

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 30 APR 2025

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30/4/25

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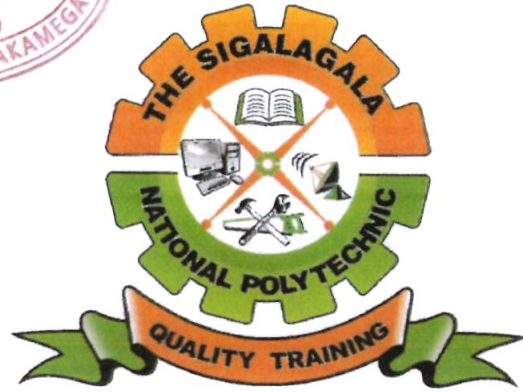
THE AUDITOR-GENERAL

ON

THE SIGALAGALA NATIONAL POLYTECHNIC

FOR THE YEAR ENDED

30 JUNE, 2024



THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
30 JUNE 2024**

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

THE SIGALAGALA NATIONAL POLYTECHNIC
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1. ACRONYMS & DEFINATION OF KEY TERMS

A. Acronyms

AGPO	Access to Government Procurement Opportunities
A-in-A	Appropriation in Aid
CBET	Competency Based Examination Test
CDACC	Curriculum Development Assessment Certification Council
CDF	Constituency Development Fund
CiCAN	Colleges and Institutes Canada
CSR	Corporate Social Responsibility
CPC	Corruption Prevention Committee
ERP	Enterprise Resource Planning
ESG	Environmental Sustainability and Governance
HELB	Higher Education Loans Board
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
IAO	Integrity Assurance Officers
ICM	Institute of Chartered Management
KASNEB	Kenya Accountants and Secretaries National Examination Board
KCE	Kenya Certificate of Education
KEFEP	Kenya Education for Employment Program
KENIA	Kenya National Innovation Agencies
KIPI	Kenya Industrial Property Institute
KNEC	Kenya National Examination Council
LMS	Learning Management System
NACOSTI	National Commission for Science, Technology and Innovation
NGCDF	National Government Constituency Development Funds
NITA	National Industrial Training Authority
NTSA	National Transport Safety Authority
NRF	National Research Fund
ODEL	Open and Distance Electronic Learning Programme
OSHA	Occupational and Safety Health Act
PU	Production Unit
PSASB	Public Sector Accounting Standards Board
SAGA	Semi-Autonomous Government Agency
SIBOGE	Sigalagala Board of Governors Employees
SNP	Sigalagala National Polytechnic
TTI	Technical Training Institute
TVC	Technical and Vocational College
TVET	Technical, Vocational, Education and Training
TVETA	Technical, Vocational, Education and Training Authority
VDI	Virtual Desktop Infrastructure
WIBA	Work Injury Benefit Act

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B. Definition of Key Terms

Academic Board	Institutional committee in charge of Academic monitoring
Council	The governing body appointed by the Cabinet Secretary
Management Board	Top management of the institution after the Council
Mentorship Project	Projects undertaken by the institution on behalf of the government
Principal	The accounting officer and AIE holder
Fiduciary Management	Members of Management directly entrusted with the entity's financial resources.
Comparative Year	The prior period.
Young African Works	Foundation by master card to promote employment in Africa

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2. KEY INFORMATION AND MANAGEMENT

(a) Background information

Sigalagala National Polytechnic (SNP) was founded in 1950 and has evolved within a span of over sixty-nine years to become a leading Polytechnic in Kenya under the Ministry of Education. It is the third oldest Technical and Vocational Training Institute in this country after the current Kabete National Polytechnic and Machakos Technical Training Institute.

SNP was started in 1950 as Nyanza Technical and Trade School on a 33-acre piece of land.

It inherited land and buildings from gold miners who had been operating there since 1930s.

It became a National Technical School in 1967 offering ordinary level technical competencies and programs including Kenya Certificate of Education (KCE) till when all such schools were turned into Technical Training Institutes (TTIs) in the late 80s.

The institution was made a National Polytechnic on May 30th, 2016 by the Cabinet Secretary for Education Science and Technology in exercising the powers conferred by section 26(2) of the TVET Act, 2013 through a legal notice No. 90 known as the Sigalagala National Polytechnic Order of 2016, and currently offers Competency Based Training (CBET) besides those of Kneec and Kasneb. Other than the Main Campus the Polytechnic currently has other campuses; Kakamega Town Campus and Maturu Campus.

(b) Principal Activities

The mandates of the Polytechnic, as contained in the Sigalagala National Polytechnic Order of 2016 are to:

- Offer training to students in technical and business courses as per the industry needs which are examined by KNEC, KASNEB, ICM and CBET courses.
- Provide an excellent educational experience to attract and retain students who regardless of their background, will succeed at the Polytechnic and become graduates of influence.
- Continuously improve our research performance and through our research, deliver social dividends.
- Be a sustainable institution of TVET Training
- Enhance our engagement with the entire Republic of Kenya and to consolidate our reputation as one of the country's most engaged Polytechnic.

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- Contribute to industrial and technological development of society in collaboration and partnership with industry and other organizations;
- Develop quality and relevant programmes for diplomas, certificates and Artisan.
- Inculcate and promote a culture of innovation, critical inquiry and creativity in art, science, technology, engineering, and education, amongst staff, students, and society;
- Develop an institution of excellence in teaching, training, entrepreneurship, research, consultancy, community service, among other educational services and products, with emphasis on technology and its development, impact and application to society;
- Provide a multi-level system of education and training that is 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 educational levels.
- Provide high quality facilities for educational, research, residential, commercial, cultural, social, recreational, sporting, and other activities.
- Facilitate students' mobility between programmes of study at different Polytechnics.
- Participate in commercial ventures and activities that promote the objectives of the Polytechnic.
- Foster the general welfare of staff, students, and the community.
- Provide opportunities for development and further training for the staff of the institution.
- Develop and provide educational, cultural, professional, technical and vocational services to the community, and in particular foster corporate social responsibility.
- Facilitate the development, provision, and expansion of services, programmes, and other products in ways that are easily accessible and which reflect the principles of equity and social justice.
- Conduct examinations, and grant such academic awards as may be provided for in the Statutes, and to syndicate examinations for awards at other institutions as may be approved by KNEC.
- Determine who may teach, what may be taught, and how it may be taught in the Polytechnic.
- Promote social-economic development in line with the country's development agenda

Our Vision

A premier technical training, research and innovation institution relied upon by industry.

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Our Mission

To provide innovative industry responsive technical skills training for sustainable development.

Our Motto

Skills to Transform Livelihoods.

Core Values

Sigalagala National Polytechnic is guided by:

- **Integrity** – Committed to acting in an honest, accountable and transparent manner in all our undertakings.
- **Professionalism** – Committed to the highest levels of achievement obtainable through competence and critical skills.
- **Teamwork** - Embrace collaboration both within the Council and with all partners in the provision of services.
- **Efficiency** – Strive to achieve the highest value of benefit from the deployment of resources, particularly to the TVET graduates and industry.
- **Transparency** - Ensure timely disclosure and access of adequate information to allow for active public participation in the Council's processes.
- **Good Governance** - Committed to the protection of stakeholders' rights and the enforceability of contracts with service providers.
- **Accountability** - Responsible for decisions and actions, including stewardship of public funds and performance through clarity of responsibilities and roles.
- **Equality and gender** - Committed to ensuring non-discrimination and fairness in all undertakings.

Our Strategic Direction

1. Quality training for sustainable development
2. Resource mobilization and management
3. Research, Innovation and Technology
4. Co-operate Governance, Partnerships and linkages for effective service delivery

(c) Key Management

The day-to-day management of the institution is under the following key organs:

- The Governing council
- Principal/Council Secretary
- Management Board
- Academic Board
- Heads of Department

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(d) Fiduciary Management

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

No.	Designation	Name
1.	Chief Principal	Mr. Evans Bosire
2.	Deputy Principal Administration & Planning	Mrs. Anne Mutsami
3.	Deputy Principal Academic & Trainee affairs	Mr. George Luvaha
4.	Registrar	Mr. Benard Jumba
5.	Dean of Students	Mr. Geoffrey Ondele
6.	Head of Finance	CPA. Christopher Oselu
7.	Head of Procurement	Mr. Theophilus Laboso
8.	Head of Human Resource	Mr. Solomon Assava
9.	Head of Internal Audit	M/s Annah Martha Mwanza
10.	Co-ordinator Performance Contracting	Mrs. Mudy Esther

(e) Fiduciary Oversight Arrangements

(i) Internal Audit department

- Assessing the level of compliance with all legal requirements and practices within the polytechnic.
- Assisting in the investigation of suspected fraudulent activities as and when requested.
- Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of assets
- Reviewing the implementation of the SNP corporate strategic plan and operational plans periodically
- Reviewing the efficiency and effectiveness of management processes;
- Preparing the internal audit strategic plan and budget for the Committee;
- Developing a flexible annual risk-based audit plan reference that includes any risks or control concerns identified by management;
- Implementing the annual audit plan, including any special tasks or projects requested by management, the Audit and Risk management Committee and the Council;
- Regularly reporting on the status of the Internal Audit activity, including progress against the plan, to the Council Audit and Risk Committee.

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(ii) Audit and Risk committee Activities

- Obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably.
- Oversee the implementation of developed policies, procedures and strategies that will promote effective and efficient management systems within the Polytechnic;
- Provide an independent review of the Polytechnic’s reporting functions to ensure the integrity of the financial reports.
- Ensure the Polytechnic effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.
- Provide oversight of the implementation of accepted audit recommendations and consider reports on matters relating to audit.
- Provide strong and effective oversight of the Polytechnic’s internal audit function.
- Report to Council regularly regarding matters considered in each of the committee’s meetings.
- During the year the following served in this committee;

1. CPA. Phoebe Musau	Chairperson
2. Mrs. Lynette A. Odondi	Member
3. Mrs. Stella Oimbo	Member
4. Mr. Charles Ndambuki	Member

(iii) Finance and Operations Committee Activities

- Oversee the development and administration of policies, procedures and strategies that will promote prudent financial management, high quality infrastructural development and acceptable resource mobilization practices including recruitment, reward, retention, motivation and development of the Polytechnic’s staff.
- Oversee the Polytechnic’s compliance with legal, statutory and regulatory requirements relating to finance, infrastructure and resource mobilization matters as well as compliance with ethical and quality standards adopted by the Polytechnic.
- Receive and consider proposals and reports on matters relating to finance, development projects and resource mobilization in the Polytechnic and its campuses.

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- Oversee the development of policies and procedures to enhance effective and efficient utilization of all the resources of the Polytechnic.
- During the year the following served in this committee;
 1. Mr. Vitalis Sikuku Chairperson
 2. Dr. Geoffrey K. Kimutai Member
 3. Mr. Charles Ndambuki Member
 4. Mrs. Stella Oimbo Member

(iv) Academic and Research Committee Activities

- To oversee the preparation and regular review of the Polytechnic's academic policy; the research policy and the staff development and training policy and compliance to the provisions thereof.
- To receive and consider proposals for collaboration with other institutions of higher learning, research and technology institutions for the enhancement of technological, professional and scientific education.
- To receive, review and consider proposals for introduction of new or review of existing courses and subjects of study, institutes, departments, resource and research and innovation.
- To monitor and oversee institutional 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;
- To monitor and oversee provision of a multi-level system of post-secondary school education and training programs 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 programs.
- To receive and consider proposals for development and further training of the academic staff of the Polytechnic.
- To oversee the management of scholarships, bursaries and prizes which may be provided for by the Academic Policy.
- To submit regular reports to the Council on all matters related to education, training and research.

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- During the year the following served in this committee;
 1. Dr. Geoffrey K. Kimutai Chairperson
 2. Mrs. Stella Oimbo Member
 3. Eng. John Ombengi Member
 4. Mr. Vitalis Sikuku Member

(v) Enterprise Committee Activities

- Oversee the implementation of initiated enterprise activities in order to generate revenue for the Polytechnic.
- Ensure the Polytechnic effectively monitors compliance requirements that promote an environment in which the Polytechnic can strategically invest resources with an aim of making profits.
- Provide oversight of the implementation of accepted income generating activities through production or manufacturing, consultancy, tailor-made short courses, part – time training programmes, hire of facilities and approved equipment, hospitality services to complement government grants and revenue from fees collection.
- Provide a strong and effective oversight and a coordination framework in the Polytechnic that will facilitate the creation of profitable business units across all departments.
- Provide an assurance to the Governing Council that the Polytechnic has adopted appropriate cost recovery strategies coupled with integrated modern technology, creativity, quality procedures and customer focus to offer products and services that meet the demand of the targeted market.
- Promote a vibrant and effective implementation of a Trainee work study program at the Polytechnic within the Polytechnics Income Generating activities.
- Report to Council regularly regarding matters considered in each of the committee’s meetings
- During the year the following served in this committee;
 1. Ms. Lynette Odondi Chairperson
 2. Mr. Vitalis Sikuku Member
 3. CPA. Phoebe M. Musau Member
 4. Mrs. Stella Oimbo Member

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(f) Polytechnic Location

Country: Kenya
 County: Kakamega
 Sub County: Shinyalu
 Location: Khayega
 Street: Kisumu/ Kakamega Road/Butere Road Junction.
 P.O Box 2966- 50100 - Kakamega.

(g) Polytechnic Contacts

Telephone: 0725-663322
 E-mail: info@sigalagalapoly.ac.ke, sigalagala@yahoo.com
 Website: www.sigalagalapoly.ac.ke

(h) Sigalagala National Polytechnic Bankers

	Bank Name	Bank Account Number	Branches
(i)	Absa Bank	8043543	Kakamega
(ii)	Absa Bank	8043551	Kakamega
(iii)	Absa Bank	8256911	Kakamega
(iv)	Kenya Commercial Bank	1234829517	Kakamega
(v)	Co-operative Bank	01120098473700	Kakamega
(vi)	Co-operative Bank	01139098473702	Kakamega
(vii)	Co-operative Bank	01139098473700	Kakamega
(viii)	National Bank	01037017738900	Kakamega
(ix)	National Bank	01021071653900	Kakamega
(x)	Equity Bank	0500277394606	Kakamega

(i) Independent Auditors

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

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(j) Principal Legal Adviser



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

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3. MEMBERS OF GOVERNING COUNCIL

	<p>Prof. Mabel K Minishi-Majanja – Council chair</p> <p>Prof. Mabel Majanja was born on 5th August, 1956. She holds a Doctor of Philosophy in Library and Information Science from the University of Zululand, Masters in Library Science (MLS) from the University of Pittsburgh, Post-Graduate Diploma in Education (PGDE) from Kenyatta University and a Bachelor of Arts in Librarianship (BA Lib.) from the University of North London. She has a work experience of over 45 years as a lecturer in various learning institutions; LIS at the Unisa (South Africa), Unisa, Moi University and Kenya Science Teachers College.</p> <p>Prof. Majanja has wealth of experience in administrative matters gained from various position she held in several institutions like; Director of School - School of Arts UNISA, Chair of the Department of Information Science - UNISA, Head of the Department of Library & Information Studies at Moi University, Head, Library Department at Kenya Science Teachers College, Deputy Head of Library Department, Kenya Science Teachers College among others.</p>
	<p>Eng. John Mokaya Ombengi - Independent Member</p> <p>Eng. Ombengi was born on 30th September 1952. He holds Bsc. Eng. (Hons) University of Nairobi. He is a Registered Engineer by Engineers Registration Board of Kenya No. A1463 and Institution of Engineers of Kenya No. M521. He is Registered Consulting Engineer No. E103. He is a registered Civil and Structural Engineer with over 47 years post graduate practical experience in all aspects of Civil and Structural Engineering projects from feasibility studies through design, construction, supervision and commissioning of works. He is well conversant with GOK, World Bank, KfW procurement procedures and FIDIC Conditions of Contract. He worked for Nairobi City Council and private Consulting engineering firms in areas of; Project Management, Contract Administration, Design Management, preparation of Technical Reports/Studies and Management of Multi-Disciplinary Expert Teams where he held various positions; Resident Engineer, Project Engineer, Project Manager, Project Co-ordinator and Team Leader for various projects. He currently works as a consultant in Mokaya Ombengi Consulting Engineers where he is the Principal Partner. Eng. Ombengi has been a Board Member in Karura Seventh Day Adventist Secondary School, Highway Secondary School before he become a Council Member of Sigalagala National Polytechnic.</p>

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Mr. Vitalis Wekesa Sikuku - Independent Member

Mr. Sikuku was born on 29th July, 1981. He holds Msc - Human Resource Management and a Professional Certificate in HRM (CHRP-K). He is a Seasoned Banker with over 17 Years' Experience and Currently works as a Branch Manager of Sidian bank Kakamega branch.

In the current Council, he serves in various committees; Chair - Finance & Operations Committee, Member - Enterprise Committee and a Member - Education, Research & Training Committee.



CPA. Phoebe Mumbua Musau- Independent Member.

Cpa. Phoebe Mumbua Musau was born on 12th April, 1984. She holds Msc- Finance and B.com - Accounting & Finance and diploma in guidance & counselling. She is a certified public accountant of Kenya, Certified mediator and has over 12 years work experience in various institutions such as Siakago Law courts, Teleposta sacco and Mutiso Menezes international ltd, MMI developers Ltd, MMID management Ltd. She has experience in finance management, financial reporting, budgeting and conflict resolutions.

In the Sigalagala National governing Council, she is the current chair of Audit and Risk Committee.



Mrs. Linnet Odondi - Independent Council Member

Mrs. Odondi was born in 1961. She holds Masters in International Studies, Bachelor's Degree in Public Administration and Diploma in Human Resources Management. She is an Associate - European Union (EU) Jean Monnet Network, Vice Chairperson - Homa Bay Sustainable Development Trust (USAID), Treasurer - Board of Fellows of Human Resources profession in Kenya, Fellow - Institute of Human Resource Management, Kenya, Full Member-Kenya Institute of Management Kenya, Chairperson - Mumias West Technical Training Institute. Mrs. Odondi is a seasoned Human Resources and administration practitioner in International NGOs and Public Sector. Specialization in public policy analysis and organizational development. She is also an experienced lecturer and adult facilitator in International Development, International Relations (peace, security and conflict; gender and development). Former Examiner with the Human Resources Management Professional Examinations Board (HRMPEB). In the Sigalagala National Polytechnic Council, she serves in Audit and Risk Committee and Chair – Enterprise Committee

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Mr. Charles Wambua Ndambuki. – Alternate Member PS – Treasury

Mr. Ndambuki was born on 1st January 1983. He is an alternate member representing the PS National Treasury in the Council. He holds bachelor of Economics and Mathematics from the University of Nairobi. He has vast knowledge in economics having worked in several ministries as an economist for over 14 years. He also worked as a classroom teacher and in banking sector. He is heavily trained, both locally and internationally on various areas including Project & contract Management; Feasibility Studies & Value for Money Analysis; Investments & Risk Analysis; Public Private Partnerships; Monitoring & Evaluation among others.

