

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL
Enhancing Accountability



THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 19 NOV 2025

DAY.

REPORT

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OF

THE AUDITOR-GENERAL

ON

MITUNGUU NATIONAL POLYTECHNIC

FOR THE YEAR ENDED

30 JUNE, 2025

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 02 DEC 2025

DAY.

Tuesday

TABLED BY:

Hon. Naomi Saito, MP
Deputy Majority Whip

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MITUNGUU NATIONAL POLYTECHNIC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE 2025

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



OFFICE OF THE ATTORNEY GENERAL
STATE OF NEW YORK
ALBANY, N. Y.
JAN 10 1900

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

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1. Acronyms and Definition of Key Terms

A. Acronyms

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

B. Definition of Key Terms

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

Comparative Year- Means the prior period.

2. **Key Entity Information and Management**

(a) **Background information**

Mitunguu National polytechnic is a government sponsored Polytechnic under the Ministry of Education, State Department for Vocational & Technical training. It was started in the year 2015 under the TVET Act 2013. The institution is domiciled in Kenya and has its head office in Mitunguu Town, South Imenti Constituency, in Meru County.

The core mandate of the Institution is to equip young people with knowledge, skills and attitudes needed to secure employment in today's labour market. As a TVET polytechnic, this is recognized as a driving vehicle towards achieving the Country's BIG4 agendas and the Vision 2030

It is a Centre of Excellence in ICT, Mitunguu National polytechnic has a student population of over 5,000 trainees

The Institution sits on a 20.2 ha parcel of land properly demarcated a lease of 99 years effective 1st April 2023.

The institution is well equipped and adequately staffed to offer market driven skills and knowledge to its trainees through inspired innovation, creativity, reliability and responsiveness with utmost goal of releasing all rounded graduate.

(a) **Principal Activities**

The principal activities of Mitunguu National polytechnic are to offer skills technical and vocational education and training.

Vision

To be a national centre of excellence in Technical and Vocational Education and Training (TVET).

Mission

To develop professional skills and technical competences, produce proficient and versatile professional managers by providing quality management courses.

(b) **Key Management**

Mitunguu National polytechnic's day-to-day management is under the following key organs:

Board of Governors/Council
Accounting officer/ Principal
Senior Management

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(b) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2025 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Mercy Kairuthi
2.	Deputy principal Administration and Finance	Gabriel Njagi
3	Deputy principal Academics Affairs	Polline Mawira
4	Registrar	Koruru Miriti
5	Dean of students	Doris Ngugi
6	Head of Finance	Mathew Kabete

Key Entity Information and Management (Continued)

(c) Fiduciary Oversight Arrangements

1.	Finance, Infrastructure and Human Resource management committee	1.Kobia wakamau – Chairman 2. Kelvin M Mbaabu – Member 3. Nancy Gitonga – Member 4. Mercy Kairuthi– Secretary/Principal
2.	Audit and Risk management committee	1. CPA Titus Mabeya – Chairman 2. Dr. Mary Mwadulo – Member 3. Alexander Mukui– Member
3.	Education, Training and Research committee	1. Prof. Stella Kirui – Chairperson 2. Dr. Mary Mwadulo - Member 3. Mr. Nichodemus Mutinda – Member 4. Mercy Kairuthi – Secretary/Principal

(d) Entity Headquarters

Mitunguu National polytechnic
Along Tunyai-Nkubu Mati Road
P.O. Box 64-60204
Mitunguu
MERU.

(c) Entity Contacts

Telephone :(254) 701 233 591
E-mail: Mitunguutechnical@gmail.com
Website: www.mitunguutechnical.ac.ke

(d) Bankers

1. Co-operative Bank of Kenya
Nkubu branch
P.O. Box 740-60202
Nkubu.
2. KCB Bank
Nkubu branch
P.O Box 178-60200
Meru.
3. Equity Bank (Kenya) Ltd
Nkubu branch
P.O Box 60-60202
Nkubu.

