due to budget rationalization by the National Treasury.
- Under operation expenses ; the planned Regional Technical Advisory meeting did not take place in year 2024/2025 and expected to take place quarter two of the year 2025/2026.
- The signed contract for learning testing and production of equipment stated that once installation training and commissioning is done then 20% will be paid. By the end of the year the amount equivalent to 20% and other incidental costs had not been paid because training and commissioning will be done in the year 2025/2026.
- Procurement process of lift, distribution of power and ginnery house are ongoing and have been budgeted for in the year 2025/2026.
- Procurement of the remaining equipment and furniture for the institute is ongoing and will be finalized in the new financial year.

**12. Notes to the Financial Statements.**

**1. General Information**

In exercise of the powers conferred by section 26 (2) of the Technical and Vocational Education and Training Act, (No. 29 of 2013), the Cabinet Secretary for Education Science and Technology made the following Order through legal Notice No. 113 of 22nd August, 2014 cited as The Kisumu National Polytechnic Order, 2014. There is established a National Polytechnic known as The Kisumu National Polytechnic; body corporate with perpetual succession and a common seal and in its name, be capable of suing and being sued; taking, purchasing or otherwise acquiring, holding, charging or disposing of both movable and immovable property; borrowing money; charging for services offered, with the approval of the Cabinet Secretary; and entering into contracts. The Kisumu National Polytechnic is the successor to Kisumu Polytechnic that existed immediately before the commencement of the Order. All rights, liabilities, and assets held by anybody on behalf of Kisumu Polytechnic that existed at the commencement of this order were automatically and fully transferred to the National Polytechnic. The Kisumu National Polytechnic is wholly owned by The Government of Kenya.

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

The financial statements have been prepared in accordance with the Public Finance Management Act, 2012 and with the International Public Sector Accounting Standards (IPSAS).

These financial statements were authorized for issue by the accounting officer on

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

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

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1<sup>st</sup> 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 cash flows of an Entity.</p>

*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)*  
*Annual and Financial Statements*  
*For the Year ended 30<sup>th</sup> June 2025*

Standard	Effective date and impact:
	The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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>
IPSAS 45- Property Plant and Equipment	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></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>
IPSAS 46 Measurement	<p><b><i>Applicable 1<sup>st</sup> January 2025</i></b></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> <li>i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.</li> <li>ii. Clarifying transaction costs guidance to enhance consistency across IPSAS;</li> <li>iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures.</li> </ul> <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>

*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)*  
*Annual and Financial Statements*  
*For the Year ended 30<sup>th</sup> June 2025*

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

<b>Standard</b>	<b>Effective date and impact:</b>
IPSAS 47- Revenue	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.
IPSAS 48- Transfer Expenses	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> 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.
IPSAS 49- Retirement Benefit Plans	<b><i>Applicable 1<sup>st</sup> January 2026</i></b> 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.
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<b><i>Applicable 1<sup>st</sup> January 2027</i></b> 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"> <li>i. Limited improvements to existing accounting practices for exploration and evaluation expenditures.</li> <li>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.</li> <li>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.</li> </ul>

*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)*  
*Annual and Financial Statements*  
*For the Year ended 30<sup>th</sup> June 2025*

---

***iii) Early adoption of standards***

The Kisumu National Polytechnic (EATRIP Project) did not early – adopt any new or amended standards in the financial year 2024/2025.

#### **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 have been acquired using such funds.

##### **ii) Revenue from exchange transactions**

##### **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.

##### **b) Budget information**

The original budget for FY 2024/2025 was approved by the Council or Board in May 2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. 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.

## **Property, plant and equipment**

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

## **Notes to the financial statements**

### **c) 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.

### **d) 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.

**e) Research and development costs**

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

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

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

**Notes to the financial statements**

**f) 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. (amend as appropriate).* 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 cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made an irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

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

*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)*  
*Annual and Financial Statements*  
*For the Year ended 30<sup>th</sup> June 2025*

---

**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.

**Notes to the financial statements**

**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. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

***Financial liabilities***

***Classification***

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

**g) Inventories**

---

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

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

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

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

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

#### **h) Provisions**

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

#### ***Contingent liabilities***

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

#### ***Contingent assets***

*The Kisumu National Polytechnic(EASTRIP Project)* does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of *The Kisumu National Polytechnic(EASTRIP*

*Project*) 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.

**i) Nature and purpose of reserves**

*The Kisumu National Polytechnic(EASTRIP Project)* does not maintain any reserves.

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

*The Kisumu National Polytechnic(EASTRIP Project)* recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**Notes to the financial statements**

**k) Employee benefits**

**Retirement benefit plans**

*The Kisumu National Polytechnic(EASTRIP Project)* provides retirement benefits for its employees. 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.