He Currently works as a senior economist at the National Treasury

In the council he is a member of finance and operation committee and Audit committee



Stella Moraa Oimbo – Alternate member PS – SDTVET

Stella Oimbo was born on 23rd February 1976 in Kisii County. She is a holder of a Master Degree in Urban and Regional Planning from the University of Nairobi and a Diploma in Advanced Public Administration from the Kenya School of Government. She has vast experience as an administrator having worked for close to 21 years in the public service. Currently, she is an Under Secretary in the Ministry of Education State Department for TVET and she represents the Principal Secretary for SDTVET in the SNP Council.

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Dr. Geoffrey K. Kimutai - Independent Council Member

Dr. Geoffrey Kimutai was born on 21/6/1982. He is a hands-on professional with over 16 years of experience in the Human Resource field including experience in organizational development, training and development, benefits, employee communication, employee relations, policy writing, human resource department foundational design and support for small to mid-size companies. His specialization in Human Resource Management up to doctorate level in teaching and research is evidence of his mastery of human resource management ideals required in advising organizations at board level. Dr. Kimutai is a full member of the Institute of Human Resource Management and Associate member of the Kenya Institute of Management.



Mr. Evans O. Bosire - Council Secretary.




Mr Bosire was born in the year 1967. He is the Principal and serves as the Accounting Officer for the Institution and Secretary to the council. He holds Med. – Educational Planning and Bed. - Electrical and Electronics from Moi University Eldoret. He is a well-trained Electrical Engineer with vast management skills that have enabled him to transform various TVET institutions. He has over 18 years' experience as principal in TVET Institutions. His vision is to effectively and efficiently manage the Polytechnic both in terms of Competence Based Education and Training (CBET) as defined by TVET Act 2013 as well as The Sigalagala National Polytechnic Strategic plan.

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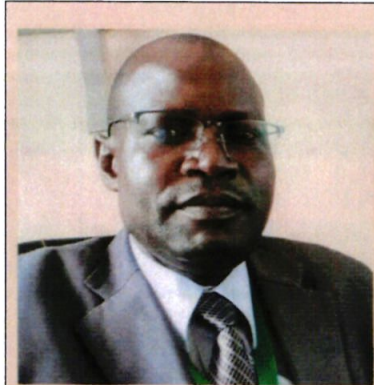
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4. KEY MANAGEMENT TEAM

Name, Key Profession and Academic Qualifications	The Main Area of Responsibility
 <p>Mr. Evans Bosire Med. – Educational Planning Bsc.– Electrical and Electronics</p>	<ul style="list-style-type: none"> He is the principal and the accounting officer of the Polytechnic. Head of the institution. Oversee day to day running of the polytechnic
 <p>Mrs. Anne Mutsami MSc. – Microbiology B. Ed – Sciences</p>	<ul style="list-style-type: none"> Deputy Principal Administration and Finance. In charge of administrative, Finance and planning programmes.
 <p>Mr. George Luvaha Mwochi MSc. – Chemistry B. Ed – Sciences</p>	<ul style="list-style-type: none"> Deputy Principal Academic. Head of all academic programmes in the Polytechnic. He is also in-charge trainee and trainers affairs.

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CPA. Christopher Oselu.
MBA. (Finance)
B. Com. (Finance)
CPA(K)

- He is the Finance Manager
- Head of Finance and Accounts
- He is in charge of budgetary formulation and execution
- Advisor to the principal on matters of finance operations and required regulations on financial management.
- He is a member of the Institute of Certified Public Accountants of Kenya (ICPAK) in good standing.



Mr. Benard Jumba
Msc. Applied Parasitology
B. Ed – Sciences




- He is the Polytechnic’s Registrar
- He is in-charge of academic matters in the polytechnic
- In charge of admission and career guidance
- Oversee the management of examinations



CPA Annah Martha Mwanza
Bcom – Finance
CPAK

- She is the internal auditor of the polytechnic
- She evaluates operations and reports to the council committee on risk and audit

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 <p>Mr. Geoffrey Ondele B. Education</p>	<ul style="list-style-type: none"> • He is the dean of students • In charge of students' affairs • Oversee functions at co-curricular and sports activities • Oversee operations at the polytechnic kitchen
 <p>Mr. Solomon Assava MBA - HRM BA - in Government HN Dip. – HRM</p>	<ul style="list-style-type: none"> • He is the Human Resource Manager • In charge of human resource management and staff development
 <p>Mr. Theophilus Laboso Msc- Procurement & Logistics Msc. Project Management B.com-Management Science</p>	<ul style="list-style-type: none"> • He is the Supply Chain Manager • He is in charge procurement and supplies • He is the polytechnic advisor on all matters pertaining procurement

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Mrs. Esther Wanjiru Mudy
Msc - Education
Bed - Education

- She is the Performance contract co-ordinator.
- She oversees the implementation of all PC targets
- She is a member of performance management team

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5. COUNCIL CHAIRPERSON'S STATEMENT

The Sigalagala National Polytechnic (SNP) is one of the ten (10) National Polytechnic Institutions in Kenya under the State Department of Technical and Vocational Training (TVET) in Ministry of Education. The Sigalagala National Polytechnic Governing Council (The Council) was established pursuant to Section 28 (1) (c) of the TVET Act 2013. The council is mandated with, among others, the responsibility of steering the Polytechnic and overseeing its role in the conduct of education and training in accordance with the provisions of the TVET Act. The council is also expected to conduct fundraising, and oversee the accountability of the institutional use of the resources raised. The council has a statutory duty to prepare annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institution while taking care to ensure the prudent use of the institutional resources among others.

The Council is committed to steering the polytechnic forward to achieve its mission and vision through the strengthening of its operational frameworks, systems and processes.

During the financial year 2023/2024, the Council put in place measures that ensured the enrolment of students increase from 14,767 students to 15,811 students. This was achieved due to serious marketing of the polytechnic and implementation of CBET courses aligned to the government policies that made it easy for students to be admitted at the polytechnic.

As envisaged by Article 10 of the Constitution of Kenya, The Council has also established the key policies to create a culture of good governance for the institution including the entrenchment of the principles of transparency and accountability. As at the end of this financial year, the policies passed by the council include:

1. *Academic Policy*
2. *Admission Policy*
3. *Budget policy*
4. *Career progression guidelines*
5. *Employment policy*
6. *Examination policy*
7. *Evaluation policy*
8. *Finance policy*
9. *Governing Council charter*
10. *Human Resource Manual*
11. *ICT policy*
12. *ILO Policy*
13. *Income Generating Activities/Enterprise Policy*
14. *Integrity Policy*
15. *Internal Audit Charter*
16. *Internal Audit Policy*
17. *O'Del Policy*
18. *Procurement Policy*
19. *Quality Assurance Policy*
20. *Risk management Policy*
21. *Strategic plan 2024-2028*

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22. *Student hand book*
23. *Transport policy*

24. *Workplace policy*

The Polytechnic continues to experience the challenge of inadequate infrastructure of classrooms, lecture halls and workshops for serving the continued increase in the student population. There is also an acute shortage of hostels for accommodating the students thus exposing some of them to living standards that may not be appropriate within surrounding communities. To mitigate this challenge, the governing council has developed a master plan to guide infrastructure development and has completed the construction of 4-Storey Tuition Block and has commenced the construction of another multi-storey Tuition Complex Block that will accommodate 72 lecture halls and departmental offices to enable the Polytechnic provide a conducive environment for optimal teaching and learning. Moreover, The Council, in collaboration with the County Government of Vihiga and the CDF Emuhaya Constituency, is constructing a tuition block at Ebungwe campus in Vihiga County where plans to commence Biotechnology and agricultural courses is underway once the construction is complete. The Council hopes to later focus on mitigating other challenges, including the need for administration block, lack of enough equipment in the workshops and laboratories as well as enough public service commission (PSC) trainers to relieve the extra cost on the contractual Council's employment of part-time trainers.

We are grateful for the recent allocation by the State Department of TVET of 17 new PSC trainers who should report to work early in the 2024/2025 fiscal year.

Prof. Mabel K. Majanja

Chairperson, SNP-GC

Signature.....

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6. REPORT OF THE CHIEF PRINCIPAL

The Sigalagala National Polytechnic uses government of Kenya's Fiscal Year as their Reporting Financial Year. The period under review was between 1st July 2023 to 30th June 2024. The presentation of the Financial Statement was done in accordance with the provisions of the International Public Sector Accounting Standards (IPSAS) 1 and requirements in the Revised Reporting Template issued by the Public Sector Accounting Standards Board of Kenya (PSASBK) dated 30th June 2024 as provided in Section 194(d) of the Public Finance Management (PFM) Act, 2012.

Operational Results

The Polytechnic financial reporting is using IPSAS Accruals basis of accounting where total turnover includes arrears not yet recovered and all expenses include debts of suppliers which were not cleared by year end. The Polytechnic operated with a net surplus of Kshs. 383,336

During the year, the government capitation reduced from Kshs. 164,116,000 to Kshs.151,337,000 which was received in three quarters, while quarter four capitation was not disbursed. These capitations were for the continuing students only while September 2023 intake, January 2024 intake and May 2024 intake were to be funded by New Government Scholarship Funding Model of which a total of Kshs. 52,971,808 was received for the September 2023 intake as part of the scholarship apportioned into various categories of need. The Polytechnic did not receive any scholarship funding for the January 2024 and May 2024 intake making the polytechnic to close the year with huge arrears as these students were admitted on strength of this funding.

During the year under review, the polytechnic received re-current grant of Kshs. 30,500,000 out of the approved budgeted figure of Kshs. 31,000,000 as was approved by the National Treasury.

The Sigalagala National Polytechnic total accrued re-current revenues increased from Kshs. 483,072,380 in the year 2022/2023 to Kshs 695,145,048 in the year 2023/2024. This was due to increase in government support through capitation, scholarship, recurrent grants and donations in kind, which increased from Kshs 164,116,000 in the year 2022/2023 to a total of Kshs. 254,377,889 in the year 2023/2024.

Revenues from exchange transactions also increased from Kshs. 318,956,380 in the year 2022/2023 to Kshs. 440,767,159 in the year 2023/2024. This was attributed to increase in the number of students and the new fees guidelines issued by the Ministry of Education State Department for Tvet.

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The Polytechnic expenses also grew from Kshs. 481,866,442 in the year 2022/2023 to Kshs. 694,761,712 in the year 2023/2024 due to expanded expenditure to match growth in operations.

Changes in Net Asset

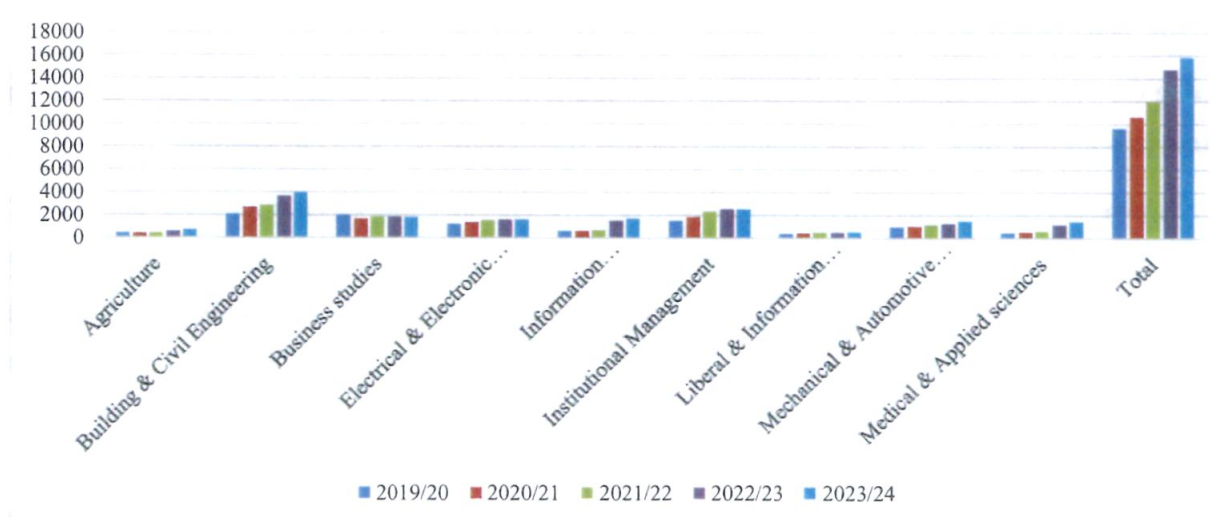
The polytechnic equity grew from Kshs. 1,683,380,815 in the year 2022/2023 to Kshs. 1,767,127,151 in the year 2023/2024. This was a sign that the Going-concern of the Sigalagala National Polytechnic was guaranteed and the polytechnic has a bright future in its operations.

Student enrolment

The student population has been growing upwardly for the last five years as indicated below;

No	Departments	2019/20	2020/21	2021/22	2022/23	2023/24
1.	Agriculture	396	371	400	549	683
2.	Building & Civil Engineering	2,069	2,686	2,865	3,663	3,989
3.	Business studies	1,990	1,687	1,866	1,861	1,825
4.	Electrical & Electronic Engineering	1,211	1,383	1,562	1,608	1,618
7.	Information Communication Tech.	610	613	700	1,520	1,707
8.	Institutional Management	1,526	1,864	2,331	2,552	2,513
9.	Liberal & Information Science	389	450	500	516	534
10.	Mechanical & Automotive Engineering	980	1,059	1,200	1,305	1,502
11.	Medical & Applied sciences	476	535	620	1,193	1,440
	Total	9,647	10,648	12,044	14,767	15,811

Students enrollment



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Debtors

As at the end of the financial year 2023/2024, the Sigalagala National Polytechnic had accrued debtors amounting to Kshs. 400,719,998 which comprised of fees debtors and other institutional debtors.

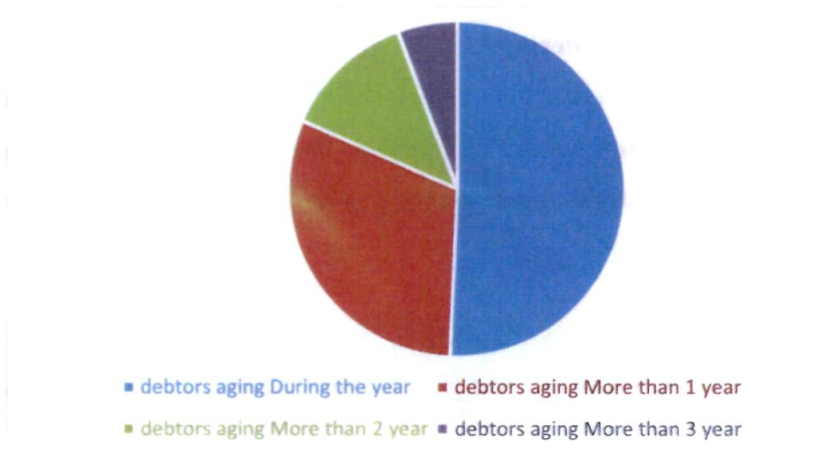
The increase in arrears was due to various factors below:

- a) Government directives that no student should be denied learning on account of non-payment of fees and promised to expedite the new funding model and capitations.
- b) The students who joined the polytechnic in September 2023, January 2024 and May 2024 intakes did not get any government scholarship which was their main source of fees.
- c) The students who joined the polytechnic in September 2023, January 2024 intake and May 2024 intakes did not get any HELB funding which was to subsidize the scholarship as their fees.
- d) The continuing students got reduced capitations and that left them to pay the difference which was not paid by the year end due to non-remittance of Helb funding.
- e) There were generally low bursaries from NGCDF and Counties which always assist a good number of students.

The analysis of the Polytechnic debtors was as below;

	During the year	More than 1 year	More than 2 year	More than 3 year	Total
Category	Kshs.	Kshs	Kshs	Kshs	Kshs.
Fees Debtors	201,567,000	122,683,115	50,631,137	21,245,742	396,126994
Other Institution Debtors	1,684,690	1,467,987	104,500	1,335,827	4,593,004
Total	203,251,690	124,151,102	50,735,637	22,581,569	400,719,998

Debtors Aging



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Projects.

During the year under review, the Polytechnic under took various projects like Buildings, purchase of Plant & Machinery, Motor Vehicle, Furniture & Fittings as well as computers as summarized in the table below:

Status of Projects completion

	Project	Total project Cost	Total Expended to date	Completion % to date	Budget Expended 2023/2024	Actual Expenditure 2023/2024	Sources of funds
1	Ebunangwe Campus	29,500,000	22,649,531	77%	15,000,000	12,625,560	Gok
2	Luanda TVC	69,500,000	37,057,579	53%	17,500,000	22,833,869	Gok
3	Tuition Complex (72 classes)	195,902,010	68,611,464	35%	75,000,000	35,263,989	A-in-A
4	Polytechnic Bus (67-seater)	15,000,000	16,425,070	100%	15,000,000	16,425,070	A-in-A
5	Computers & Printers	20,000,000	5,440,730	27%	20,000,000	5,440,730	A-in-A
6	Machinery & Equipment	10,000,000	10,400,668	100%	10,000,000	10,406,668	A-in-A
7	Furniture and Fittings	5,000,000	4,600,500	92%	5,000,000	4,600,500	A-in-A
8	Buildings	14,864,780	14,864,780	100%	14,864,780	14,864,780	A-in-A

DONATIONS

The Sigalagala National Polytechnic received various donations in form of computers and accessories to be used by the students and outsiders from two organizations worth Kshs. 14,015,656 as stated below:

i) Konza City - VDI Computers

Under government programme for AJIRA, the Sigalagala National Polytechnic received 100 modern computers to be used in the laboratory under VDI project. The computers were fitted and put to use and the values kept in Asset Register of the polytechnic as well as reported in the property plant and equipment as provided under IPSAS 17.

SNO.	Description	Qty	Unit Cost (Kshs)	Amount (Kshs)
1.	Hp computers Intel Core I i5- RAM 8GB HD 1TB	100	120,000	12,000,000

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ii) Young African Works

Under partnership between Sigalagala national polytechnic and young African works; laptops, camera projectors and tablets were donated to assist the polytechnic in training of students in the computing and informatics department which is their areas of interest. All these Laptops and other accessories were put to use and records kept in the polytechnic Asset Registers as well as PPE under IPSAS 17.