(e) Independent Auditors



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

(f) Principal Legal Adviser



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

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3.The Council/Board of Governors

MEMBER	DOB	QUALIFICATIONS	EXPERIENCE
 BOG Chairman	1973	MBA (Strategic management) Bachelor of commerce CPA	<p>The current CEO Meru Central Dairy Union Ltd Previously worked as Deputy CEO at YETU Sacco Ltd and as a Finance Manager South Imenti Tea Growers Sacco Ltd.</p> <p>A performance driven professional whose accomplishments reflect outstanding leadership and focus on maximizing profitability and productivity. Goal oriented leader with a career history spanning over 20 years. Hold demonstrable expertise in orchestrating Performance turnarounds in the cooperative sector and savings and credit society, creating lucrative revenue streams and engineering profitability. Possess high ethical standards and integrity that is beyond reproach, strong believer of hard work, honesty and value addition.</p> <p>Appointed in March 2022.</p>
 BOG Member	1985	MBA- (Meru University) Ongoing Bachelor of laws (LLB) Postgraduate Diploma in Law (KSL) CPA(K) CPS(K)	<p>A senior partner in Mbaabu M'Inoti Advocates LLP and heads the Conveyancing and Commercial litigation division. He has 14 years of experience and interest in Conveyancing, Commercial litigation, Debt recovery, Insurance Claims, Probate, and Administration. He has been involved in various Landmark cases in commercial transactions. Kelvin is an Advocate of the High Court, Notary Public, and Commissioner for Oaths.</p> <p>Appointed in November 2021.</p>
 BOG Secretary/Principal	1969	Master of Education- Guidance and Counselling Bachelor of Education Diploma in Communication Skills Advanced Diploma in Counselling Psychology Senior Management course, Curriculum Development Assessment Certification, Competency Based Education and Training, Course in financial Education for Women and Youth, Basic skills in Alcohol and Drug Abuse prevention, Basic Counselling Skills	<p>The current principal Mitunguu National Polytechnic, previously Worked as The Deputy Principal Administration and Finance at Meru National Polytechnic and also took up various roles which included but not limited to: Alcohol and Drug Abuse committee coordinator, Peer Counselling coordinator, Teacher counsellor, Assistant sports officer, Guidance and Counselling Coordinator, Head of Department, Chairperson COVID-19 Response Committee.</p> <p>Seasoned educational leader with over 28 years of experience, dedicated to fostering a positive and inclusive learning environment, Proficient in management, administration, strategic planning and trainees and staff mentorship with a focus on continuous improvement. Passionate about empowering and supporting trainee's success at every level. Dedicated to cultivating a nurturing and academically rigorous school environment.</p>

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<p>Titus Mabeya</p>  <p>BOG Member and Chairman, Audit and Risk Management Committee</p>	<p>1984</p>	<p>PhD -Finance (UON)- Ongoing MBA-Finance (KU) Bachelor of commerce (KU) CPA(K) GRI certified</p>	<p>CPA Titus M. Mabeya is a member of the Institute of Certified Public Accountants Kenya (ICPAK) in good standing and a Global Reporting Initiative (GRI) Certified on sustainability reporting. He has attended other several courses related to finance, accountancy, performance management, sustainability reporting and governance. He is a GRI certified. He is currently working at the Higher Education Loans Board (HELB). He has cross cutting financial management experience, skills and competencies ranging from private (Standard Chartered Bank), Nongovernmental (European Union) and public (HELB, JKUAT and UON) sectors spanning 11 years. Previously, he worked at Standard Chartered Bank and European Union under Community Development Trust Fund. He has been a member of Boards of schools. He has mobilized and participated in several community transformational initiatives.</p> <p>Appointed in March 2022.</p>
<p>Prof. Stella Kirui</p>  <p>BOG Member and Chairperson Education Training and Research Committee</p>	<p>1965</p>	<p>Ph.D. in Entomology M.Sc. in Entomology Bachelor of Education (Science)</p>	<p>A seasoned academia currently working as an Associate Professor Maasai Mara University Having worked as the Lecturer at Maasai Mara University and Eldoret National Polytechnic and worked as CECM for Agriculture livestock and fisheries and Education in Elgeyo Marakwet county between 2013 and 2017.</p> <p>Appointed in March 2022.</p>
<p>Nancy Gitonga</p>  <p>BOG Member</p>	<p>1970</p>	<p>Bachelor of Commerce (Management Option) Diploma in Sales and Marketing</p>	<p>A seasoned Banker currently working as a Business growth and Development Manager Equity Bank(K) Ltd and also worked as a branch Manager Barclays Bank(K) Ltd, acted as sales manager in the same banks and possess enormous skills in business growth and development, strategic planning and negotiation, project management, portfolio at risk management, relation building and networking with other stakeholders.</p> <p>Appointed in March 2022.</p>