**l) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. At each reporting date, foreign currency monetary items are translated using the closing rate. Non-monetary items measured in historical cost are translated using the exchange rate at the date of the transaction, and those measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences arising from the settlement of monetary items or translation of monetary/non-monetary items at rates different from those at which they were initially reported are recognized in surplus or deficit in the period.

**m) 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.

**n) Related parties**

*The Kisumu National Polytechnic (EASTRIP Project)* 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.

**Notes to the financial statements**

**o) 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.

**p) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

**Notes to the financial statements**

**5. Significant Judgments and Sources of Estimation Uncertainty**

**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 *The Kisumu National Polytechnic(EASTRIP Project)* The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

**Provisions**

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

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. During the year under review there no provisions.

**Notes to the financial statements**

**6. Revenue Transfers**

Description	2024-2025
	KShs
<b>Unconditional Transfers</b>	
Transfer from Development Partners	272,576,202
Transfers from Development partners	-
<b>Total Unconditional Transfers (a)</b>	<b>272,576,202</b>
<b>Conditional Transfers</b>	
<b>Total Transfers for the Year (a + b)</b>	<b>272,576,202</b>

The funds were for provision of technical support, financial assistance and industry partnerships to enhance relevance and quality of programs.

**Details to Revenue Transfers**

Name of The Entity Transferring	Amount recognized to the Statement of Financial Performance	Total transfers (Current FY)
	Kshs	Kshs
State Department Vocational and Technical Training	272,576,202	272,576,202
<b>Total</b>	<b>272,576,2020</b>	<b>272,576,202</b>

**7. Operational Secretariat**

Description	FY 2024/25
	Kshs
Salaries	3,930,798.00
Bank charges	81,817.64
Preparation of Reports	6,008,629.05
IAB meeting	336,000.00
Travel costs	1,279,698.90
Provision of meals	3,007,517.69
NSC Meeting	394,500.00
Advertisement costs	180,120.00
Marketing costs	1,592,407.00
Secretariat training	462,772.00
Remesurement of works	770,000.00
<b>Total</b>	<b>18,044,260</b>

- Salaries relate to staff hired on contract to work as secretariat at the Institute.

- During the year ,provision of meals was for stakeholders who came to inspect the ongoing construction works and address issues of electricity, access road and drainage issues.
- Various reports were prepared for use by different state agencies
- In the year under review the construction work was re measured by the Public works ,contractor and the client
- Secretariat staff were trained on supervisory skills

**8. Training Key Management Staff**

Description	FY 2024/25
	<u>Kshs</u>
Training of Management Staff	7,420,743
<b>Total</b>	<b>7,420,743</b>

- Nine members of staff were trained in strategic leadership Program and another nine in Senior management course. Three staff members were trained in Result Based Monitoring and Evaluation.

**9. Workshops and Seminars**

Description	FY 2024/25
	<u>Kshs</u>
Greening TVET	643,052
ICPAK/KISM workshop	1,246,400
Monitoring training	804,408
Grievance literacy training	1,076,618
Stakeholder workshop	1,184,985
<b>Total</b>	<b>4,955,463</b>

- Staff members attended Professional workshops for Accountants and Procurement officers. Other seminars and workshops were attended on invitation by the IUCEA and National Project Coordinating Unit (NPCU)

### 10. Institutionalizing Industry Linkages

Description	FY 2024/25
	Kshs
World Skills	1,189,600
Exchange program costs	661,800
Reports on Achieved MOUs	5,744,887
Industry Advisory Board	168,000
<b>Total</b>	<b>7,764,287</b>

- The project team participated in the World skills
- The project reviewed its MOUs with Arusha Technical Dareeslam Institute of Technology and Hawassa polytechnic. The project also negotiated and signed a new MOU with General Wingate Polytechnic

### 11. Training of school Managers

Description	FY 2024/25
	Kshs
Training of trainers and other managers	1,500,800
<b>Total</b>	<b>1,500,800</b>

### 12. Depreciation and Impairment

Description	FY 2024/25
	Kshs
Charge for the period	51,665,982
<b>Total</b>	<b>51,665,982</b>

### 13. Competency Based Curriculum

Description	FY 2024/25
	Kshs
Curriculum Development	204,000.00
<b>Total</b>	<b>204,000.00</b>

Due to changes in curriculum, reviews and development will be done in the new financial year

**14. Outreach support non project**

Description	FY 2024/25
	Kshs
Training of non-project Staff	1,295,000
Multi-disciplinary conference	1,004,200
<b>Sub Total</b>	<b>2,299,200</b>
<b>Less Refunds</b>	<b>(137,000)</b>
	<b>2,162,200</b>

Training for accounts and procurement staff was done for non-project TVETs

The project facilitated the non-project TVETs during the multidisciplinary conference and skills innovation.