The following were the specification of the donations;

Sn o.	Description	Qty	Unit cost (Kshs)	Amount (Kshs)
1.	Hp laptops Intel CoreI i7-10510U CPU @ 1.80GHz 2.30 GHz RAM 8GB HD 1TB	4	85,000	340,000
2.	Sony digital camera	1	40,000	40,000
3.	Epson Projector EB-X51	1	60,000	60,000
4.	Samsung Samsung Galaxy Tab A9 Tablet 8.7" 4GB RAM 64GB ROM.	2	30,000	60,000
	Total			500,000

iii) Cican project.

The institution also received laptops for the electrical department from the above foundation to be used by trainers and trainees. All these laptops were put to use and records kept in the polytechnic Asset Registers as well as PPE under IPSAS 17. The computers were to be used in electrical department which is their point of interest.

The following were the specification of the donations;

SNO.	Description	Qty	Unit cost (Kshs)	Amount (Kshs)
1.	Desk tops CPU intel core i5Ram 8GBHDD, 1TB	7	121,800	852,600
2.	Laptops; CPU Intel Core i5RAM 8GB, HDD 1 TB	2	91,408	182,816
3.	Tablet. 10.4 LTE, 3G/64GB, 2G/3G/4G dual band	12	40,020	480,240
	Total			1,515,656

Lactation programme.

The lactation programme is moving on well where students and staff with babies leave their babies and attend to lessons and work at a daily cost of Kshs. 50. This has reduced the number of drop outs of girls due to attending to their babies at home. The institution wishes to extend the programme into Day Care Centre to take care of year two and three students who wish to continue with education but their babies are past baby care under current lactation programme

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Mentorship programme to other new colleges

The Sigalagala National Polytechnic was appointed by the Ministry of Education to mentor three new institutions;

- Luanda Tvc - Luanda Constituency
- Ebungwe Tvc - Emuhaya Constituency
- Matungu Tvc - Matungu Constituency

The mentorship includes building of these three colleges as per the ministry architectural plan structural drawings and bills of quantity.

i). Luanda Tvc - Luanda constituency

In the case of Luanda Tvc, the total cost of the construction is estimated to cost Kshs. 69,500,000 where the CDF was to share the cost by contributing a total of Kshs. 10,000,000 while the Ministry of Education to take care of the balance.

ii). Ebungwe Tvc - Emuhaya constituency

For the case of Ebungwe Tvc, the Ministry of Education was to take the cost of construction of the tuition block at a contract cost of Kshs. 29,500,000, while the Emuhaya CDF and the County Government of Vihiga were to share the cost of other infrastructural requirements like fencing, gate, electricity among others while the Sigalagala National Polytechnic was to provide all the technical support for the project

iii). Matungu Tvc - Matungu constituency


For the case of Matungu Tvc, the government did the procurement of the contractor and the name of the winning contractor – Wilkori Construction Company forwarded to the polytechnic to hand over site and supervise his work. The contract awarded by the ministry was Kshs. 62,000,000.

The polytechnic conducted handing over of site to Wilkori Construction Company on 4/7/2024, but by the end of the year, work had not started.

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Governance

The Sigalagala National Polytechnic through Governing Council executed their duties well during the year. Various policies were put in place to facilitate good governance. The meeting attendances were averagely good during council meetings. There were no conflicts of interest reported on them during the year under review. The Polytechnic had day to day management under management board which comprise of all top management staff and the heads of departments. During the year under review, the Management board also executed their roles well and there was no conflict of interest reported.



Evans Bosire
CHIEF PRINCIPAL

Date.....**4/12/2024**

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7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the National Government Performance against predetermined objectives.

The Sigalagala National Polytechnic has strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2019 to FY 2024. These strategic pillars are as follows:

Strategic theme/ issue 1: Quality Training for Sustainable Development

Strategic theme/ issue 2: Resource Mobilization and Management

Strategic theme/ issue 3: Research, Innovation and Technology

Strategic theme/ issue 4: Corporate Governance, Partnerships and Linkages for Effective Service Delivery.

The Sigalagala National Polytechnic develops its annual work plans based on the above 4 pillars. Assessment of the Council's performance against its annual work plan is done on a quarterly basis.

The Sigalagala National Polytechnic achieved its performance targets set for the FY 2023/2024 period for its FY 2019 - FY 2024 strategic pillars, as indicated in the table below

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SNo.	Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
1	Quality Training for Sustainable Development	To provide quality and inclusive education and technical training	MOU document detailing collaboration arrangement	Identify suitable technical university and develop partnership	MOU with KIPRA
			No. of CBET programmes and RPL courses developed	Develop curriculum with technical university	17 approved while 50 courses work is ongoing
			Implementation and monitoring report	Monitor and evaluate programmes success	Reports available on termly monitoring
		To provide a conducive environment for training and nurture trainees talent	Participation in tournament and competitions	Promote trainee participation in sports and games	Participated at National and County Levels
			Participation in cultural events	Promote Trainee participation in cultural events	Participated at National and County Levels
2.	Resource Mobilization and Management	To improve resource mobilization and fiscal management of the institution	Amount of funds sourced	Develop resource mobilization strategy sourcing funds as per council mandate	Proposal done to various Donors
			Amount of collection from PUs	Review the PU policy activities	Policy reviewed and approved

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3.	Research, Innovation and Technology	To continuously improve the institutional research and innovation capacities for alignment with industries	Collaborative initiatives with reputable research partners Number of funded proposals	To collaborate with reputable research bodies for enhancement of research capacity of SNP trainers Develop winning research proposal writing skills among the trainers and trainees	Collaboration with NACOSTI, KIPI, NRF Developed several
4.	Corporate Governance, Partnerships and Linkages for Effective Service Delivery		Availability of procedures and processes No of certificates issued No. of LMS installed and customized	Developing procedures and processes Training of staff and internal quality auditors Acquire and setup primary requirements for E- Learning	QMS developed as per ISO 9001-2015 35 internal auditors trained certified as per Iso 9001-2015 Various LMS e-Learning Sigalagala poly.ac.ke

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8. CORPORATE GOVERNANCE STATEMENT

The Sigalagala National Polytechnic believes in good corporate governance as an organization. The governing Council provides leadership through oversight, review and guidance whilst setting the strategic direction. The governing council is the primary decision-making body for all matters considered as material to the service.

The governing Council has the appropriate mix of skills, knowledge and experience to perform its oversight role effectively and efficiently.

Council meetings are held quarterly as per *Mwongozo* guidelines and the Polytechnic Order No. 90 of 2016 and they have formal schedules of matters specifically reserved for deliberation. The Polytechnic ensures that it provides the necessary resources and expertise to the governing council to assist the ministry in their decision-making and as such, they are regularly consulted on key policy matters.

General Responsibilities

The Governing Council has a duty to the people of Kenya to ensure that the Sigalagala National Polytechnic achieves its objectives efficiently and effectively and in compliance with the requirements in the Constitution of Kenya 2010, PFM Act, 2012, TVET Act 2013, Polytechnic Order No. 90 of 2016 and all other relevant laws related to their duties

Statutory powers of the Polytechnic Governing Council include:

- To ensure that proper management structure is in place and the management maintains the corporate integrity, reputation and responsibility
- To monitor and evaluate the implementation of strategies, policies and management plans of the polytechnic
- To constantly review the viability and financial sustainability of the polytechnic.
- To ensure that polytechnic complies with all the relevant laws

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Risk Management and Internal Controls

The Council has overall responsibility for the establishment and oversight of the Polytechnic's risk management frameworks. The risk Management Policies are established to identify and analyse the risks faced by the Polytechnic and to set appropriate risk limits and controls, and to monitor adherence to these limits. Risk Management policies and systems are reviewed regularly to reflect changes in operating conditions, legislation and services offered. Subsequently, the Polytechnic identifies and manages risk through in-house risk review enhanced by compliance, internal and External audits. The Polytechnic has put in place a system of internal controls with defined procedures, financial and operational controls to ensure that resources are safeguarded; transactions authorised, validated and reported in line with International Public-Sector Accounting Standards and other Treasury and Ministry Circulars and Guidelines.

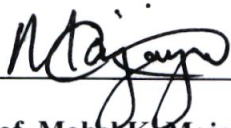
Conflicts of interest

All Council members are under a duty to avoid conflicts of interest. This entails not engaging, directly or indirectly in any business that competes or conflicts with the Polytechnic's business. The Council has established a robust process requiring members to disclose their business interests for the polytechnic to know and have them in records.


Compliance

The Council confirms that it is satisfied that the Polytechnic has adequate resources to continue operating for the foreseeable future. For this reason, it continues to adopt the Going Concern basis when preparing the Financial Statements.

The Council is satisfied that the Polytechnic as to the best of their knowledge complied with all relevant laws and conducted its business affairs in accordance with the law in particular to the Constitution of Kenya 2010, PFM Act 2012, TVET Act 2013, Public Procurement and Disposal Act, 2015 and Polytechnic Order No. 90 of 2016 among others relevant laws and regulations.



Prof. Mabel K. Majanja
Chairperson Council



Mr. Evans Bosire
Principal

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9. MANAGEMENT DISCUSSION AND ANALYSIS

a). The Polytechnic operational and Financial Performance

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The Sigalagala National Polytechnic total accrued re-current revenues increased from Kshs. 483,072,380 in the year 2022/2023 to Kshs. 695,145,048 in the year 2023/2024. This was due to increase in government support through Capitation, Scholarship, Recurrent Grants and Donations in kind from Government Partners which increased from Kshs 164,116,000 in the year 2022/2023 to a total of Kshs. 254,377,889 in the year 2023/2024. Rendering of service revenue also increased from Kshs. 318,956,380 in the year 2022/2023 to Kshs. 440,767,159 in the year 2023/2024.

This was attributed to increase in the number of students and the new fees guidelines issued by the Ministry of Education State Department for Tvet.

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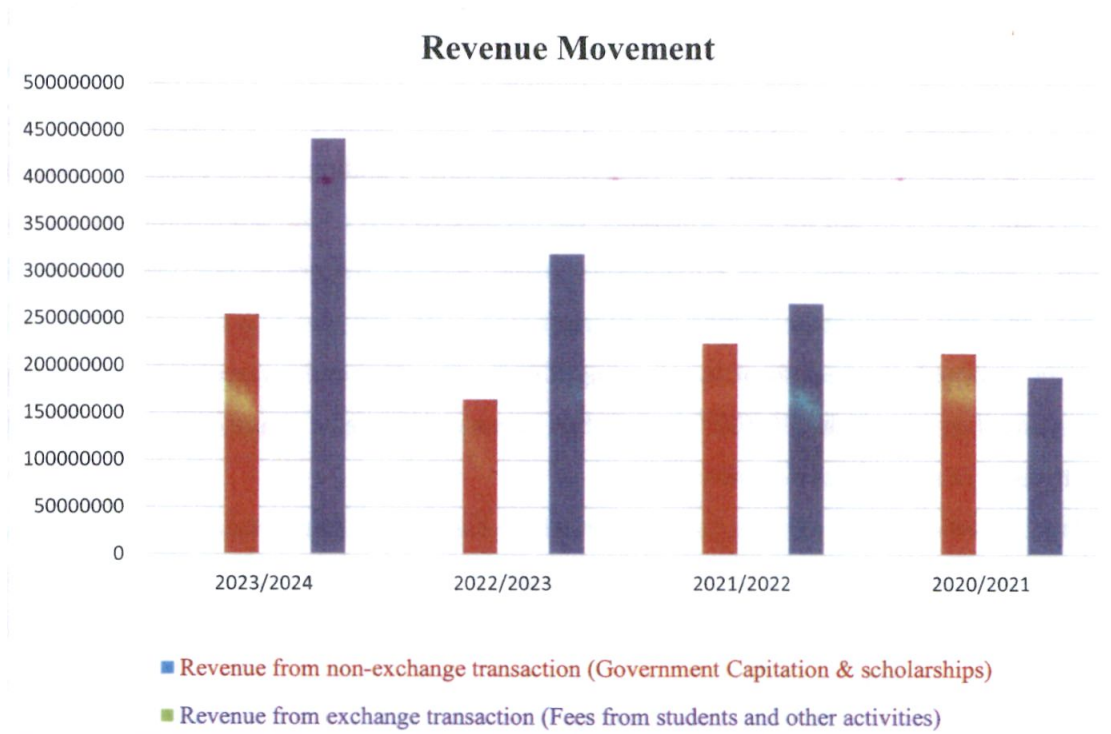
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The Polytechnic total operating expenses also grew from Kshs. 481,866,442 in the year 2022/2023 to Kshs. 694,761,712 in the year 2023/2024 due to expanded expenditure to match growth in population and related operations.

Revenue Movement

S/n	Sources of Revenue	2023/2024	2022/2023	2021/2022	2020/2021
1.	Revenue from non-exchange transaction (Government Capitation & scholarships)	254,377,889	164,116,000	223,829,800	213,645,000
2.	Revenue from exchange transaction (Fees from students and other activities)	440,767,159	318,956,380	266,267,367	188,780,844
	Total	695,145,048	483,072,380	490,097,167	402,425,844

The bar graphs below explain the movement



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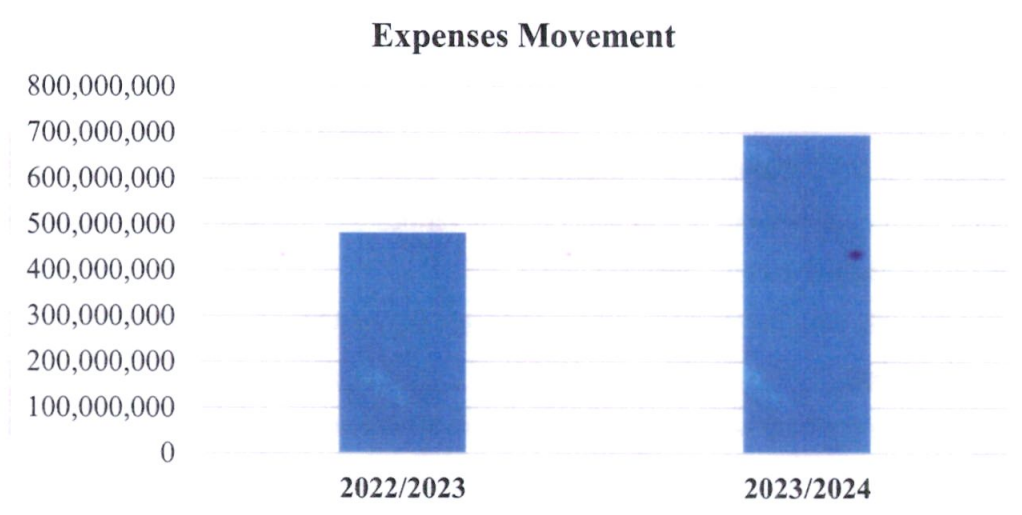
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Expenses movement

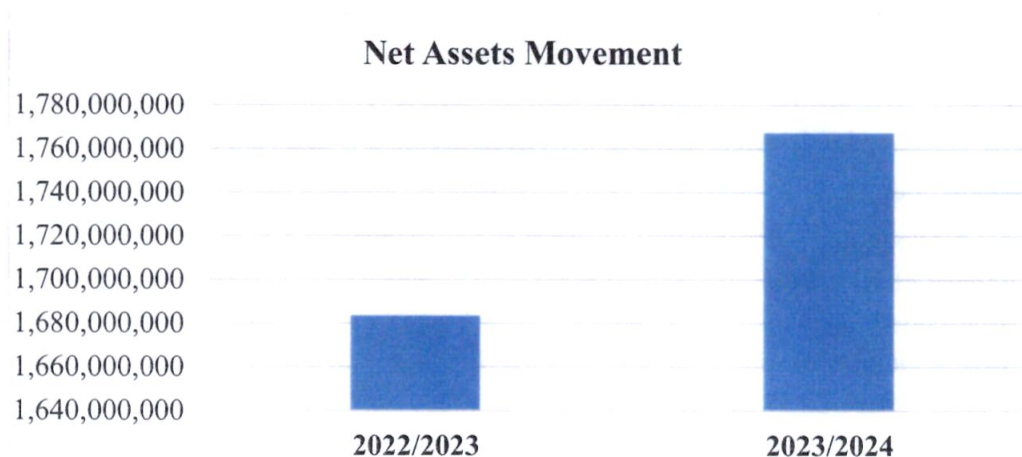
The Polytechnic expense increased from Kshs. 481,866,442. to Kshs. 694,761,712.

The graph below represents the expenses movement within the last three years;



Changes in Net Assets

The net assets base of the Polytechnic also grew over the last two years. This is an indication that the Polytechnic is growing well and the going concern is guaranteed. The net worth of the polytechnic grew from Kshs. 1,683,380,815 to Kshs.1,767,127,151 as represented in the bar graph below;



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c). Compliance with Statutory Requirements

By the end of the year, the Sigalagala National Polytechnic had paid all its statutory requirements in terms of NSSF, NHIF, PAYE, Helb withholding and all withholding taxes from contractors and suppliers it was mandated to pay to KRA. The Polytechnic has been withholding 3% taxes on all payment made to contractors and remitting them to KRA when due. The Polytechnic was also registered as VAT withholding agent as at 1st July 2019 and has been withholding VAT on all its services and payments which were rendered to KRA on or before stipulated time.

During the year the VAT withholding remained at 2%.

The function of the polytechnic is also anchored on various law and statutes and other government regulations which the polytechnic operated under.

By the end of the year the Polytechnic did not have any issues with non-compliance to any legal and statutory requirements.

The Polytechnic is operating within the legal frame works necessary under public sector requirement such as:

- The Constitution of Kenya, 2010
- The Sigalagala National Polytechnic Order No. 90 of 2016
- TVET Act, 2013
- PFM Act, 2012 and its Regulations of 2016
- Public Procurement and Assets Disposal Act, 2015 and its Regulations of 2020
- IPSAS Accruals standards as issued by the PSASBK
- Other relevant regulations and circulars released by the government from time to time.

All other relevant laws in its operation (Regular Circulars from Treasury and Ministry of Education) The Polytechnic has Internal Policies in her operation. These policies are in line with all the relevant laws stated above and only direct the specific operations on how tasks are handled.