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 Kobia Wakamau BOG Member and Chairperson, Finance, infrastructure and HR Committee	1960	MA, BA, PGD/D/R	Retired county commissioner/Secretary of Administration, served in various capacities as public administrator in various Provinces, Districts, Counties and Ministries Appointed in March 2022.
 Mary Mwandulo BOG Member	1980	Ph.D. in IT M.Sc in IT Bachelor of Science (Maths and Computer Science)	A seasoned academia currently working as the Chairperson Department of Computer Science Meru University of Science and Technology Lecturer at Meru University of science and Technology Appointed in March 2022.
 Alexander Mukui BOG Member	1972	M.Sc. in Civil Engineering	A Registered Civil Engineer working and worked in various public and private companies such as Iiazsons Civil Engineering Co., Ministry of Roads and Public Works, Safaricom Ltd, Alan Dick &Co. East Africa, H Young & Co. ltd, Director in various companies such as Voltex Ltd, Structural Ventures Ltd, H.P Gauff Ingenieure. Appointed in March 2022.

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4. Key Management Team

MEMBER	DOB	QUALIFICATIONS	EXPERIENCE
<p>Mercy Kairuthi</p>  <p>BoG Secretary/Principal</p>	1969	<p>Master of Education-Guidance and Counselling Bachelor of Education Diploma in Communication Skills, Advanced Diploma in Counselling Psychology, Senior Management course, Curriculum Development Assessment Certification, Competency Based Education and Training, Course in financial Education for Women and Youth, Basic skills in Alcohol and Drug Abuse prevention, Basic Counselling Skills</p>	<p>The current principal Mitunguu National Polytechnic, previously Worked as The Deputy Principal Administration and Finance at Meru National Polytechnic and also took up various roles which included but not limited to: Alcohol and Drug Abuse committee coordinator, Peer Counselling coordinator, Teacher counsellor, Assistant sports officer, Guidance and Counselling Coordinator, Head of Department, Chairperson COVID-19 Response Committee.</p> <p>Seasoned educational leader with over 28 years of experience, dedicated to fostering a positive and inclusive learning environment, Proficient in management, administration, strategic planning and trainees and staff mentorship with a focus on continuous improvement. Passionate about empowering and supporting trainee's success at every level. Dedicated to cultivating a nurturing and academically rigorous school environment.</p>
<p>Gabriel Njagi Maguu</p>  <p>D/Principal Administration and Finance</p>	1978	<p>Bachelor of Education (Special) Diploma in Information Technology (DIT)</p>	<p>The D/principal Administration and Finance Mitunguu National Polytechnic, previously worked at Jeremiah Nyagah National Polytechnic as the Registrar in charge of admissions and examinations. Formerly worked in Egoji teachers' college as a head of ICT department and overall system administrator.</p>
<p>Polline Mawira</p>  <p>D/Principal Academics Affairs</p>	1979	<p>Bachelor of Education-Arts Advanced Diploma in counselling Psychology, Mediation course, Senior Management course</p>	<p>The D/principal Academic Affairs Mitunguu National Polytechnic, worked as Dean of students, HOD Guidance and Counselling Mitunguu Technical Training Institute and as HOD Kionyo Secondary School.</p>