**15. Equipping key Training Facilities (Consultancies)**

Description	FY 2024/25
	Kshs
Identification of furniture and equipment	3,270,000
Supervision of Construction Works	2,318,621
<b>Total</b>	<b>5,588,621</b>

For operationalization of the institute furniture and equipment had to be identified.

**16. Cash and Cash Equivalent (Project Bank Accounts)**

Details	2024/2025	1 <sup>st</sup> July 2024
	Kshs	Kshs
<b>Local Currency Accounts</b>		
Kenya Commercial Bank [A/c No.1266955216	66,148,320	241,474
<b>Total bank account balances</b>	<b>66,148,320</b>	<b>241,474</b>

*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)*  
*Annual and Financial Statements*  
*For the Year ended 30<sup>th</sup> June 2025*

Notes to the financial statements

**17 .Property, Plant and Equipment**

Cost	Motor vehicles	Furniture and fittings	ICT Equipment	Plant machinery and Equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Depreciation rate	25.00%	12.50%	33.33%	20%	0%	
As At 1July 2024 (opening balances)	5,119,900	965,760	8,036,060	245,001,597	320,702,069	579,825,386
Additions		23,232,111		42,233,178	71,332,742	136,798,031
Disposals	-	-	-	-	-	-
Transfers/Adjustments	-	-	-	-	-	-
As at 30 <sup>th</sup> June 2025	5,119,900	24,197,871	8,036,060	287,234,774	392,034,811	716,623,416
<b>Depreciation And Impairment</b>						
As at 1July 2024	3,904,923	470,413	5,787,592	49,000,319	-	59,163,248
Depreciation charge for the year	303,744	2,965,932	749,414	47,646,891	-	51,665,982
As At 30 <sup>th</sup> June 2025	4,208,667	3,436,345	6,537,006	96,647,210	-	110,829,230
<b>Net Book Values</b>						
As at 1 <sup>st</sup> July 2024	1,214,976	495,347	2,248,468	196,001,277	320,702,069	520,662,137
As at 30 <sup>th</sup> June 2025	911,232	20,761,526	1,499,054	190,587,564	392,034,811	605,794,186

**18 .Cash Generated from Operations`**

	FY 2024-2025
	Kshs
<b>Surplus (deficit) for the year before tax</b>	173,269,846
Adjusted for	
Depreciation	51,665,982
Contributed assets	
<b>Working Capital Adjustments</b>	
Decrease in Payables	
(Decrease)/Increase in provisions	
<b>Net Cash Flow from Operating Activities</b>	<b>224,935,828</b>
<b>Cash flows from investing activities</b>	
Purchase of property, plant, equipment and intangible assets	(136,798,031)
<b>Net cash flows used in investing activities</b>	<b>(-136,798,031)</b>
<b>Cash flows from financing activities</b>	
Repayment of Borrowings	(22,230,950)
<b>Net cash flows used in financing activities</b>	<b>-</b>
Net Increase/(Decrease) in Cash and Cash equivalents	65,906,847
Cash and Cash equivalents at 1 JULY	241,474
<b>Cash and Cash equivalents at 30th June 2025</b>	<b>66,148,321</b>

### **Related Party Disclosures**

#### **Nature of related party relationships**

Entities and other parties related to the *TKNP (EASTRIP Project)* 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 Kisumu National Polytechnic (EASTRIP Project), holding 100% of TKNP equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Entity, both domestic and external.

#### **Notes to the financial statements**

##### **Other related parties include:**

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

#### **19. Events after the Reporting Period**

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

#### **20. Ultimate And Holding Entity**

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

#### **21. Currency**

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


**13. Annexes**

**Annex 1: Prior Year Auditor-General's Recommendations**

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)
Other matter	Unresolved Prior year matters	The project has been able to utilise all the funds disbursed and the budget absorption has improved from 7% to 70% in the year under review	Resolved	
Report on effectiveness of internal controls, Risk Management and Governance	Failure to undertake internal Audit on Project as per Internal Audit Work annual work plan	The second report was prepared and availed.	Resolved	

**Guidance Notes:**

1. Use the same reference numbers as contained in the external audit report;
2. Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
3. Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
4. Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



.....

**Name**  
**Chief Principal**



.....

**Name**  
**Project Coordinator**



**Annex 2: Asset Register**

<b>Asset class</b>	<b>Historical Cost b/f (Kshs) 2023/2024</b>	<b>Additions during the year (Kshs)</b>	<b>Historical Cost c/f (Kshs) 2024/2025</b>
Transport equipment(Motor vehicle)	5,119,900	0	5,119,900
Furniture and fittings	965,760	23,232,111	24,197,871
ICT Equipment (Computers)	8,036,060	0	8,036,060
Machinery and Equipment	245,001,597	42,233,178	287,234,774
Work in Progress	320,702,069	71,332,742	392,034,811
<b>Total</b>	<b>579,825,386</b>	<b>125,613,038</b>	<b>716,623,416</b>

6

1870