These policies are;

- i. Academic Policy
- ii. Examinations Policy
- iii. Admission Policy
- iv. Student Hand book
- v. Quality Assurance Policy
- vi. ILO Policy
- vii. Risk Management Policy
- viii. Integrity Policy

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- ix. Income Generating Activities/Enterprise Policy
- x. ICT Policy
- xi. Human Resource Manual
- xii. Employment Policy
- xiii. Career Progression Guidelines
- xiv. Procurement Policy
- xv. Evaluation Policy
- xvi. Finance Policy
- xvii. Budget Policy
- xviii. Workplace Policy
- xix. Transport Policy
- xx. O'Del Policy

d). Key Projects the Polytechnic is Implementing

The projects undertaken during the year and their levels of completion are as stated below;

Tuition Complex (72 classes)

The Polytechnic is constructing a Tuition Complex comprising 72 lecture halls, when completed will ease the congestion in the polytechnic and solve the issue of learning under tents. this was a two-year project funded by savings from polytechnic (A-in-A funds). The estimated completion date will be December 2024.

Luanda Tvc

The total cost of the construction is estimated to cost Kshs. 69,500,000 where the CDF was to share the cost by contributing a total of Kshs. 10,000,000 while the Ministry of Education to take care of the balance.

Ebunangwe Tvc

The Ministry of Education was to take the cost of construction of the tuition block at a contract cost of Kshs. 29,500,000, while the Emuhaya CDF and the County Government of Vihiga were to share the cost of other infrastructural requirements like fencing, gate, electricity among others while the Sigalagala National Polytechnic was to provide all the technical support for the project.

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Matungu Tvc

The government did the procurement of the contractor and the name of the winning contractor – Wilkori Construction Company forwarded to the polytechnic to hand over site and supervise his work. The contract awarded by the ministry was Kshs. 62,000,000. The polytechnic conducted handing over of site to Wilkori Construction Company on 4/7/2024 but by the end of the year work had not started.

Polytechnic bus

The Polytechnic acquired a new 67-seater bus to assist the students in mobility at a cost of Kshs. 16,425,070. This will go a long way to ensure that the students get enough industry on-sight learning as required by the new training standards.

Machinery and equipment

The polytechnic purchased machinery for the workshop worth Kshs. 10,400,668 to assist the students get enough skills by using modern technology.

Furniture and fittings

The polytechnic purchased furniture during the year worth Kshs. 4,600,500 to assist the students and staff in performing their duties.

Computers and accessories

The polytechnic purchased computers for use in computer laboratories of Kshs. 5,440,730 but also received various computers as donations from three organizations worth Kshs.14,015,656 as below:

- a) Konza City - 100 computers
- b) Young Africa Works – various laptops, printers, camera and tablets
- c) Cican project – various laptops

Building

This consist of a payment made from the high court ruling that the contractor who took the polytechnic to court for non-payment on a building done in 2013. The high Court awarded him a total of Kshs.13,581,766 as his rightful dues.

The polytechnic also constructed a modern incinerator at a cost of Kshs. 1,283,014

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Status of Projects completion

	Project	Total project Cost	Total Expended to date	Completion % to date	Budget Expended 2023/2024	Actual Expenditure 2023/2024	Sources of funds
1	Ebunangwe Campus	29,500,000	22,649,531	77%	15,000,000	12,625,560	Gok
2	Luanda TVC	69,500,000	37,057,579	53%	17,500,000	22,833,869	Gok
3	Tuition Complex (72 classes)	195,902,010	68,611,464	35%	75,000,000	35,263,989	A-in-A
4	Polytechnic Bus (67-seater)	15,000,000	16,425,070	100%	15,000,000	16,425,070	A-in-A
5	Computers & Printers	20,000,000	5,440,730	27%	20,000,000	5,440,730	A-in-A
6	Machinery & Equipment	10,000,000	10,400,668	100%	10,000,000	10,406,668	A-in-A
7	Furniture and Fittings	5,000,000	4,600,500	92%	5,000,000	4,600,500	A-in-A
8	Buildings	14,864,780	14,864,780	100%	14,864,780	14,864,780	A-in-A

d). Major risks the Polytechnic is facing;

Operational Risk

The Polytechnic faces competition for resources including; students, staff and financial resources.

The Polytechnic financial assets are trade receivables as well as cash and short-term deposits which arise directly from its operations. The Polytechnic has financial liabilities comprising trade and other payables. The Polytechnic has exposure to the following risks:

- i) Market risks
- ii) Liquidity risks
- iii) Credit risks

The Council has overall responsibility for the establishment and oversight of the Polytechnic's risk management framework. The Polytechnic's risk management policy is established to identify and analyse the risks faced by the Polytechnic, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policy and systems are reviewed regularly to reflect changes in economic conditions and the organization's activities. The Principal oversees how management monitors compliance with the Polytechnic's risk management policy and procedures and reviews the adequacy of the risk management framework in relation to the risks faced.

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Market Risk Management

- **Interest Rate Risk** - The Polytechnic did not have loan from any financial institutions
- **Foreign Currency Risk**- The Polytechnic did not undertake transactions denominated in foreign currencies during the year 2023/2024 hence did not face any Foreign Currency Risk.

Liquidity Risk

Liquidity risk is the risk that the Polytechnic will not be able to meet its financial obligations as they fall due. The Polytechnic's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Polytechnic's reputation. Typically, the Polytechnic ensures that it has sufficient cash on demand to meet her expected operational expenses for a period of 30 days. All liquidity policies and procedures are subject to review and approval by the Council. All capital developments are funded by the Government and internally generated funds.

Credit Risk

Credit risk is the risk of financial loss to the Polytechnic if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the organization's receivables from customers. The Polytechnic receives fees from students and government capitation which minimizes the credit risk exposure. During the year, the polytechnic fees was heavily affected by low disbursement of Helb loans and bursaries and lack of fourth quarter GOK capitation.

e). Material Arrears and Financial Obligations

As at the end of the financial year 2023/2024, the Sigalagala National Polytechnic had debtors amounting to Kshs. **400,719,998** which comprised of fees debtors and other institutional debtors as shown below:

	During the year	More than 1 year	More than 2 year	More than 3 year	Total
Category	Kshs.	Kshs	Kshs	Kshs	Kshs.
Fees Debtors	201,567,000	122,683,115	50,631,137	21,245,742	396,126,994
Other Institution Debtors	1,684,690	1,467,987	104,500	1,335,827	4,593,004
Total	203,251,690	124,151,102	50,735,637	22,581,569	400,719,998

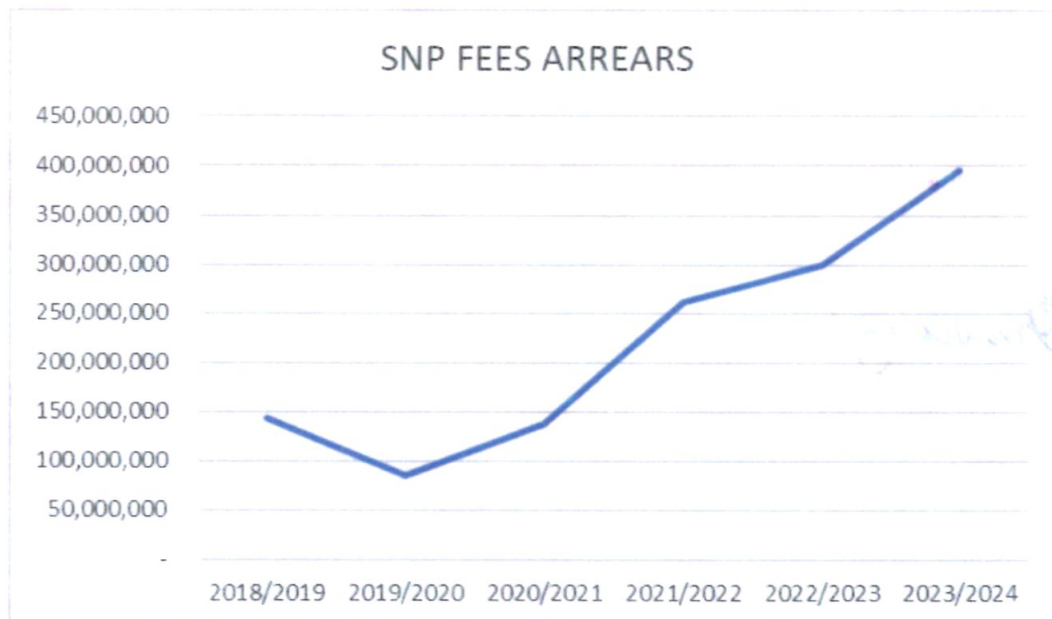
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The Polytechnic had accumulated fees arrears totalling to Kshs. 396,126,994 which had not been received by the year end. The Polytechnic has put up various measures to ensure that the arrears are reduced in the coming years by sensitizing all students to apply for Helb loan and CDF bursaries. The distribution of accumulated fees arrears for the last four years is as shown on the graph below;

- 2018/2019 - 143,391,144
- 2019/2020 - 84,646,556
- 2020/2021 - 138,159,442
- 2021/2022 - 261,183,876
- 2022/2023 - 300,576,347
- 2023/2024 - 396,126,994



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f). The Polytechnic Financial Probity and Governance Issues

The Polytechnic is governed by a Council appointed by the Cabinet Secretary for education, who are independent overseers of the running of the Polytechnic. They hold quarterly meetings to discuss management affairs of the Polytechnic. The full Council has sub-committees who also meet quarterly to oversee operations in their respective areas. The governing Council oversees the financial operations of the Sigalagala National Polytechnic through its Sub - Committee on Finance and Operation. The committee met and discussed the accounts for the financial year 2023/2024 on 20/9/2024. The committee noted that the financial report under review is the seventh to be presented under the new International Public Sector Accounting Standards Accruals basis. (IPSAS Accruals) using the most current template dated 30 June 2024 released by the National Treasury to all public tertiary institutions. The committee then forwarded their report to the full council meeting on 26/9/2024 for adoption.

g). Un-paid Creditors.

By the end of the year 2023/2024, the Polytechnic had creditors worth Kshs. 248,500.

By order of the council



Mr. Evans Bosire

Principal/Secretary to the Council

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10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING STATEMENT

Sustainability Strategy and Profile

The Sigalagala National Polytechnic is guided by the SNP Environmental Sustainability Policy in her environmental activities. The main objective of this policy is: 'Better Quality of Life for Present and Future Generations through Sustainable Management of Sigalagala National Polytechnic's Environmental and National Resources'. The polytechnic is also guided by other policy objectives as follows:

- Provide a framework for an integrated approach to planning and sustainable management of Sigalagala National Polytechnic's environment and natural resources.
- Strengthen the legal and institutional framework for good governance, effective coordination and management of the environment and natural resources.
- Ensure sustainable management of the environment and natural resources such as unique terrestrial and aquatic ecosystems for national economic growth and improved livelihoods.
- Promote and support research and capacity development as well as use of innovative environmental management tools such as incentives, disincentives, total economic valuation, indicators of sustainable development, Strategic Environmental Audits (SEAs), Environmental Impact Assessments (EIA), Environmental Audits (EA), and Payment for Environmental Services (PES).
- Promote and enhance cooperation, collaboration, synergy, partnerships and participation in the protection, conservation, sustainable management of the environment and natural resources.
- Ensure inclusion of cross-cutting and emerging issues.

The polytechnic as an ISO certified institution, is committed to quality through Technical Training, Research and Innovation works fostering scientific and technological, culture that bridges theory and practice, producing holistic graduates prepare for the purpose, service and leadership.

The polytechnic is involved in various activities to enhance environmental sustainability:

- i. Management of Ecosystems and Sustainable use of Natural resources.
- ii. Environmental stewardship
- iii. Environmental quality and Health
- iv. Integration of Environmental concern in all policy, planning and Development process.
- v. Implementation framework
- vi. Research monitoring and evaluation.

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Environmental Performance

The Polytechnic has developed an environmental policy to guide on environmental performance and sustainability to ensure that the environment is well protected for lives.

As for efforts to manage biodiversity, wastes management are concerns, the Sigalagala National Polytechnic has put in place adequate systems of collecting solid, plastic and organic wastes by hiring a qualified and capable cleaning enterprise - Kenma Homecare Services Ltd, that does general cleanliness and disposes the wastes at proper dumping sites. The polytechnic undertook several activities for environmental sustainability.

i) Tree planting

The polytechnic conducted several tree planting exercises during the year in line with Presidential directives on tree planting as well as donation of tree seedlings to various schools and community.



SNP staff and students participating in tree planting within the polytechnic

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ii) Solar System Lighting

The Sigalagala National Polytechnic during the year placed several solar lightings around the polytechnic to ensure security and energy conservation. Virunga lights company limited was awarded the contract to place the solar and the work was successfully completed and put to use on 10/6/2024

iii) Construction of Incinerator

The Polytechnic constructed a new incinerator to assist in disposal of waste. the work was awarded to Lango Glassmatt company and completed in the of month April 2024.



A new incinerator at the snp

Employee Welfare

The polytechnic is committed to ensuring employee welfare is given priority since Human Resource is the most critical and important resource in any organization. In this regard, we have the following welfare activities in place:

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Sigalagala Board of Governors Employee welfare (SIBOGE)

The polytechnic has established a staff welfare group for both teaching and non-teaching staff and committees have been appointed to manage the welfare groups. Members subscribe to the welfare through monthly contributions and payments are made from these contributions towards welfare activities. The objective of the welfare groups is to assist in defraying funeral expenses for members who are bereaved.

Assist with loans to staff for emergencies, payment of school fees and development. Recovery of such loans is through the payroll and a check off system.

Staff Medical Scheme

The Sigalagala Polytechnic management has started a Medical Insurance Scheme for all her workers. under the year under review, the scheme was awarded to Madison Insurance Group

OSHA

The polytechnic observes the relevant regulations governing Occupational Health and Safety Act (OSHA) and has put in place the following; the relevant health certificates/licences for those who work in the kitchen and school cafeteria and staff who handle food and beverages, protective gears for doing their work, Establishment of safety committee and ensuring we have fire extinguishers and fire assembly points

WIBA

The polytechnic complies with the relevant provisions concerning Workman Injury and Benefits Act (WIBA) and has insured the staff under this Act with UAP insurance for the following benefits; Death, Personal injury at the work place, funeral and medical expenses among others.

Market place practices

Responsible competition practice

Sigalagala National Polytechnic has put in place several strategies to ensure responsible competition practice as outlined below:

- Appointment and training of Integrity Assurance Officers (IAOs) to sensitize its staff on integrity issues as well as setting up a corruption prevention committee (CPC).

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- Internal control system through coming up with Human resource, Finance and procurement manuals.
- Compliance with the public procurement and asset disposal act 2015 when it comes to its procurement activities. Giving preference to the marginalized by setting up aside 30% of the procurement opportunities for the women, youth and PWD.
- Set up a customer feedback mechanism by coming up with suggestion boxes and complain boxes where customer rates their satisfaction with the services offered.
- Placing supply advertisement in local newspaper and polytechnic website to ensure it reaches as many suppliers as possible

Responsible supply chain and supplier relations

Sigalagala National Polytechnic has maintained good business practices with its suppliers by:

- Promoting clear and consistent communication on the basis of equal partnerships. Tenders are advertised on public forums where suppliers are able and can easily access information for instance on newspapers, websites etc.
- Use of technology for mutual benefit. The Polytechnic has embraced the use of modern technology which has made it easy to come up with procurement documents and also promoted faster communication through the use of emails. It's easier to update contracts information, submit invoices and respond to quotations, which helps in creating an audit trail.
- Understanding and honouring contractual obligation. Clear contracts/orders spelling the terms and conditions, coming up with an effective inspection and acceptance team has boosted confidence in contracts relationship with supplier.
- Timely/prompt payment. Suppliers are paid on time to enable them stay afloat and stable.
- Supplier appraisal regularly reviewing reviews performance of suppliers promoting vendor accountability, reducing loss and improving customer satisfaction.
- Giving feedback/ notification to all bidders/ suppliers anytime there is any tendering process.
- Conducting suppliers' satisfaction survey by independent group to ascertain their level of satisfaction

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Responsible marketing and advertisement.

The following are efforts being undertaken to maintain ethical marketing practices:

- Being transparent by sharing the information on public platforms such as our websites.
- Protecting supplier data and privacy
- Responding meaningfully to our customer for instance through our able customer care staff.
- Carrying out corporate social responsibility with an intention to have a positive image and help force a stronger bond with immediate surrounding environment.
- Committing to sustainability and human rights.
- Being honest about our products and supply chain.

During the year 2023/2024, the polytechnic conducted marketing in the entire western region, Nyanza region and parts of the Rift valley region being main catchment for the institution.

Product stewardship

Sigalagala has outlined efforts to safeguard consumer rights and interest by:

- Setting up a Quality Assurance Officer to check on the standards of quality of products/services.
- Setting an Inspection and Acceptance Committee to verify on the goods/services being delivered.
- Having a Safety Policy to ensure that their staffs are protected against risks such as accidents and hazardous substances.
- Providing quality services to its clients so as to be competitive on the job market

Promotion of Sports

The Sigalagala National Polytechnic participated in all co-curricular activities from the zonal level to the national level. During the year under review the polytechnic participated in activities as listed below:

- Football – the team participate in national league tier 2
- Rugby – the team participated in the national league and national series
- Music – the team won over 13 tt during national competitions in Nyeri
- Drama – the team reached national level
- KATTI Games – teams participated at the national levels

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SNP music patron – Madam Rhoda Ong'awa and some choir members after the end MKF 2023 at Nyeri

Corporate Social Responsibility/Community Engagements

i) Tree planting in various schools and community

Sigalagala National Polytechnic undertook tree planting initiatives in collaboration with Kenya Forest Service (KFS) in several primary schools neighbouring it. About 10,000 tree species were planted by pupils and teachers in those primary and secondary schools. Speeches emphasizing on the importance of environmental conservation were made. Sigalagala National Polytechnic in collaboration with other local leaders planted trees within the community and other forest gazetted areas like; Kakamega forest, Misango hills as part of environmental conservation.



Tvet Director - Dr. M. Opwora, chief Principal - Mr. Bosire and Snp staff participate in tree planting at Misango Hills alongside local primary school pupils

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Youth training on AGPO

During the year 2023/2024, the Polytechnic trained various youths, women and persons living with disabilities from the local community on how to do business with Government Agencies using Access to Government Procurement Opportunity (AGPO) certificate. The polytechnic took them through the following procedures:

- How to register a company / enterprise.
- How to get KRA pin for the business
- How to open bank account
- How to apply for AGPO certificate
- How to fill tender document
- How to document goods and services once work is completely done
- How to file VAT and other taxes returns.



Women, Youths and PWD attending training on AGPO opportunities at SNP hall

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ii) Training Community on National Values

The polytechnic trained locals on National Values as enshrined in chapter 10 of the Constitution of Kenya, 2010. The national values and principles of governance trained included the following:

- a) Patriotism, National Unity, Sharing and Devolution of Power,
- b) The rule of law, democracy and participation of the people;
- c) Human dignity, equity, social justice, inclusiveness, equality, human rights,
- d) Non-discrimination and protection of the marginalized;
- e) Good governance, integrity, transparency and accountability; and sustainable development.