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<p>Koruru Mirirti</p>  <p>Registrar</p>	<p>1970</p>	<p>Bachelor of Education - Science Senior Management course (KSG)</p>	<p>The Registrar Mitunguu National Polytechnic, worked as Dean of Students Mitunguu Technical Training Institute, Deputy Principal Kaubau day secondary school, Ntharene Day Secondary School and Nkuene Boys Secondary School</p>
<p>Doris Ngugi</p>  <p>Ag. Dean of Students</p>	<p>1988</p>	<p>Diploma in Education, Diploma in Electrical and Electronics</p>	<p>The Ag. Dean of students Mitunguu National Polytechnic, Worked as Sports Officer Mitunguu Technical Training Institute.</p>
<p>Mathew Kabete</p>  <p>Finance Officer</p>	<p>1986</p>	<p>MBA(Finance) Bachelor of Commerce (Accounting Option) CPA(K) Senior Management course (KSG)</p>	<p>The current Finance Officer Mitunguu National Polytechnic, previously worked at Kabete National Polytechnic as Accountant 1 and Tharaka Boys High School as Accountant 2</p>

5. Chairman's Statement

Mitunguu National polytechnic is situated in Meru County, 32 kilometers from Meru town and 17 kilometers from Nkubu town in the Eastern region of Kenya and approximately 235 kilometers Northeast of Nairobi. Meru County borders five other counties namely; Isiolo to the North, Nyeri to the South West, Tharaka-Nithi to the South East and Laikipia to the West. Meru County is made up of nine constituencies; Igembe South, Igembe Central, Igembe North, Tigania West, Tigania East, North Imenti, Buuri, Central Imenti and South Imenti where the Polytechnic is situated. Mitunguu National polytechnic is established and registered by Technical and Vocational Education and Training Authority (TVETA) established by the TVET Act No. 29 of 2013. The polytechnic sits on 20.2 hectares of land. The vision of the polytechnic is to be national centre of excellence in technical and vocational and training. The mission is to produce proficient and versatile human resource by providing quality relevant, and innovative technical and vocation education and training.

The major successes and strengths of the polytechnic include: -

- The state- of- the- art infrastructure
- Consistent good performance in Performance Contracting
- The Polytechnic enjoys political good will in promoting technical vocational and training (TVET),
- Good catchment area for the trainees from Tharaka Nithi, Mbeere and Embu areas.
- accessible road network: the polytechnic is along the Mati Road connecting to Embu County and Nkubu Town in Meru County
- Adequate land the polytechnic is on 20.2 hectares of land parcel no. 2863
- Electricity supply: the polytechnic is connected to the National Grid on three phase supplies
- Developing vibrant strategic plan aligned to big four agenda, and vision 2030.

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The polytechnic has its challenges bearing in mind that it started in May 2015 with little or no resources some of which include the following:

- ✓ Late disbursement of capitation grants which affects the liquidity and slows the projects implementation.
- ✓ Lack of Boarding facilities.
- ✓ Rising number of the trainees versus physical facilities.
- ✓ Inadequate funds to meet learning infrastructural needs of the trainees.
- ✓ The connectivity of the polytechnic to the internet is very low and the government fibre optical cable is not available
- ✓ Inadequate learning and training resources. The government provide basic resources to start the polytechnic in electrical & electronics and information Communication Technology departments however, the departments require very many consumable resources on daily basis which are not available.
- ✓ Floods during the rainy seasons
- ✓ Changing technology which makes the facilities provided by the government need replacement frequently
- ✓ Competition from other institutions offering similar courses in shorter durations
- ✓ Inadequate staff

The way forward for the Mitunguu National polytechnic is allocate more funds on marketing and publicity so as increase gross enrolment, enhance collaboration partnerships with the local community and other agencies, integrate ICT in education and training, improve the human resource capacity through enhancing competencies and team building.

The polytechnic will also strife to improve physical facilities and infrastructure, polytechnic's safety and security through developing security policy, asset management by developing and updating asset inventory and train staff and trainees on first aid, firefighting skills and disaster management skills.

The vision for Mitunguu National polytechnic is to be a national centre of excellence in Technical & Vocational Education and Training.