Section of community attending training on national values at SNP hall

iii) Training Neighbouring Schools pupils on Road Use/safety

The Sigalagala Polytechnic is a registered school centre by National Road Safety Authority (NTSA) to train public in driving in all classes, road safety, defensive driving and all other safety requirement on the road use as stipulated by NTSA. During the year, the polytechnic offered free training to local pupils on the road safety and road use to reduce the road accidents that always occurred around their schools. They also conducted road safety campaign to sensitize the public on road safety in order to reduce accidents

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SNP staff carrying out road safety campaign

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11. REPORT OF THE GOVERNING COUNCIL.

The Council members submitted their report together with the audited financial statements for the year ended 30 June 2024 which show the state of the Sigalagala National Polytechnic affairs.

Principal activities

The Principal activities of the Sigalagala National Polytechnic is to offer Training and Research in technical fields.

Results

The results of the Polytechnic for the year ended 30 June 2024 are set out on page 1-10

Governing Council

The members of the Council who served the polytechnic up to the end of the year are shown on page xiii – xvi. During the year, there were no new members who joined the council. The members details and dates of appointment are as below:

Incoming Council Members

Names	Category	Appointment Date
1. Prof. Mabel K. Minishi	Chair person	23/3/2023
2. Mrs. Lynette A. Odoni	Leadership & Management	23/3/2023
3. Mr. Vitalis Sikuku	Financial Management	23/3/2023
4. CPA. Phoebe M. Musau	Financial Management	23/3/2023
5. Dr. Geoffrey K. Kimutai	Law/ICT	23/3/2023
6. Mr. Charles Ndambuki	PS Representative - Nation Treasury	23/3/2023
7. Mrs. Stella Oimbo	PS Representative - MOE	23/3/2023
8. Eng. John Ombengi	Engineering	23/3/2023

Auditors

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

By Order of the Council


Secretary

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12. STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

According Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act 2013, the Sigalagala National Polytechnic has prepared Financial Statements that gives true view of the Polytechnic state of affairs as at the end of the financial year June 30 2024.

These responsibilities include:

- (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 polytechnic;
- (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) Safe guarding the assets of the polytechnic;
- (v) Selecting and applying appropriate accounting policies;
- (vi) Making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for the polytechnic's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) accruals basis, and in the manner required by the PFM Act, 2012 and (the State Corporations Act, and the TVET Act).

The Council members are of the opinion that the polytechnic's financial statements give a true and fair view of the state of polytechnic's transactions during the financial year ended 30 June, 2024 and of the polytechnic's financial position as at that date.

The Council members further confirm the completeness of the accounting records maintained for the polytechnic, which have been relied upon in the preparation of the polytechnic's financial statements as well as the adequacy of the systems of internal financial control.


Nothing has come to the attention of the council members to indicate that the polytechnic will not remain a Going Concern for at least the next twelve months from the date of this statement.

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Approval of the Financial Statements

The Polytechnic's financial statements were approved by the full council on 26/09/2024 and signed on its behalf by:


.....
Council Chairperson


.....
Council Secretary


.....
Council Member

REPUBLIC OF KENYA



Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON SIGALAGALA NATIONAL POLYTECHNIC FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Sigalagala National Polytechnic set out on pages 1 to 54 which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and the 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Sigalagala National Polytechnic as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Unregulated Receivables from Exchange Transactions

The statement of financial position and disclosure Note 22(b) to the financial statements reflects long-term receivables from exchange transactions balance of Kshs.197,468,308 representing an increase of Kshs.39,851,883 from previous year's balance of Kshs.157,616,425.

Review of debtors aging analysis revealed student debtors amounting to Kshs.194,559,994 have been outstanding for more than twelve months. However, the Polytechnic's finance policy does not address the providing of provision for bad and doubtful debts, allowable limits and ceilings for the categories of debtors, debt management and write-off procedures by Management and Board. Further, the Management did not provide evidence of efforts made to collect the outstanding debts.

In the circumstances, the accuracy and full recoverability of long-term receivables from exchange transactions balance of Kshs.197,468,308 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Sigalagala 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 receipts budget and actual on comparable basis of Kshs.779,253,425 and Kshs.695,145,048 respectively, resulting to under-funding of Kshs.84,108,377 or 11% of the budget. Similarly, the Polytechnic expended a total of Kshs.694,761,712 against an approved budget of Kshs.768,253,425 resulting to an under-expenditure of Kshs.73,491,713 or 10% of the budget. Additionally, the polytechnic expended Kshs.136,876,822 against approved budget of Kshs.125,000,000 on development resulting to over-expenditure of Kshs.11,876,822 or 10% of the budget.

In the circumstances, the Management did not observe fiscal discipline.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the report for the previous year, issues were raised under Report on the Financial Statements and Report on Lawfulness and Effectiveness in Use of Public Resources. However, although Management has indicated that the issues have been resolved under in Appendix 1 to the financial statements on implementation status of Auditor-General recommendations, no evidence was provided for audit review indicating whether or not the issues had been resolved.

Other Information

Management is responsible for the other information set out on page iv to lvii which comprise of Key Entity Information and Management, Members of Governing Council, Key Management Team, Chairman's Statement, Report of the Chief Principal, Statement

of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Governing Council, Statement of Council Members' Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the National 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 and 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. Delayed Completion of Projects

1.1. Proposed Erection and Completion of Tuition Complex and Associated Works at Main Campus

Note 39 to the financial statements on capital commitments reflects a balance of Kshs.170,583,436, which includes Kshs.127,290,546 in respect to authorized and contracted construction of seventy-two (72) classrooms tuition block at the Polytechnic's main campus. A contract agreement dated 2 August, 2023 was entered between Sigalagala National Polytechnic and a construction company for the proposed erection and completion of tuition complex and associated works at a contract sum of Kshs.195,902,010. The contract period was eighty (80) weeks, commencing on 19 September, 2022 to an expected completion date of 21 March, 2024. However, a physical verification of the project carried out in the month of November, 2024 revealed that construction was approximately 48% complete and the contractor was still on site seven (7) months after the expected completion date of 21 March, 2024. As a result, the project was behind schedule thereby resulting to undue delay in delivery of intended services.

1.2. Proposed Erection and Completion of Workshop, Classrooms, and Office Block and Associated Works at Luanda Technical and Vocational College

Note 39 to the financial statements reflects capital commitment balance of Kshs.170,583,436, which includes Kshs.32,442,421 in respect for authorized and contracted construction of Luanda Technical and Vocational College. A contract agreement was made on 23 January, 2023 between Sigalagala National Polytechnic and a construction company for the proposed erection and completion of workshops, classrooms, office block and associated works at Luanda Technical and Vocational College at a contract sum of Kshs.69,991,330. The contract period was fifty-two (52) weeks, commencing on 27 February, 2023, up to an expected completion date of 1 March, 2024.

In addition, a measurement certificate No.4 dated 4 April, 2024 revealed that the works were 55% complete and the project was thirty-two (32) weeks behind schedule as at 30 June, 2024 and as confirmed during the physical inspection of the project carried out in the month of November, 2024.

In the circumstances, the objectives and value for money have not been realized in respect of these projects.

2.Non-Compliance with Law on Ethnic Diversity

Review of payroll records revealed that out of the two hundred and forty-six (246) employees and nine (9) board members, one hundred and ninety-six (196) or 77% were from the dominant community. The senior management comprises six (6) out of ten (10) or 60%, teaching staff ninety-seven (97) out of one hundred and twenty-five (125) or 79%, and non-teaching staff ninety-one (91) out of one hundred and eleven (111) or 82% were from the dominant community. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008, which stipulates that no public establishment should employ more than one-third of its staff from the same ethnic community.

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, except for the effects of the matter 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

Information Communication Technology (ICT) Internal Control Weaknesses

During the year under review, the Polytechnic had not established an ICT Strategy, Steering Committee, ICT Security Policy, disaster management and recovery policies to ensure data confidentiality, integrity and availability. Further, the Polytechnic had expired anti-virus and firewall programs on all computers. In addition, the Polytechnic did not have a policy on physical access to ICT infrastructure and did not maintain a risk register.

In the circumstances, the effectiveness of the ICT internal controls 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 Governing Council

The 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 sustain services, disclosing, as applicable, matters related to sustainability of services and using applicable basis of accounting unless Management is aware of the intention to terminate the Institution or to cease its operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, the 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 Governing Council is responsible for overseeing the Polytechnic's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards 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

31 December, 2024

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14. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2024

Description	Notes	2023-2024	2022-2023
Revenue from Non-Exchange Transactions		Kshs.	Kshs.
Transfers from other National Government entities	6	240,362,233	164,116,000
Public Contributions and Donations	7	14,015,656	-
Total Revenue from Non-Exchange Transactions		254,377,889	164,116,000
Revenue from Exchange Transactions			
Rendering of services- Fees from students	8	397,181,446	283,879,333
Sale of goods	9	42,247,271	34,412,512
Rental Revenue from Facilities and Equipment	10	831,100	656,250
Finance Income	11	7,342	8,285
Other Income	12	500,000	-
Total Revenue from Exchange Transactions		440,767,159	318,956,380
Total Revenue		695,145,048	483,072,380
Expenses			
Use of goods and Services	13	424,759,472	269,182,068
Employee Costs	14	98,406,109	91,875,768
Board /Council Expenses	15	17,007,436	10,956,205
Depreciation and Amortization Expense	16	75,507,651	68,208,261
Repairs and Maintenance	17	44,204,646	27,658,745
Contracted Services	18	30,019,998	13,985,395
Monitoring & Evaluations	19	4,856,400	-
Total Expenses		694,761,712	481,866,442
Net surplus for the year		383,336	1,205,938

(The notes set out on pages 11 to 51 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 10 were signed by:



 Chairperson of Council



 Chief Principal



 Finance Manager

Date 4/12/2024

Date 4/12/2024

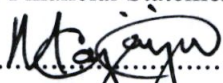
ICPAK No. 15907
 Date 4/12/2024

THE SIGALAGALA NATIONAL POLYTECHNIC
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FOR THE YEAR ENDED 30 JUNE 2024

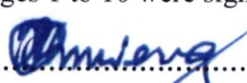
15. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

Description	Notes	2023-2024	2022-2023
Assets		Kshs	Kshs
Current Assets			
Cash and Cash Equivalents	21	170,995,653	257,602,888
Current Portion of Receivables from Exch. Transactions	22(a)	203,251,690	151,372,236
Inventories	24	40,337,199	26,399,415
		414,584,542	435,374,539
Non-Current Assets			
Long term Receivables from Exchange Transactions	22(b)	197,468,308	157,616,425
Property, Plant, and Equipment	26(a)	1,169,502,937	1,107,432,539
Intangible Assets	27	9,965,036	10,672,262
Biological Assets	28	1,110,000	730,000
		1,378,046,281	1,276,451,226
Total Assets		1,792,630,823	1,711,825,765
Liabilities			
Current Liabilities			
Trade Payables from Exchange Transactions	29	13,806,250	14,236,579
Refundable Deposits from Customers	30	10,613,941	13,124,891
		24,420,191	27,361,470
Non-Current Liabilities			
Non-Current Provisions	33	1,083,480	1,083,480
Total Liabilities		1,083,480	1,083,480
Net Assets			
Capital Reserves		745,328,649	745,328,649
Revaluation Reserve		269,024,899	268,644,899
Accumulated Surplus		140,042,971	139,659,635
Mentorship funds		90,000,000	47,500,000
Capital Fund		522,730,632	482,247,632
Total Net Assets		1,767,127,151	1,683,380,815
Total Net Assets and Liabilities		1,792,630,823	1,711,825,765

The Financial Statements set out on pages 1 to 10 were signed by:

.....

 Chairperson Council

Date 4/12/2024

.....

 Chief Principal

Date 4/12/2024

.....

 Finance Manager

ICPAK No 15907

Date 4/12/2024

THE SIGALAGALA NATIONAL POLYTECHNIC
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16. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2024

Description	Capital Reserve	Mentorship funds	Revaluation Reserve	Retained Earnings	Development Grants/Fund	Total
At July 1, 2021	748,695,243	-	-	97,003,341	275,377,086	1,121,075,670
Revaluation gain	-	-	268,614,899	-	-	268,614,899
Fair value adjustment on quoted invest.	-	-	-	-	-	-
Total comprehensive income	-	-	-	41,450,356	-	41,450,356
Capital grants received during the year	-	20,000,000	-	-	115,682,071	135,682,071
As at June 30, 2022	748,695,243	20,000,000	268,614,899	138,453,697	391,059,157	1,566,822,996
As at July 1, 2022	748,695,243	20,000,000	268,614,899	138,453,697	391,059,157	1,566,822,996
Revaluation gain	-	-	30,000	-	-	30,000
Disposal	(3,366,594)	-	-	-	-	(3,366,594)
Fair value adjustment on quoted invest.	-	-	-	-	-	-
Total comprehensive income	-	-	-	1,205,938	-	1,205,938
Capital grants received during the year	-	27,500,000	-	-	91,188,475	118,688,475
As at June 30, 2023	745,328,649	47,500,000	268,644,899	139,659,635	482,247,632	1,683,380,815
As at July 1, 2023	745,328,649	47,500,000	268,644,899	139,659,635	482,247,632	1,683,380,815
Revaluation gain	-	-	380,000	-	-	380,000
Disposal	-	-	-	-	-	-
Fair value adjustment on quoted invest.	-	-	-	-	-	-
Total comprehensive income	-	-	-	383,336	-	383,336
Capital grants received during the year	-	42,500,000	-	-	40,483,000	82,983,000
As at June 30, 2024	745,328,649	90,000,000	269,024,899	140,042,971	522,730,632	1,767,127,151

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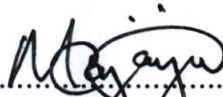
17. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024

Description	Note	2023-2024	2022-2023
Cash Flows from Operating Activities		Kshs.	Kshs.
Receipts			
Revenue from Non-Exchange Transactions			
Transfers from other National Government entities	6	240,362,233	164,116,000
Total Revenue from Non-Exchange Transactions		240,362,233	164,116,000
Revenue from Exchange Transactions			
Rendering of services- Fees from students	8	397,181,446	283,879,333
Sale of goods	9	42,247,271	34,412,512
Rental Revenue from Facilities and Equipment	10	831,100	656,250
Finance Income	11	7,342	8,285
Other income	12	500,000	-
Total Revenue from Exchange Transactions		440,767,159	318,956,380
Total Receipts		681,129,392	483,072,380
Expenses			
Use of goods and Services	13	424,759,472	269,182,068
Employee Costs	14	98,406,109	91,875,768
Board /Council Expenses	15	17,007,436	10,956,205
Repairs and Maintenance	17	44,204,646	27,658,745
Contracted Services	18	30,019,998	13,985,395
M&E	19	4,856,400	-
Total payments		619,254,061	413,658,181
Net Cash Flows from Operating Activities		61,875,331	69,414,199
Net cash flows used in Investing Activities			
Acquisition of PPE	26(a)	(122,455,166)	(125,609,828)
Acquisition of intangible assets	27	(400,000)	(2,312,650)
Net cash flows used in Investing Activities		(122,855,166)	(127,922,478)
Cash flows from Financing Activities			
Development Fees	20	40,483,000	91,188,475
Funds for Mentorship projects	20	42,500,000	27,500,000
Net cash flows used in Financing Activities		82,983,000	118,688,475

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Changes in Current Assets/ liabilities			
Increase in Receivables from Exchange Transactions	22	(91,731,337)	(44,745,435)
Increase in Inventories	24	(13,937,784)	(13,261,531)
Decrease in Trade payables from Exchange Transactions	29	(430,329)	(1,716,127)
Decrease in Refundable Deposits from customers	30	(2,510,950)	(29,197,995)
Net changes in Working Capital		(108,610,400)	(88,921,088)
Net Increase/(Decrease) in Cash and Cash Equivalents		(86,607,235)	(28,740,892)
Cash and Cash Equivalent as at 1 July 2023	21	257,602,888	286,343,780
Cash and Cash Equivalent as at 30 June 2024	21	170,995,653	257,602,888

The Financial Statements set out on pages 1 to 10 were signed by:




 Chairperson Council

Date 4/12/2024



 Chief Principal

Date 4/12/2024



 Finance Manager

ICPAK No. 15907

Date 4/12/2024

THE SIGALAGALA NATIONAL POLYTECHNIC
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18. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2024

	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Performance Difference	Utilization Difference
Tuition Fees (A-in-A)	452,460,000	-	452,460,000	440,767,159	(11,692,841)	-3%
Tuition Fees (Capitations & Scholarships)	305,793,425	(10,000,000)	295,793,425	223,877,889	(71,915,536)	-24%
Re-Current Grants from GOK	31,000,000	-	31,000,000	30,500,000	(500,000)	-2%
TOTAL	789,253,425	(10,000,000)	779,253,425	695,145,048	(84,108,377)	-11%
Operating Expenses						
Personnel Emoluments						
Basic Salary	120,000,000	-	120,000,000	98,406,109	21,593,891	18%
Sub - Total	120,000,000	-	120,000,000	98,406,109	21,593,891	18%
Councils Expenses						
Honoraria	1,460,000	(500,000)	960,000	960,000	-	0%
Siting Allowance	16,540,000	-	16,540,000	16,047,436	492,564	3%
Sub - Total	18,000,000	(500,000)	17,500,000	17,007,436	492,564	3%
Contracted Services						
Outsourced Services - Legal	1,000,000	-	1,000,000	582,057	417,943	42%
Outsourced Services -Security	10,000,000	2,000,000	12,000,000	8,096,064	3,903,936	33%
Outsourced Services -Cleaning	8,000,000	2,000,000	10,000,000	5,560,209	4,439,791	44%
Contracted Services - Health insurance	20,000,000	-	20,000,000	13,386,929	6,613,071	33%
Contracted Services - students medical	6,000,000	-	6,000,000	5,544,790	455,210	8%
Contracted Services -Transport	4,000,000	-	4,000,000	2,394,739	1,605,261	40%
Sub -Total	49,000,000	4,000,000	53,000,000	35,564,788	17,435,212	33%
Use of Goods and Services						
Teaching materials and academic trips	31,700,000	-	31,700,000	31,488,497	211,503	1%
Teaching Expenses	110,000,000	-	110,000,000	109,485,976	514,024	0%
Laboratory Materials	40,000,000	-	40,000,000	41,071,222	(1,071,222)	-3%