6. Report of the Chief Principal

LOCATION AND ESTABLISHMENT

Mitunguu National polytechnic is situated in Meru County, 32 kilometers from Meru town and 17 kilometers from Nkubu town in the eastern region of Kenya and approximately 235 kilometers northeast of Nairobi.

Mitunguu National polytechnic was established and registered by Technical and Vocational Education and Training Authority (TVETA) established by the TVET Act No. 29 of 2013. The polytechnic sits on 20.2 hectares of land. Its construction was funded by the government of Kenya between the years 2011 and 2015 with the core mandate of providing training to the large number of young people who graduate annually from secondary and primary school system. This is in the realization that producing a properly and effectively trained, disciplined and patriotic human resource can make a positive contribution to the development of the nation and globally in line with United nations 2030 agenda for sustainable development, Agenda 2063 National development priorities, Kenya Vision 2030, big 4 Agenda.

The polytechnic was designed to be constructed in phases. The first phase of the Polytechnic was designed to offer courses mainly in Electrical & Electronic Engineering and Information & Communication Technology. The Polytechnic opened its doors in May 2015 and admitted eight (8) students in Electrical Installation (Artisan). It had one (1) TSC trainers (Principal), two (2) BOG trainers and two (2) non-teaching staff. Currently the polytechnic is made up of 47 courses in seven departments. The Polytechnic population comprises over 5,000 trainees, 55 public service commission trainers, 47 BOG trainers and 15 non-training staff and 21 interns

The major successes and strengths of the polytechnic include: -

STRENGTHS

- Adequate land
- Good & modern physical structures
- Internet available
- Supply of clean water
- Electricity supply
- Qualified personnel
- Conducive environment

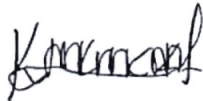
SUCSESSES

- Funding support from the government
- Political Goodwill
- High population density for trainees
- Economically endowed region
- Accessible road network
- Support from neighbouring institutions
- Increasing demand for technical education
- Implementation of Kenya Vision 2030

CHALLENGES

The Polytechnic has its challenges which include the following:

- Lack of boarding facilities
- Inadequate of Polytechnic transport facilities
- Inadequate of recreational facilities
- Inadequate Automation level
- Low enrolment
- Inadequate learning & training resources
- Inadequate financial resources



Mercy Kairuthi Kirima

Chief Principal

7. Statement of Performance against Predetermined Objectives

Science Technology and Innovation

1. Expand Facilities and Infrastructure

- **Performance Statement:** Successfully expanded the physical and technological infrastructure of Mitunguu TTI to accommodate growing trainee numbers and evolving educational needs. New facilities were completed on time and within budget, contributing to a more robust learning environment.

2. Improve Existing Facilities and Infrastructure

- **Performance Statement:** Implemented significant upgrades and maintenance to existing facilities, enhancing functionality and safety. These improvements have led to increased satisfaction among trainees and staff, and a more conducive learning and working environment.

3. Information Security Management

- **Performance Statement:** Implemented comprehensive information security measures to safeguard sensitive data. Regular audits and updates to security protocols have minimized data breaches and enhanced trust in our information systems.

4. Security Policy and Work Environment

- **Performance Statement:** Developed and enforced a robust security policy, fostering a safe and secure work environment. Regular security drills and policy reviews have contributed to a safer campus and a well-prepared staff.

5. Promote Health and Safety

- **Performance Statement:** Instituted health and safety programs that prioritize the well-being of trainees and staff. Health screenings, safety training, and emergency response plans have significantly reduced incidents and improved overall safety.

Education and Training

6. Develop and Implement Processes and Procedures

- **Performance Statement:** Developing and in the process of implementing standardized processes and procedures, including the adaptation of a Quality

Management System (QMS) and management reviews. These initiatives will streamline operations and enhanced service delivery.

7. Zero Tolerance to Corruption

- **Performance Statement:** Enforced a strict zero-tolerance policy towards corruption, resulting in a transparent and accountable operational environment. Regular audits and anti-corruption training (workshops and seminars) have reinforced ethical practices.