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Field Attachment Expenses	20,000,000	-	20,000,000	19,907,295	92,705	0%
Research Expenses	30,000,000	-	30,000,000	26,711,954	3,288,046	11%
Curriculum Development/Materials	10,000,000	-	10,000,000	10,222,950	(222,950)	-2%
Performance contracting	22,000,000	-	22,000,000	19,610,115	2,389,885	11%
Examination Expenses	12,000,000	-	12,000,000	11,172,180	827,820	7%
Marketing & Publicity	5,000,000	-	5,000,000	4,691,000	(309,000)	6%
Sub -Total	280,700,000		280,700,000	274,361,189	6,338,811	2%
Administrative Expenses						
Graduation Expense	10,000,000	(2,000,000)	8,000,000	7,246,466	753,534	9%
Telephone & postage	5,000,000	(4,000,000)	1,000,000	795,326	204,674	20%
Covid-19 Protocols & hygiene	2,000,000	-	2,000,000	1,031,225	968,775	48%
Lactation	1,000,000	-	1,000,000	462,499	537,501	54%
O'del programmes	2,000,000	(1,000,000)	1,000,000	509,900	490,100	49%
Automation	10,000,000	-	10,000,000	6,450,368	3,549,632	35%
Monitoring & Evaluation	5,553,425	-	5,553,425	4,856,400	697,025	13%
Traveling & Accommodation: - Local Travel	9,000,000	-	9,000,000	9,202,973	(202,973)	-2%
Utility Costs: - Water and Sewerage	7,500,000	-	7,500,000	6,885,147	614,853	8%
Utility Costs: - Electricity	7,500,000	-	7,500,000	6,885,147	614,853	8%
Office Stationery, Printing Etc.	20,000,000	(2,000,000)	18,000,000	18,457,997	(457,997)	-3%
General Office Supplies	44,000,000	(4,000,000)	40,000,000	42,118,796	(2,118,796)	-5%
Sports	20,000,000	-	20,000,000	20,827,540	(827,540)	-4%
ISO Certification	5,000,000	(500,000)	4,500,000	3,668,840	831,160	18%
ICT Services	20,000,000	(3,000,000)	17,000,000	8,859,155	8,140,845	48%
Seminars, Conference, Workshops	10,000,000	(1,000,000)	9,000,000	9,179,024	(179,024)	-2%
Library Books	12,000,000	-	12,000,000	2,273,090	9,726,910	81%
Sub -Total	190,553,425	(17,500,000)	173,053,425	149,709,893	23,343,532	13%

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Repairs and Maintenance						
Motor Vehicles & Automobiles	15,000,000	(2,000,000)	13,000,000	17,592,301	(4,592,301)	-35%
Plant and Equipment	5,000,000	-	5,000,000	511,800	4,488,200	90%
Furniture and Fittings	5,000,000	-	5,000,000	262,550	4,737,450	95%
Maintenance of Buildings	30,000,000	(5,000,000)	25,000,000	21,999,986	3,000,014	12%
Computers and Other Office Equipment	5,000,000	-	5,000,000	3,838,009	1,161,991	23%
Sub-Total	60,000,000	(7,000,000)	53,000,000	44,204,646	8,795,354	17%
Depreciation						
Depreciation and Amortization	71,000,000	-	71,000,000	75,507,651	(4,507,651)	-6%
Sub-Total	71,000,000	-	71,000,000	75,507,651	(4,507,651)	-6%
Total Expenditure	789,253,425	(21,000,000)	768,253,425	694,761,712	72,112,154	9%
Surplus for the period	-	11,000,000	11,000,000	383,336		
Development expenditure	125,000,000		125,000,000	136,876,822	(11,876,822)	-10%
Sub-Total	125,000,000	-	125,000,000	136,876,822	(11,876,822)	-10%

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BUDGET VARIANCE ANALYSIS NOTES

1. Explanatory notes on budget analysis

i) Capitation and Re-current grants

Capitation from the government which subsidize fees was budgeted at Kshs. 295,793,425 but the Polytechnic only received Kshs. 223,877,889. leaving a deficit of Kshs. 71,915,536 which was to be received as fourth quarter capitation but was not disbursed.

There was also approved recurrent grant of Kshs. 31,000,000 that was to be disbursed by the National Treasury to assist in re-current expenditure, but Polytechnic only received Kshs 30,500,000 by the year end.

ii) Personnel emoluments

The institution suspended the employment of key staff who were to be hired during the period for fear of cash crunch hence the shortfall in expenditure by 18%

iii) Staff medical insurance scheme

In the approved budget for the year 2023/2024, there was approved budget line of Kshs. 18 million towards the scheme but by 30th June 2024, Madison insurance company which was awarded the contract at Kshs. 17,386,929 had agreed to be paid in two instalments; in May 2024 – Kshs. 13,386,929 and in September 2024 – Kshs. 4,000,000 which has been captured as commitment under note 39

iv) Contracted services

The reduction in the approved expenses was due to reduction in services that was occasioned by cash shortage and the institution deferred some activities for fear of huge pending bills.

v) Administrative expenses

The Polytechnic had to reduce these costs as per government circular No 08/2022 on Austerity Measures issued by the National Treasury. Averagely the reduction was at 13%

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vi) Core mandate Expenses.

The polytechnic had to reduce these costs in other areas as per government circular No 08/2022 on Austerity Measures issued by the National Treasury but being core mandate, this area was not affected.

vii) Changes Between Original and Final Budget

The original budget of the institution was at a cost of Kshs. 789,253,425 which was submitted to the National Treasury for approval, but after verification by the National Treasury it was adjusted to Kshs. 768,253,425.

viii) Expenses Reconciliation statement with statement of performance as at 30/6/2024

<u>Details</u>	<u>Kshs.</u>
Total actual as per budget analysis above	- 694,761,712
Total actual as per statement of performance	- 694,761,712

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19. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Sigalagala National Polytechnic is established by and derives its authority and accountability from The Sigalagala National Polytechnic Order No. 90 of 2016 and the TVET Act of 2013. The Polytechnic is wholly owned by the Government of Kenya and is domiciled in Kenya within Kakamega County. The Polytechnic principal activity is to offer training and skills In Science and Technology

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 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 Sigalagala National Polytechnic accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Sigalagala National Polytechnic.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, The Sigalagala National Polytechnic Order No. 90 of 2016 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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3. ADOPTION OF NEW AND REVISED STANDARDS

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

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

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

Standard	Effective date and impact:
<p>IPSAS 43: Leases</p>	<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. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p> <p><i>The Sigalagala National Polytechnic was not affected by this standard since they did not have any transaction dealing with Leases during the year ended 30 June 2024.</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:</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> <p><i>The Sigalagala National Polytechnic was not affected by this standard since they did not have any transaction dealing with Non- Current Assets Held for Sale and Discontinued Operations during the year ended 30 June 2024.</i></p>

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IPSAS 45:	<i>Applicable 1st January 2025</i>
Property Plant and Equipment	<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>During the year ended 30 June 2024, the Sigalagala National Polytechnic applied IPSAS 17 for the last time before adopting the new standard IPSAS 45 during the next financial year 2024/2025 which falls within the year of adoption of the new standard ISAS 45 (Applicable date: 1st January 2025)</i></p>
IPSAS 46:	<i>Applicable 1st January 2025</i>
Measurement	<p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul 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. iv. The standard also introduces a public sector specific measurement bases called the current operational value. <p><i>During the year ended 30 June 2024, the Sigalagala National Polytechnic did not use the new standard but will use it during the next financial year 2024/2025 which falls within the year of adoption of the new standard IPSAS 46 (Applicable date: 1st January 2025)</i></p>

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IPSAS 47: Revenue	<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 statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p> <p><i>During the year ended 30 June 2024, the Sigalagala National Polytechnic did not use the new standard but will use it during the next financial year 2024/2025 which falls within the year of adoption of the new standard IPSAS 47 (Applicable date: 1st January 2025)</i></p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p> <p><i>During the year ended 30 June 2024, the Sigalagala National Polytechnic did not use the new standard but will use it during the next financial year 2024/2025 which falls within the year of adoption of the new standard IPSAS 48 (Applicable date: 1st January 2026)</i></p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p> <p><i>During the year ended 30 June 2024, the Sigalagala National Polytechnic did not use the new standard but will use it during the next financial year 2024/2025 which falls within the year of adoption of the new standard IPSAS 49 (Applicable date: 1st January 2026)</i></p>

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iii. Early adoption of standards

The Sigalagala National Polytechnic did not adopt any new or amended standards during the year 2023/2024 because most of the amended clauses did not affect their operations. and the ones affecting them will be due in January 2025 and January 2026

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4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue Recognition

The Sigalagala National Polytechnic recognizes revenues into two forms:

- Revenue from Non-Exchange Transactions
- Revenue from exchange transactions

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 polytechnic and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

During the year capitation and scholarship received from the ministry of education for students' fees subsidy amounted to **Kshs. 254,377,889**

The polytechnic did not receive any development funds from the government during the year for any development project for the polytechnic other than mentorship funds for mentorship projects

ii) Revenue from exchange transactions

Rendering of services

The Polytechnic recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. During the year under review, the Sigalagala National Polytechnic received fees from students for exchange of tuition services rendered to them amounting to **Kshs. 397,181,446**

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 Polytechnic.

During the year, Sigalagala National Polytechnic received revenue from sale of goods on production unit programmes it runs amounting to **Kshs. 42,247,271**

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Interest on Saving Account

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.

During the year Sigalagala National Polytechnic received interest income from the savings account it holds at Absa Bank account of **Kshs. 7,342**

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.

During the year Sigalagala National Polytechnic received rental income from the staff houses and hire of free assets amounting to **Kshs. 831,100**

Other income

The Polytechnic received **Kshs. 500,000** under other income in form of Research funds from Kenya National Innovation Agency (KENIA) to enable the polytechnic do commercialization on the product that performed well during the national exhibition

b) Budget Information – IPSAS 24

Presentation of the budget information in the Financial Statements was done in accordance to IPSAS 24. The original budgets for year 2023/2024 was approved by the Council on 16/12/2022. The Polytechnic's budget was prepared on the same basis to the statement of comprehensive income, disclosed in the financial statements. The financial statements were prepared on accrual basis using a classification based on the nature of expenses in the Statement of Financial Performance. 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.

c) Taxes

Current Income Tax

The Polytechnic is exempted from paying corporation taxes as per income tax Act. But it assists KRA in revenue collections by withholding taxes such as PAYE, VAT, housing levy, Withholding taxes on contractors, professional and consultancies as per KRA regulations in place.

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Value Added Tax

Sigalagala National Polytechnic is registered as VAT withholding agent, such that anytime they are paying suppliers who deal with vat-able goods and services, a certain percentage agreeable with KRA is retained and surrendered to Kenya Revenue Authority.

During the year 2023/2024, the VAT withholding was 2%.

d) Investment property – IPSAS 16

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

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

e) Property, Plant and Equipment – IPSAS 17

All Property, Plant and Equipment are stated at cost less Accumulated Depreciation and Impairment Losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the polytechnic 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. The Sigalagala National Polytechnic uses **Straight Line Depreciation Method** on its Non-current assets.

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The depreciation rates as per the Finance Policy on non-current Assets are as below:

Description	Rate	Amount
Buildings	2%	13,510,939
Machinery & Equipment	12.5%	17,436,917
Furniture & Fittings	12.5%	7,750,415
Motor vehicle	25%	11,386,268
Computers	33.3%	24,315,886
Intangible asset	10%	1,107,226
Total		75,507,651

(f) Leases – IPSAS 43

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Polytechnic. 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 Polytechnic also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

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

An asset held under a finance lease is depreciated over the useful life of the asset.

However, if there is no reasonable certainty that the Polytechnic 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.

IPSAS 43 provides the procedure for the treatment and disclosure of the leases when an institution has but for the year 2023/2024, the polytechnic did not have any.

(g) Intangible Assets - IPSAS 31

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. The useful life of the intangible assets is assessed as either finite or indefinite.

During the year under review, the Sigalagala National Polytechnic did not acquire any additional modules on their ERP but reported the existing modules as per the provisions of IPSAS 31 as stated below:

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Modules	% completion
Finance module	100%
Procurement and stores module	100%
Human Resource and payroll module	100%
Student management (registrar) module	100%
Student Academic and Examination module	100%
Accommodation module	100%
Staff and student portal	100%
Average completion rate	100%

h) Research and Development Costs

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

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

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

i) Financial instruments – IPSAS 41

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 Sigalagala National Polytechnic does not have any hedge relationships and therefore the new hedge accounting rules have no impact on its financial statements. At initial recognition, the Sigalagala National Polytechnic may measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Polytechnic does not deal with this category of assets

Loans and Borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

During the financial year 2023/2024, the Sigalagala National Polytechnic did not have any loans under this clause.

Subsequent measurement

Based on the business model and the cash flow characteristics, the Sigalagala National Polytechnic 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. During the year 2023/2024, the Sigalagala National Polytechnic did not engage in transactions that would result in subsequent measurement.

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. During the year 2023/2024, the Sigalagala National Polytechnic did not engage in such financial assets.

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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.

j) Inventories - IPSAS 12

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. By the end of the year the Sigalagala National Polytechnic had inventories as below:

Description	2023/2024	2022/2023	2021/2022	2020/2021
	Kshs	Kshs	Kshs	Kshs
Central stores (Consumable)	4,759,331	2,040,686	3,155,169	3,240,545
Maintenance stores	346,240	1,555,114	1,759,328	250,855
Health Unit stores	398,869	199,217	643,057	778,067
Electrical stores	1,377,446	1,683,030	2,416,901	2,914,005
Cleaning materials stores	-	-	-	794,255
Catering stores	4,465,956	180,495	1,880,580	1,109,973
Bakery stores	197,143	199,726	36,460	435,909
Food & Beverage stores	9,355,039	682,739	327,423	627,942
Academic stores	16,003,251	3,676,157	2,918,966	-
Library	717,582	16,182,251	-	-
Loose Tools	2,588,494	-	-	-
	<u>40,337,199</u>	<u>26,399,415</u>	<u>13,137,884</u>	<u>10,151,551</u>

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j) Provisions – IPSAS 19

Provisions are recognized when the Polytechnic 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 Polytechnic 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.

During the year 2023/2024, the Sigalagala National Polytechnic had a provision of Kshs. 1,083,480 to take care of litigation case in court where former employee is seeking injury compensation.

k) Nature and purpose of Reserves

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

The Sigalagala National Polytechnic does not have a reserve created for specific function but the reserves it has, represent the value of its assets as shown in the statement of changes in net assets as below:

Capital Reserve	Retained Earnings	Capital/Dev. Grants	Mentorship Reserve	Revaluation Reserve
Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
745,328,649	140,042,971	522,730,632	90,000,000	269,024,899
This represents the value of all assets that the polytechnic had before accruals accounting was adopted	This represents accumulated surplus over the years	This represents funds received for the purpose of development and growth	This represents funds received from the government for the purpose of construction of other new institutions in other constituencies	This represents gain on revaluation of assets done as at 30 June,2024.

l) Changes in Accounting Policies and Estimates – IPSAS 3

The Sigalagala 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. During the financial year 2023/2024 there were no changes in accounting policies within the Polytechnic to affect the status of accounts as provided in IPSAS 3.

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m) Employee Benefits – IPSAS 39

Retirement Benefit Plans

The Sigalagala National Polytechnic does not have retirement benefits plan currently but operates NSSF as the sole retirement plan for her workers besides service gratuity it offers at the end of the contract for her staff. The polytechnic is in the process of complying with the treasury guideline on running a contributory pension scheme in future.

n) Foreign Currency Transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise. During the financial year 2023/2024, the polytechnic did not have any foreign dealing that would result in foreign currency

o) Borrowing Costs - IPSAS 5

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. During the financial year 2023/2024, the polytechnic did not have any borrowing that would result in borrowing cost as provided under IPSAS 5.

p) Related Parties – IPSAS 20

IPSAS 20 provides that an entity should disclose the related parties and the transactions the entity had with them during the period under review.

The Polytechnic regards a related party as a person with the ability to exert control individually or jointly, or to exercise significant influence over the Polytechnic, or vice versa.

The polytechnic is wholly owned by the government of Kenya hence has no related party transaction except for the government entities providing utility services.

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q) Service Concession Arrangements – IPSAS 32

The 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 Polytechnic recognizes that asset when, and only when, it controls or regulates the services.

During the year, the polytechnic did not have any Service Concession Arrangement with any party to report as provided under IPSAS 32.

r) 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. The Sigalagala National Polytechnic closed the year with cash and cash equivalent figure amounting to **Kshs. 170,995,653**

s) Comparative Figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in new presentation dated 30 June 2024.

t) Subsequent Events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30 June 2024.

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5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Polytechnic's financial statements in conformity with IPSAS Accruals 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 Polytechnic 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 Polytechnic. Such changes are reflected in the assumptions when they occur.

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 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. Additional disclosure of these estimates of provisions is included in Note 40

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date

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6. Transfers from other National Government entities

Description	2023-2024	2022-2023
	Kshs	Kshs
Unconditional Grants		
1 st Capitation Grants	45,017,000	52,300,000
2 nd Capitation Grants	49,616,000	55,908,000
3 rd Capitation Grants	56,704,000	55,908,000
4 th Capitation Grants	-	-
1 st Scholarship	48,879,998	-
2 nd Scholarship	4,091,810	-
Recurrent grants	30,500,000	-
	234,808,808	164,116,000
Conditional Grants		
Library Grant	-	-
Hostels Grant	-	-
Administration Block Grant	-	-
Laboratory Grant	-	-
Monitoring & Evaluation grant	5,553,425	-
Other Organizational Grants	-	-
Total Government Grants and Subsidies	240,362,233	164,116,000

(a) Transfers from other Government entities (Categorized)

Name of the Sigalagala National Polytechnic Sending the Grant	Amount recognized to Statement of Comprehensive Income Kshs.	Amount deferred under deferred income Kshs.	Amount recognised in capital fund. Kshs.	Total grant income during the year Kshs.
State Department of TVET	45,017,000	-	-	45,017,000
State Department of TVET	49,616,000	-	-	49,616,000
State Department of TVET	56,704,000	-	-	56,704,000
State Department of TVET	48,879,998	-	-	48,879,998
State Department of TVET	4,091,810	-	-	4,091,810
State Department of TVET	30,500,000	-	-	30,500,000
State Department of TVET	5,553,425	-	-	5,553,425
Total	240,362,233	-	-	240,362,233

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7. Public Contributions and Donations in kind

Description	2023-2024	2022-2023
	Kshs	Kshs
Public Donations	-	-
Donations from ICT Authority – Konza City	12,000,000	-
Donations from CiCan	1,515,656	-
Donations from Young African works	500,000	-
Total Donations and Contributions	14,015,656	-

- The donation from the ICT Authority and Konza city was inform of 100 new modern computers valued at Kshs. 12,000,000 to be used in the VDI project as part of the government efforts of online jobs for youths.
- The donation from CiCan was inform of Laptops and other computer accessories to be used in electrical department as part of the partnership between Sigalagala National Polytechnic and Cican valued at Kshs. 1,515,656.
- The donation from Young African Works was inform of Laptops, printers and other computer gadgets to be used in electrical department as part of the partnership between Sigalagala National Polytechnic and Young African Works foundation valued at Kshs 500,000

8. Rendering of Services

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Activity Fees	22,421,500	19,033,951
Tuition Fees	149,392,183	66,044,848
Administrative fees	33,636,105	33,334,246
ICT Levy	4,440,250	1,168,602
RMI	22,435,890	16,455,235
EWC	28,157,498	24,825,002
L.T&T	29,294,400	24,888,484
Library	4529,250	1,649,112
Medical	2,221,500	1,535,519
Personal Emolument	72,815,000	64,870,216
Council Trainers	0	1,508,990
Practicals	13,070,190	16,914,666
Attachment	12,164,680	11,650,462
TVETA Fees	2,603,000	-
Total Revenue from The Rendering of Services	397,181,446	283,879,333

The revenue under this category is mainly fees from students for the exchange of tuition services offered to them as per the fees structure and Government guidelines on TVET fees.

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9. Sale of Goods

Description	2023-2024	2022-2023
	Kshs	Kshs
Driving School	2,106,000	385,845
P.U training	553,500	7,548,035
P.U food & Beverage	13,612,800	6,231,507
PU-Others	54,900	2,748,310
Farm Revenues	437,940	577,780
Guest House Revenue	436,500	204,000
Graduation Fees	4,563,000	28,023
Pay As you Eat Services	17,946,600	14,462,586
Hostel Services	773,971	2,226,426
Lactation Services	106,860	-
PU – Medical Examination	1,655,200	-
Total Revenue from Sale of Goods	42,247,271	34,412,512

This category of revenue is due to non-academic activities the polytechnic is engaged into, to raise its revenue base other than fees from students and capitation from the government.

10. Rental Revenue from Facilities and Equipment

Description	2023-2024	2022-2023
	Kshs	Kshs
Staff houses rent income	416,000	321,200
Bus hire	415,100	335,050
Total	831,100	656,250

This includes hire of buses and rent from staff who stay in polytechnic houses.

11. Finance Income

Description	2023-2024	2022-2023
	Kshs	Kshs
Savings Deposit interest	7,342	8,285
Total finance income	7,342	8,285

This are revenues from interest earned from the polytechnic saving account at ABSA bank

12. Other Income

Description	2023-2024	2022-2023
	Kshs	Kshs
Research Funds	500,000	-
Total finance income	500,000	-

Research funds are from KENIA to enable the polytechnic do commercialization on the product that performed well during the national exhibition

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13. Use of Goods and Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Tuition expenses	109,485,976	46,417,375
Activity	20,827,540	20,202,747
Administration expenses	42,118,796	20,615,848
Ict expenses	8,859,155	6,009,432
LT&T	9,202,973	8,130,265
Library	2,273,090	202,740
Electricity & water	13,770,294	10,945,943
Medical	5,544,790	4,308,213
Covid 19 protocols	1,031,225	3,658,710
Advertising & marketing	4,691,000	3,321,988
Driving school expenses	664,021	501,190
PU training	1,258,400	4,003,022
Hostel	1,987,142	1,655,244
Pay as You Eat	17,641,532	17,988,503
PU others	2,009,204	2,953,211
Farm Expenditure	1,798,060	418,644
Practicals	41,071,222	30,789,082
Seminars and Workshops	9,179,024	5,977,100
Performance Contract	19,610,115	13,657,760
Food & Beverage PU expenses	16,438,339	7,997,911
Curriculum Development	10,222,950	5,251,965
Graduation	7,246,466	-
Attachment	19,907,295	13,974,281
Research and innovations	12,378,506	7,626,016
PU-Baking	3,610,503	2,417,535
Bank charge on current accounts.	191,494	468,238
Postage	795,326	743,805
ISO management	3,668,840	2,157,000
Stationery and General office expense	18,457,997	12,340,839
Staff development	-	5,163,750
Guest House	-	72,250
Odel	509,900	1,575,469
Automation	6,450,368	7,378,092
Subscription	223,250	257,900
Examination Expenses	11,172,180	-
Lactation Expenses	462,499	-
Total good and services	424,759,472	269,182,068

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14. Employee Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Salaries to Non-academic staff	61,910,612	54,936,766
Salaries to academic staff	32,744,255	36,506,802
Casual wages	150,000	432,200
Pension and service gratuity	199,792	-
Staff welfare	3,401,450	-
Employee Costs	98,406,109	91,875,768

15. Council Expenses

Description	2023-2024	2022-2023
	Kshs	Kshs
Chairman's Honoraria	960,000	480,000
Other Council Expenses	16,047,436	10,476,205
Total	17,007,436	10,956,205

16. Depreciation and Amortization expense

Description	2023-2024	2022-2023
	Kshs	Kshs
Buildings	13,510,939	13,213,643
Machinery & Equipment	17,436,917	16,136,834
Furniture & fittings	7,750,415	7,175,353
Motor-Vehicle	11,386,268	7,280,000
Computers	24,315,886	17,836,909
Loose tools	-	5,379,715
Intangible Assets	1,107,226	1,185,807
Total depreciation and amortization	75,507,651	68,208,261

17. Repairs and Maintenance

Description	2023-2024	2022-2023
	Kshs	Kshs
Buildings	21,999,364	13,082,614
Furniture and fittings	262,550	373,165
Computers and accessories	3,838,009	10,000
Motor vehicles	17,592,301	14,192,966
Plant & Machinery	511,800	-
Total Repairs and Maintenance	44,204,024	27,658,745

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18. Contracted Services

Description	2023-2024	2022-2023
	Kshs	Kshs
Security services	8,096,064	7,657,480
Cleaning services	5,560,209	4,933,620
Insurances of assets	2,394,739	208,185
Consultancy services/valuation	-	1,088,510
Legal services	582,057	97,600
Staff Medical Insurance	13,386,929	-
Total contracted services	30,019,998	13,985,395

19. Monitoring and Evaluation

Description	2023-2024	2022-2023
	Kshs	Kshs
Community Development	-	-
Education Initiatives and Programs	-	-
Social Development	-	-
Monitoring and Evaluation	4,856,400	-
Sporting Bodies	-	-
Total Grants and Subsidies	4,856,400	-

20. Development funds

Description	2023-2024	2022-2023
	Kshs	Kshs
Internally Generated funds for development	40,483,000	91,188,475
Gok Development funds	-	-
Mentorship funds	42,500,000	27,500,000
Total Development funds	82,983,000	118,688,475

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21. Cash and Cash Equivalents

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Account	170,263,127	256,878,902
Savings account	729,213	722,973
Fixed Deposits Account	-	-
Staff Car Loan/ Mortgage	-	-
Cash at hand	3,313	1,013
Total Cash and Cash Equivalents	170,995,653	257,602,888

21 (a) Detailed Analysis of Cash and Cash Equivalent

Description	2023-2024	2022-2023
a) Current Account	Kshs	Kshs
Absa Bank A/c No.8043551	908,321	5,702,167
Absa Bank A/c No.8042543	11,601,914	42,075,807
Absa Bank A/c No.8256911	729,213	722,973
Co-operative Bank A/c No. 01139098473702	7,320,927	11,757,100
Co-operative Bank A/c No. 01139098473700	5,833,397	3,744,282
Co-operative Bank A/c No. 01120098473700	2,752,833	7,131,116
National Bank A/c No. 01037017738900	36,013,011	18,439,601
National Bank A/c No. 01021071653900	3,304,106	7,670,044
Kenya Commercial Bank A/c No. 1234829517	63,837,483	111,426,247
Equity Bank A/c No. 0500277394606	38,691,135	48,932,538
Sub-Total	170,992,340	257,601,875
b) On-Call Deposits	-	-
c) Fixed Deposits Account	-	-
d) Staff Car Loan/Mortgage	-	-
e) Others (specify)	-	-
Cash in transit	-	-
Cash in hand	3,313	1,013
Sub-Total	3,313	1,013
Grand Total	170,995,653	257,602,888

(The amount stated have been reconciled with the bank statement figures.)

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22. Receivables from Exchange transactions

22 (a) Current Receivables from Exchange transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Receivables		
Student Debtors	201,567,000	145,959,984
Other Exchange Debtors	1,684,690	5,412,252
Less: Impairment Allowance	-	-
Total Current Receivables	203,251,690	151,372,236

22 (b) Long- term Receivables from Exchange transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Non-Current Receivables		
Student Debtors	194,559,994	154,616,363
Sabatia. TVC	-	493,490
Alumni Association	163,280	163,280
Teaching staff association b/f	35,870	35,870
Advance Payments	1,109,587	1,055,845
Other customers	1,599,577	1,251,577
Less: Impairment Allowance	-	-
Total	197,468,308	157,616,425
Current Portion Transferred to Current Receivables	-	-
Total Non-Current Receivables	197,468,308	157,616,425
Total Receivables	400,719,998	308,988,661

22 (c) Ageing Analysis of Receivables from Exchange transactions

Description	2023/2024		2022/2023	
	Kshs		Kshs	
	2023/2024	% of the total	2022/2023	% of the total
Less than 1 year	203,251,690	51%	151,372,236	49%
Between 1- 2 years	124,151,102	31%	83,128,889	27%
Between 2-3 years	50,735,637	13%	53,705,579	18%
Over 3 years	22,581,569	5%	20,781,957	6%
Total	400,719,998	100%	308,988,661	100%

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22 (d) Reconciliation for impairment Allowance on Receivables from Exchange Transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
At the beginning of the year	303,751,409	264,243,226
Provisions during the year	203,251,690	145,959,984
Recovered during the year	(106,283,101)	(106,451,801)
Write offs during the year	-	-
At the end of the year	400,719,998	303,751,409

23. Receivables from Non-Exchange Transactions

23 (a) Receivables from Non-Exchange Transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Current Receivables		
Capitation Grants	-	-
Transfers from Other Govt. entities	-	-
Undisbursed Donor Funds	-	-
Other Debtors (Non-Exchange Transactions)	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	-	-

23 (b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

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24. Inventories

Description	2023-2024	2022-2023
	Kshs	Kshs
Consumable stores	4,759,331	2,040,686
Maintenance stores	346,240	1,555,114
Health Unit stores	398,869	199,217
Electrical stores	1,377,446	1,683,030
Catering stores	4,465,956	180,495
Bakery stores	197,143	199,726
Food & Beverage stores	127,848	682,739
Academic stores	9,355,039	3,676,157
Library	16,003,251	16,182,251
Administrative offices	717,582	-
Loose tools	2,588,494	-
Inventories at lower of Cost & Net Realizable Value	40,337,199	26,399,415

25. Investments.

Description	2023-2024	2022-2023
	Kshs	Kshs
a) Investment in Treasury Bills and Bonds		
Financial Institution		
CBK	-	-
CBK	-	-
Sub- Total	-	-
b) Investment with Financial Institutions/ Banks		
Any Bank	-	-
Any Bank	-	-
Sub- Total	-	-
c) Equity Investments (Specify)		
Equity/ Shares in any Polytechnic	-	-
Sub- Total	-	-
Grand Total	-	-

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Shareholding in other entities

The polytechnic did not own any share or holding in any of the above institutions as indicated below;

Name of institution Investment is Held	No of Shares			Nominal Value of Shares	Fair Value of Shares	
	Direct Shareholding	Indirect Shareholding	Effective Shareholding		Current Year	Prior Year
	%	%	%	Kshs	Kshs	Kshs
Sigalagala National Polytechnic A	-	-	-	-	-	-
Sigalagala National Polytechnic B	-	-	-	-	-	-

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26. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Loose Tools	Plant and equipment	WIP	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
As at 1 July 2022	235,000,000	623,325,540	29,120,000	57,402,823	40,770,840	10,759,429	114,665,368	68,959,927	1,111,044,000
Additions	-	-	-	-	12,793,452	-	14,429,302	98,387,074	125,609,828
Disposals	-	(3,435,300)	-	-	-	-	-	-	(3,435,300)
Prior year adjustments	-	-	-	-	-	-	-	-	-
Transfer to other assets	-	109,751,845	-	-	-	-	-	(109,751,845)	-
As at 1 June 2023	235,000,000	660,682,158	29,120,000	57,402,823	53,564,292	10,759,429	129,094,670	51,836,239	1,233,218,528
Additions	-	14,864,780	16,425,070	4,600,500	19,456,386	-	10,400,668	70,723,418	136,470,822
Disposals	-	-	-	-	-	-	-	-	-
Prior year adjustments	-	-	-	-	-	-	-	-	-
Transfer to other assets	-	-	-	-	-	-	-	-	-
At 30 June 2024	235,000,000	675,546,938	45,545,070	62,003,323	73,020,678	10,759,429	139,495,338	128,318,574	1,369,689,350
Depreciation & Impairment		0.020	0.250	0.125	0.333		0.125	-	-
As at 1 July 2022	-	11,087,312	7,280,000	7,175,353	13,576,689	5,379,715	14,333,171	-	58,832,241
Depreciation	-	13,213,643	7,280,000	7,175,353	17,836,909	5,379,715	16,136,834	-	67,022,454
Disposals	-	(68,708)	-	-	-	-	-	-	(68,708)
Impairment	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
As at 30 June 2023	-	24,232,249	14,560,000	14,350,706	31,413,599	10,759,430	30,470,005	-	125,785,989
Depreciation	-	13,510,939	11,386,268	7,750,415	24,315,886	-	17,436,917	-	74,400,425
Disposals	-	-	-	-	-	-	-	-	-
impairment	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
As at 30 June 2024	-	37,743,188	25,946,268	22,101,121	55,729,485	10,759,429	47,906,922	-	200,186,414

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	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Loose Tools	Plant and equipment	WIP	Total
Cost	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
NBV									
As At 30 June 2023	235,000,000	636,449,909	14,560,000	43,052,117	22,150,692	-	98,624,665	57,595,156	1,107,432,539
As At 30 June 2024	235,000,000	637,803,750	19,598,803	39,902,202	17,291,193	-	91,588,416	128,318,574	1,169,502,937

NOTES

- a) The presentation above was done in accordance to IPSAS 17 – Presentation of Property Plant and Equipment
- b) work in progress – Represent the Construction works as below:
 - i. 72 Tuition Complex at the Polytechnic main campus Kshs. 68,611,464 Completion rate 35%
 - ii. Ebungwe TVC project (Mentorship) – Kshs. 22,649,531 Completion rate 77%
 - iii. Luanda workshops (Mentorship) - Kshs 37,057,579 Completion rate 53%

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26 (b) Revaluation

During the year 2023/2024, the Sigalagala National Polytechnic did not undertake revaluation exercise and were still using data that was revalued in the year 2021/2022

	2023/2024			2022/2023		
	Additions during the year	Revaluation costs	Gain/loss on Revaluation	Additions during the year	Revaluation costs	Gain/loss on Revaluation
Land		-	-	-	-	-
Building	14,864,780	-	-	-	-	-
Plant & Machinery	10,400,668	-	-	14,429,302	-	-
Motor Vehicles	16,425,070	-	-	-	-	-
Computers	19,456,386	-	-	12,793,452	-	-
Furniture & Fittings	4,600,500	-	-	-	-	-
WIP	70,723,418	-	-	98,387,074	-	-
	136,470,822	-	-	125,609,828	-	-

27. Intangible Assets

Description	2023-2024	2022-2023
Cost	Kshs	Kshs
At beginning of the year	10,672,262	9,545,419
Additions	400,000	2,312,650
At end of the year	11,072,262	11,858,069
Additions-internal development	-	-
At end of the year	11,072,262	11,858,069
Amortization and impairment	(1,107,226)	(1,185,807)
NBV	9,965,036	10,672,262

28. Biological Assets

Description	2023-2024	2022-2023
	Kshs	Kshs
At beginning of the year	730,000	700,000
Additions	-	-
Disposal during the year	-	-
Revaluation(gain)	380,000	30,000
Impairment	-	-
At end of the year	1,110,000	730,000

The new figure of Biological assets was as a result of new calves that were sired during the year and other cattle that were calves during last financial year but, have grown up and their values have increased as per the valuation report.

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29. Trade and Other Payables from Exchange transactions

Description	2023-2024	2022-2023
	Kshs	Kshs
Trade payables	248,500	7,416,855
Fees paid in advance	-	6,819,724
Retention Fees	12,831,857	-
KRA (June Paye & VAT withholdings)	725,893	-
Total Trade and Other Payables	13,806,250	14,236,579

Analysis of Trade and Other Payables from Exchange transactions

Ageing analysis:	2023-2024	% of the Total	2022-2023	% of the Total
Under one year	8,046,734	58%	13,274,105	93%
1-2 years	5,759,516	42%	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	962,474	7%
Total (to tie to totals above)	13,806,250	100%	14,236,579	100%

30. Refundable Deposits from Customers/Students

Description	2023-2024	2022-2023
	Kshs	Kshs
Caution Money	8,823,851	8,823,851
Bursaries	429,811	-
HELB Loan	-	-
Student Council	706,038	1,422,560
Examination	66,608	2,290,847
Mumias TVC	587,633	587,633
Total Deposits	10,613,941	13,124,891

Analysis of Refundable Deposits from Customers/Students

Ageing Analysis:	2023-2024	% of the Total	2022-2023	% of the Total
Under one year	1,202,457	11%	1,422,560	11%
1-2 years	-	-	2,290,847	18%
2-3 years	-	-	-	-
Over 3 years	9,411,484	89%	9,411,484	71%
Total (to tie to totals deposits above)	10,613,941	100%	13,124,891	100%

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31. Employee Benefit Obligations

Description	Defined benefit plan	Post-Employment medical benefits	Other Provisions	2022-2023	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total Employee Benefits Obligation	-	-	-	-	-

Retirement benefit Asset/ Liability

The Sigalagala National Polytechnic did not operate a defined benefit scheme for all full-time employees for the year ended 30th June 2024

An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was not carried out as at 30th June 2024 since the polytechnic does not operate any retirement benefit scheme other than NSSF.

The Sigalagala National Polytechnic contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Fund Act. The Sigalagala National Polytechnic's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.2,160 per employee per month. Other than NSSF the Polytechnic does not have a defined contribution scheme.