8. Ensure Continued Relevance of the Service Delivery Charter

- **Performance Statement:** Regularly reviewed and updated the Service Delivery Charter to align with current educational standards and stakeholder needs. This has ensured that our services remain relevant and effective.

9. Students' Governance

- **Performance Statement:** Strengthened student governance structures to enhance trainees' representation and involvement in decision-making processes. This has led to improved trainee satisfaction and engagement.

10. Source for Funding

- **Performance Statement:** Actively sourced and secured funding from various sources, contributing to financial stability and the ability to support key initiatives and programs. (County Government, NG-CDF) and KCB Foundation)

11. Collaborate with the Local Community

- **Performance Statement:** Fostered strong relationships with the local community through collaborative projects and partnerships. This has enhanced community support and integration into the educational environment. (Local casual labourers)

12. Collaboration with Other Agencies

- **Performance Statement:** Established successful collaborations with other educational and professional agencies, leading to shared resources, knowledge exchange, and enhanced program offerings. (GTZ, KCB Foundation, Rwompo Mentorship Program)

13. Enhance Management of Financial Resources

- **Performance Statement:** Improved the management of financial resources through effective budgeting, forecasting, and financial controls. This has led to more efficient use of funds and improved financial health. (Adherence to PFM Act and PPM/AGPPO)

14. Operate Within the Set Budgetary Allocations

- **Performance Statement:** Adhered to budgetary allocations, ensuring financial discipline and avoiding overspending. Regular budget reviews and financial monitoring have supported this achievement. (Board approvals)

15. Diversify Sources of Income

- **Performance Statement:** Expanded income sources through innovative strategies, reducing reliance on traditional funding streams. This diversification has increased financial resilience and sustainability. (Production Unit)

16. Reduce Costs

- **Performance Statement:** Implemented cost-reduction measures that have optimized operational expenses while maintaining quality. These efforts have led to significant savings and more efficient resource allocation. (Use of solar energy as alternative for borehole water pumping and security lighting, solar power back-up instead of petrol/diesel generator for administration office)

Human Resource Management and Development

17. Enhance Competencies

- **Performance Statement:** Focused on enhancing competencies through targeted training programs, leading to improved staff skills and performance. Continuous professional development has strengthened overall capabilities. (Staff attending trainings, workshops and seminars/conferences)

18. Team Building

- **Performance Statement:** Promoted team building activities that have fostered collaboration, improved communication, and strengthened team cohesion. This has resulted in a more motivated and effective workforce. (Last financial year 2 team building activities for staff, 1 for trainees' council and 2 benchmarking for management activities took place)

19. Staff Appraisal

- **Performance Statement:** Established a comprehensive staff appraisal system that provides regular feedback and recognizes achievements. This has improved staff performance and job satisfaction.

20. HR Policy

- **Performance Statement:** Developing and in the process of implementing an updated HR policy that addresses key issues such as recruitment, performance management, and employee relations. This policy will support a fair and productive work environment.

21. Transfer of Skills

- **Performance Statement:** Facilitated the transfer of skills through mentorship and training programs, ensuring that knowledge is effectively shared and applied across the organization. (Engaged tutors for teaching practice, staff for internship, participated in various exhibitions, regional and national trade fairs)

22. Succession Planning

- **Performance Statement:** Implemented a robust succession planning strategy to ensure continuity in key positions. This proactive approach has prepared the organization for future leadership transitions. (Where each actor or leadership post has a lead person, an assistant and committees)

23. Staff Motivation

- **Performance Statement:** Enhanced staff motivation through recognition programs, incentives, and a supportive work culture. These efforts have contributed to higher staff morale and engagement.

Information and Communication Technology (ICT)

24. Integrate ICT

- **Performance Statement:** Successfully integrated ICT solutions into various operational areas, improving efficiency and accessibility. This integration has supported better data management and communication. (two more computer labs were equipped with 100 computers)

25. ERP System

- **Performance Statement:** Implemented an Enterprise Resource Planning (ERP) system that has streamlined operations and enhanced data accuracy. The ERP system has improved overall organizational efficiency. (Various updates took place)

Gender and Youth Development

26. Intensify Marketing

- **Performance Statement:** Increased marketing efforts to raise awareness and attract new students. Enhanced marketing strategies have led to higher enrolment rates and greater visibility. (Road show marketing activities took place especially during Tvet@100)

27. Expand the Curriculum

Performance Statement: Expanded the curriculum to include new CBET programs and courses that meet current industry demands. This expansion has enriched the educational offerings and provided trainees with diverse learning opportunities.

8. Corporate Governance Statement

S/No	Meeting date	Attendees
1	Special Full Board of Governors Meeting	
	17 th July, 2024	<ol style="list-style-type: none"> 1. Mr. Kenneth Gitonga - BOG Chairperson 2. Mr. Kelvin Mutuma Mbaabu - Member 3. Dr. Anelina Mugure - Member 4. Mr. Albert Kobia - Member 5. Mrs. Nancy Gitonga - Member 6. CPA Titus Mabeya - Member 7. Dr. Mary Mwadulo - Member 8. Mr. Nicodemus Mutinda – Member 9. Mercy Kirima-principal/Secretary
2	Special Full Board of Governors Meeting	
	6 th September, 2024	<ol style="list-style-type: none"> 1. Mr. Kenneth Gitonga – BOG Chairperson 2. Mr. Nichodemus Mutinda - Member 3. CPA Titus Mabeya - Member 4. Prof. Stella Kirui - Member 5. Dr. Mary Mwadulo - Member 6. Mr. Kelvin Mutuma Mbaabu - Member 7. Mr. Albert Kobia – Member 8. Mercy Kirima-principal/Secretary
3	Finance, Infrastructure and HR Committee	
	4 th October, 2024	<ol style="list-style-type: none"> 1. Mr. Albert Kobia – Committee chairperson 2. Mr. Kelvin Mutuma Mbaabu – Member 3. Mrs. Nancy Gitonga – Member 4. Mercy Kirima-principal/Secretary
4	Audit & Risk Management Committee (Virtual)	
	8 th October, 2024	<ol style="list-style-type: none"> 1. CPA Titus Mabeya - Chairperson 2. Dr. Mary Mwadulo - Member 3. Eng. Alexander Mukui - Member 4. CPA Lawrence M. Riungu - Internal Auditor Secretary
5	Education, Training and Research Committee	
	8 th October, 2024	<ol style="list-style-type: none"> 1. Prof. Stella Kirui - Member 2. Dr. Mary Mwadulo - Member 3. Mr. Nichodemus Mutinda – Member 4. Mercy Kirima-principal/Secretary
6	Full Board of Governors	
	9 th October, 2024	<ol style="list-style-type: none"> 1. Mr. Kenneth Gitonga – BOG Chairperson 2. Mr. Nichodemus Mutinda - Member 3. CPA Titus Mabeya - Member 4. Dr. Mary Mwadulo - Member

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		<ul style="list-style-type: none"> 5. Mr. Kelvin Mutuma Mbaabu - Member 6. Mr. Albert Kobia – Member 7. Mrs. Nancy Gitonga – Member 8. Mercy Kirima-principal/Secretary
	Education, Training and Research Committee	
	6 th January, 2025	<ul style="list-style-type: none"> 1. Prof. Stella Kirui - Member 2. Dr. Mary Mwadulo - Member 3. Mr. Nichodemus Mutinda – Member 4. Mercy Kirima-principal/Secretary
6	Finance, Infrastructure and HR Committee	
	16 th January, 2025	<ul style="list-style-type: none"> 1. Mr. Albert Kobia – Committee chairperson 2. Mrs. Nancy Gitonga – Member 3. Mercy Kirima-principal/Secretary
7	Full Board of Governors	
	24 th January, 2025	<ul style="list-style-type: none"> 1. Mr. Kenneth Gitonga - BOG Chairperson 2. Mr. Kelvin Mutuma Mbaabu - Member 3. Eng. Mukui - Member 4. Mr. Albert Kobia - Member 5. Mrs. Nancy Gitonga - Member 6. CPA Titus Mabeya - Member 7. Dr. Mary Mwadulo - Member 8. Mr. Nicodemus Mutinda – Member 9. Mercy Kirima-principal/Secretary

Succession Plan

Appointment of Board members is done by the ministry of Education
 Appointments of various chairpersons of committees by the council chairperson
 Members of the council sign a conflict of interest register in every meeting

Existence of a Board Charter

The board charter is available and in place.