32. Payments Received in advance.

Description	2023-2024		2022-2023	
	Kshs		Kshs	
Fees received in advance	-	-	1,582,472	-
Others (Specify)	-	-	-	-
Total	-	-	1,582,472	-
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	-	-	1,582,472	100%
1-2 years	-	-	-	-
2-3 years	-	-	-	-
Over 3 years	-	-	-	-
Total	-	-	1,582,472	100%

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33. Non-Current Provisions

Description	Long service leave	Bonus Provision	Gratuity	Other Provisions	Total
	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
Balance at the beginning of the year	-	-	-	1,083,480	1,083,480
Additional Provisions	-	-	-	-	-
Provision utilised	-	-	-	-	-
Change due to discount and time value for money	-	-	-	-	-
Less: Current portion	-	-	-	-	-
Total deferred income	-	-	-	1,083,480	1,083,480

34. Cash Generated from Operations

	2023-2024	2022-2023
	Kshs	Kshs
Surplus for the year before tax	383,336	1,205,938
Adjusted for:		
Depreciation	75,507,651	68,208,261
Non-Cash grants received	(14,015,656)	-
Contributed assets	-	-
Impairment	-	-
Gains and Losses on Disposal of Assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Finance Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase in Inventory	(13,937,784)	(13,261,531)
Increase in Receivables	(91,731,337)	(44,745,435)
Decrease in Refundable Deposits from Customers	(2,510,950)	(29,197,995)
Decrease in Payables	(430,329)	(1,716,127)
Increase in Payments received in advance	-	-
Net Cash Flow from Operating Activities	(46,735,069)	(19,506,889)

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35. Financial Risk Management

The Polytechnic's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Polytechnic's overall risk management programme focuses on un-predictability 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 Polytechnic 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 polytechnic's financial risk management objectives and policies are detailed below:

(i) Credit risk

The Polytechnic's 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 worthiness 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 Polytechnic'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 Sigalagala National Polytechnic's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total Amount Kshs.	Fully Performing Kshs.	Past due Kshs.	Impaired Kshs.
At 30 June 2023				-
Receivables from exchange transactions	308,988,661	151,372,236	157,616,425	-
Receivables from non-exch. transactions	-	-	-	-
Bank balances	257,602,888	257,602,888	-	-
Total	566,591,549	408,975,124	157,616,425	-
At 30 June 2024				
Receivables from exchange transactions	400,719,998	203,251,690	197,468,308	-
Receivables from non-exch. transactions	-	-	-	-
Bank balances	170,995,653	170,995,653	-	-
Total	571,715,651	374,247,343	197,648,668	

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The students and 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 Polytechnic has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The Governing Council sets the Polytechnic's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

The table below represents cash flows payable by the Polytechnic 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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
Trade Payables	-	862,100	1,508,134	2,370,234
Current Portion of Borrowings	-	-	-	-
Provisions	-	-	1,083,480	1,083,480
Deferred Income	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total as at 30 June 2022	-	862,100	2,591,614	3,453,714
Trade Payables	1,422,371	4,030,212	1,964,272	7,416,855
Current Portion of Borrowings	-	-	-	-
Provisions	-	-	1,083,480	1,083,480
Deferred Income	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total as at 30 June 2023	1,422,371	4,030,212	3,048,352	8,500,335
Trade Payables	-	974,393	12,831,857	13,806,250
Current Portion of Borrowings	-	-	-	-
Provisions	-	-	1,083,480	1,083,480
Deferred Income	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total as at 30 June 2024	-	974,393	13,915,337	14,889,730

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(iii) Market risk

The polytechnic has put in place an internal audit function to assist it in assessing the risk faced by the institution on daily 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 Sigalagala National Polytechnic'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 Polytechnic 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.

a) Foreign currency risk

The Sigalagala National Polytechnic 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 carrying amount of the Sigalagala National Polytechnic's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2024			
Financial Assets (Investments, Cash, Debtors)	-	-	-
Liabilities	-	-	-
Trade and Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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

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a) Foreign currency sensitivity analysis

The following table demonstrates the effect on the polytechnic's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on Profit before tax	Effect on equity
2024	Kshs	Kshs	Kshs
Euro	-	-	-
Ussd	-	-	-
2024			
Euro	-	-	-
Usd	-	-	-

b) Interest rate risk

Interest rate risk is the risk that the polytechnic's financial condition may be adversely affected as a result of changes in interest rate levels. The polytechnic's interest rate risk arises from bank deposits. This exposes the polytechnics to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the polytechnic'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 polytechnic 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. By the end of the year, the sensitivity analysis did not indicate any impact on the statement of comprehensive income.

iv) Capital Risk Management

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

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Description	2023-2024	2022-2023
	Kshs	Kshs
Capital Reserve	745,328,649	745,328,649
Retained Earnings	140,042,971	139,659,635
Development Reserve	522,730,632	482,247,632
Mentorship funds	90,000,000	47,500,000
Revaluation reserve	269,024,899	268,644,899
Total Funds	1,767,127,151	1,683,380,815
Total Borrowings	-	-
Less: Cash and Bank Balances	170,995,653	257,602,888
Net Debt/(Excess Cash and Cash Equivalents)	170,995,653	257,602,888
Gearing	-	-

36. Related Party Balances – IPSAS 20

Nature of related party relationships

IPSAS 20 – provides that any reporting institution should disclose the related parties and their nature of shareholding and nature of related parties’ transactions at the end of any financial year. The Sigalagala National Polytechnic is wholly owned by the Government of Kenya. Related party transactions, if any is between the Polytechnic and state department for TVET.

Government of Kenya

The Government of Kenya is the principal shareholder of the Sigalagala National Polytechnic holding 100% of the Sigalagala National Polytechnic’s equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the Sigalagala National Polytechnic, both domestic and external.

Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;
- iii) The Governing Council
- iv) Other Government utility providers
- v) Key management staff

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

Description	2023-2024	2022-2023
	Kshs.	Kshs.
Transactions with Related Parties		
a) Sales to related parties		
Sales of electricity to govt agencies	-	-
Rent income from govt. agencies	-	-
Water sales to govt. agencies	-	-
Others (<i>specify</i>)	-	-
Total		
B) Purchases from related parties		
Purchases of electricity from Kplc	6,773,859	3,788,864
Purchase of water from govt service providers	6,996,435	6,334,120
Rent expenses paid to govt agencies	0	-
Training and conference fees paid to govt. agencies	9,179,024	1,402,300
Others (<i>specify</i>)	-	-
Total	22,949,318	11,525,284
b) Grants /Transfers from the Government		
Grants from National Govt (capitation)	151,337,000	164,116,000
Grants from National Govt (operational grant)	30,500,000	-
Grants from National Govt (scholarship)	52,971,808	-
Donation in kind from other agencies	14,015,656	-
Monitoring & Evaluation	5,553,425	-
Total	254,377,889	164,116,000
c) Expenses incurred on behalf of related parties		
Payments of Salaries and Wages for Employees	-	-
Payments for Monitoring & Evaluation on behalf of the State Department TVET	4,856,400	-
Total	4,856,400	-
d) Key Management Compensation		
Payment for Council Allowances	17,007,436	10,956,205
Compensation to Key Management	-	-
Total	17,007,436	10,956,205

37. Segment Information – IPSAS 18

The Sigalagala National Polytechnic does not operate in different geographical regions or in departments hence do not maintain segmental Reporting under IPSAS 18

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38. Contingent Assets and Contingent Liabilities – IPSAS 19

IPSAS 19 prescribes the procedures for disclosure and provisions for contingent liabilities and assets. during the year, the Polytechnic did not have any contingent assets and liabilities to disclose as indicated below:

Contingent Assets

Description	2023-2024	2022-2023
	Kshs	Kshs
Contingent Assets	-	-
Insurance Reimbursements	-	-
Assets arising from determination of Court Cases	-	-
Reimbursable Indemnities and Guarantees	-	-
Others (<i>Specify</i>)	-	-
Total	-	-

Contingent Liabilities

Description	2023-2024	2022-2023
	Kshs	Kshs
Contingent Liabilities	-	-
Court Case no. 07 of 2020 against (the Sigalagala National Polytechnic Vs M/s Ramagon Construction Polytechnic ltd	-	25,218,825
Bank guarantees in favour of subsidiary	-	-
Contingent liabilities arising from Contracts including PPPs	-	-
Others (<i>Specify</i>)	-	-
Total	-	25,218,825

- Ramagon Construction Ltd was contracted to build a Tuition Block in the year 2010 vide contract no STT/TB/001/ 2010-2011. They took the polytechnic to court on grounds that the final account was not paid to a tune of **Kshs. 25,218,825**
- This matter was refereed for arbitration and after both parties made their final submissions, the Arbitrator made his ruling on September 2023.
- The Arbitration verdict was released on 29/9/2023 and the contractor was awarded a total of **Kshs 13,581,767** which was also confirmed by court and the matter was fully settled by the Polytechnic

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39. Capital Commitments

	2023-2024	2022-2023
	Kshs.	Kshs.
Authorised and contracted for Construction of Eburnangwe Tvc	6,850,469	19,476,029
Authorised and contracted for Construction of Luanda TVC.	32,442,421	55,276,290
Authorised and contracted for Construction of 72 Tuition Block	127,290,546	162,554,535
Medical Insurance Cover for staff	4,000,000	15,000,000
Total	170,583,436	252,306,854

40. Events After the Reporting Period – IPSAS 14

IPSAS 14 provides the procedures, treatment and reporting for events after the reporting date for any institution.

The polytechnic did not have any material adjusting and non- adjusting events after the reporting period.

41. Ultimate and Holding Sigalagala National Polytechnic

The Sigalagala National Polytechnic is a State Corporation/ or a Semi- Autonomous Government Agency (SAGA) under the Ministry of Education. Its ultimate owner is the Government of Kenya.

42. Currency

The Financial Statements are presented in Kenya Shillings (Kshs).

43. Valuation of Biological Assets

The new figure of Biological assets was as a result of new calves that were sired during the year and other cattle that were calves during last financial year but, have grown up and their values have increased as per the valuation report.

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20. APPENDICES

APPENDIX 1: IMPLEMENTATION STATUS OF AUDITOR-GENERAL RECOMMENDATIONS

Ref.No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
1.0	<p>Outstanding receivables from exchange transactions</p> <p>The statement of financial position reflects accounts receivables balance of Kshs. 308,988,661 comprising of current receivables from exchange transactions of Kshs. 151,372,236 and long-term receivables from exchange transactions of Kshs. 157,616,425 as disclosed in note 20 (a &b) respectively to the Financial Statements of the year 2021/2022. However, Review of the debtors aging analysis revealed that receivables amounting to Kshs. 157,616,425 have been outstanding for over one year out of which Kshs. 98%. Management did not provide strategies put in place to collect the outstanding fees. In the circumstances, the accuracy and full recoverability of the outstanding receivables of Kshs. 157,616,425, could not be confirmed.</p>	<p>Most of these fees were related to delayed Helb bursaries, NGCDF bursaries and County bursaries that were not disbursed during the year.</p> <p>The management has put up several measures to recover fees arrears as below:</p> <p>a) Ensuring that students clear all outstanding fees before release of Exams certificates.</p> <p>b) Ensuring that students proceeding to another module clears fees first.</p> <p>c) Establishing Helb desk, where students are assisted to make Helb applications</p>	Resolved	30/6/2024
2.1	<p>Inaccuracies in statement for budget comparison</p> <p>The statement of comparison of budgets and actual reflects a total of recurrent revenues performance difference of Kshs. 176,087,620 which differs with recalculated amounts of Kshs.195,292,145 which is resulting to unexplained variance of Kshs.19,204,525. In the circumstance, the accuracy and completeness of the above-mentioned amounts could not be confirmed.</p>	<p>The difference of Kshs.19,204,525. was the difference between the budgeted development funds and actual development funds realised as below;</p> <p>Budgeted funds - Kshs. 110,393,000</p> <p>Actual funds - Kshs. 91,188,475</p> <p>Variance - Kshs.19,204,525</p>	Resolved	30/6/2024

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Ref.No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
2.2	<p>Staff ethnic diversity.</p> <p>Analysis of the payroll and staff listing provided for audit review indicated that during the year under review, the polytechnic had 271 employees (both teaching and non-teaching). However, out of this number, 209 employees or 77% were from the dominant ethnic community in the county. This is contrary to section 7(2) of The National Cohesion and Integration Commission Act ,2008 which requires that no public establishment shall have more than one third of its staff from the same ethnic community.</p> <p>In the circumstances, management was in breach of the law</p>	<p>The ethnic representation for workers at Sigalagala is historical and the figure of 209 luhya whom were recruited when Sigalagala was still a technical and vocational training institute, drawing its workforce from the local ethnic luhya sub tribes. Some of the workers were later absorbed into permanent establishment and hence the current demographics. Currently any vacancy is advertised in local dailies and attracts persons from all tribes</p>	Resolved	30/6/2024

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Ref.No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
2.3	<p>Failure to adhere to the one-third rule on salary deductions</p> <p>The statement of financial performance reflects employees' costs figure of KSh.88,150,636 disclosed under Note 16 to the financial statements. However, Analysis of the polytechnic payroll for the year ended 30 June,2022 revealed that eighty-two (82) members of staff earned net salaries that were less than a third of their basic salaries, contrary to the requirement of section 19 (3) of Employment Act, 2007, which provides that total deductions from salaries of employees shall not exceed two-thirds of their respective basic salaries.</p>	The institution has put enough measures including system re-configuration to ensure that these cases do not happen again	Resolved	30/6/2024
2.4	<p>Review of the records provided for audit revealed that the Polytechnic made a budgetary allocation of Kshs10,000,000 for the review staff medical insurance scheme. However, no evidence was provided to show that the scheme was implemented</p> <p>In the circumstances, the welfare of the staff was jeopardized although there was a budget establishing the scheme.</p>	Even though there were challenges with getting the right insurance cover with the little amount that was available, the Polytechnic after an open tender, awarded the service to Madison Insurance Company vide contract No. SNP/OT/SMIC/01/2023-2024	Resolved	30/6/2024

Accounting Officer



Sigalagala National Polytechnic

Date : 4/12/2024.....

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APPENDIX II: PROJECTS IMPLEMENTED BY THE SIGALAGALA NATIONAL POLYTECHNIC

Projects

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

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	-	-	-	-	-	-
2	-	-	-	-	-	-

Status of Projects completion and Funding Source

	Project	Total project Cost	Total Expended to date	Completion % to date	Budget Expended 2023/2024	Actual Expenditure 2023/2024	Sources of funds
1	Ebunangwe Campus	29,500,000	22,649,531	77%	15,000,000	12,625,560	Gok
2	Luanda TVC	69,500,000	37,057,579	53%	17,500,000	22,833,869	Gok
3	Tuition Complex (72 classes)	195,902,010	68,611,464	35%	75,000,000	35,263,989	A-in-A
4	Polytechnic Bus (67-seater)	15,000,000	16,425,070	100%	15,000,000	16,425,070	A-in-A
5	Computers & Printers	20,000,000	5,440,730	27%	20,000,000	5,440,730	A-in-A
6	Machinery & Equipment	10,000,000	10,400,668	100%	10,000,000	10,406,668	A-in-A
7	Furniture and Fittings	5,000,000	4,600,500	92%	5,000,000	4,600,500	A-in-A
8	Buildings	14,864,780	14,864,780	100%	14,864,780	14,864,780	A-in-A

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APPENDIX III- INTER-SIGALAGALA NATIONAL POLYTECHNIC CONFIRMATION LETTER

The Sigalagala National Polytechnic wishes to confirm that no amounts were disbursed to any institution through them as at 30th June 2024 as indicated in the table below.

Confirmation of amounts received by Insert name of beneficiary Sigalagala National Polytechnic as at 30 June 2024							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 June 2024				Amount Received as at 30 th June 2024(E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
Total		-	-	-	-	-	-

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

Head of Accountants department of beneficiary Institution.

Name Sign Date

THE SIGALAGALA NATIONAL POLYTECHNIC
ANNUAL REPORT AND FINANCIAL STATEMENTS
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APPENDIX IV: REPORTING OF CLIMATE RELEVANT EXPENDITURES

	Project Name	Project Description	Project Objectives	Project Activities	Reporting Quarters				Source of Funds	Implementing Partners
					Q1	Q2	Q3	Q4		
1	Tree Nursery project	A seed bed containing 400 ornamental seedlings	To give proper landscaping and beautification of the new tuition block	Relocation of seed beds and tree nursery from triangle garden to the swampy area around the old building workshop.				✓	Internal funds	•SNP Environmental club
2.	Tree planting	Planting 1000 trees at SNP	To assist the surrounding community to improve the environmental conservation	Using staff and students to plant trees at SNP grounds.	✓	✓	✓	✓	Internal funds	•SNP Environmental club •Staff of the hospital
3.	Tree planting	Planting trees at Khwisero hill and Kakamega forest	To create a conducive environment for the community	Mobilizing community to come out and plant trees				✓	Internal funds	•SNP Environmental club •Humber college-Canada
4.	Incinerator	Construction of new incinerator at SNP	To dispose harmful waste in hygienic manner	Hiring expert to construct modern incinerator				✓		•SNP management

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APPENDIX V: DISASTER EXPENDITURE REPORTING TEMPLATE

Year: 2023/2024 Financial Year						
Name of Institution: SIGALAGALA NATIONAL POLYTECHNIC						
Name of Reporting Officer: EVANS BOSIRE						
Contact details of the Reporting Officer:					Telephone: 0726294347	
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme.	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
Health care	Diseases surveillance.	Natural epidemics	Provision of healthcare and awareness to both staff and students	Performance contract	309,000	Good progress
	Provision for PPE's for staff	Natural epidemics	Provision of personal protective equipment's e.g. gloves, masks, goggle and safety boots.	Medical	4,443,315	Good progress
Environmental	Environmental degradation.	Climatological	Training of staff on effects of Environmental degradation	Performance contract	343,750	Good progress
			Provision of disposal units that can cause accidents, pollutions and hazardous effects.	Procurement expenses	1,383,014	On-going
Safety	Emergency First Aid supplies.	Geophysical/ Fires.	Provision of fire extinguishers Provision of flash lights and extra batteries	Ewc/Rmi	467,450	Good progress
	Repair of vital services.	Natural	Re-building of infrastructure	Rmi-Building	21,804,324	Good progress
Policies	Policy formation.	Natural/Man made.	Developing of policies and practices to mitigate similar situations that might occur	Adm. costs	-	On-going
	Stress management.	Natural/Man made.	Evaluate staff for signs of fatigue and stress	Performance contract	162,000	Good progress