9. Management Discussion and Analysis

The Operational and Financial Performance of Mitunguu National Polytechnic

Mitunguu National Polytechnic mandate is Education and Training. It was established to train in Electrical & Electronics Engineering, and Computing and Informatics. The Polytechnic has been able to address the industry demands by introducing new courses in Building and Civil Engineering department, Hospitality and Institutional Management, Fashion and Design Department, Agriculture and Environmental Studies department, Mechanical and Automotive Engineering Department, Computing and Informatics Department & Business Studies Department. The enrolment has gradually increased over the years from six male trainees in 2015 to over 5,000 trainees' net enrolment. The Polytechnic has also been able to admit 536 trainees from the NYS under the sponsorship of the government and 407 Trainees sponsored by KCB Foundation. Despite delays in remitting funds by the government, the Polytechnic has been able to mitigate the financial constraints through preparation of supplementary budget during the year. Some of the challenges that the Polytechnic is experiencing is lack of boarding facilities, inadequate learning & training resources, lack of recreational facilities, low enrolment, inadequate financial resources among others. The Polytechnic enjoys political goodwill, accessible road network, increasing demand for technical education, establishment of the state department of TVET, economically endowed region, adequate land for expansion among others.

Compliance with Statutory Requirements

Mitunguu National Polytechnic has complied with the statutory requirements for instance KRA Returns- PAYE, NSSF, NHIF, HELB and NITA. The polytechnic has not been involved in any court case since it started in 2015 to-date. The community is very supportive and there has not been any claim of any Polytechnic property.

SECTION C

Key Projects and Investments Decisions the Entity is planning /Implementing

The Polytechnic has Constructed a Tuition block and an Ablution block, Hair and beauty workshop and expanded the Bus Park to accommodate the added fleet of its vehicles from internal savings. The polytechnic is planning to equip the workshops and the library as well as add more lecture halls.

SECTION D

Major Risks facing the Polytechnic

The polytechnic has risks like flooding due to high water table and frequent wild fires due to long dry spell during the dry seasons. Competitions from the neighbouring Institutions offering similar courses hence low enrolment, drug & substance abuse, inadequate staffing by the Ministry of Education, changing technology, HIV/AIDS, Post Covid-19 pandemic, changing government policy, political interference, changing economic times, information security, legal and statutory regulations among others.

SECTION E

Material Arrears in Statutory /Financial Obligations

The polytechnic has no arrears in statutory or financial obligations and this is demonstrated by financial statements.

10. Environmental And Sustainability Reporting Statement

Sustainability strategy and profile

1. The Polytechnic environmental club has planted over 1,000 exotic and indigenous trees within the compound
2. Drainage around the polytechnic has been improved
3. Litter bins have been set up around to avoid pollution of the environment
4. Compost pits have been dug at strategic points within the compound

Employee welfare

The hiring process is clearly stipulated in the human resource manual as outlined in the below extract. The manual is to be reviewed as need arises in cases of new regulation and a review of the whole document every 3 years.

Recruitment and Selection

- I. The Polytechnic strives to recruit and select the best-qualified candidates to support The Polytechnic's vision and mission.
- II. Equal opportunities shall be provided for all persons throughout The Polytechnic in recruitment, appointment, promotion, payment, training, and other employment practices without discrimination against people based on race, ethnic, gender, disability, national origin, colour, religion, marital status, or political affiliation.
- III. Employees shall be correctly placed on the occupations that match their skills and abilities while taking cognizance of special needs.
- IV. Recruitment of Employees shall be done as per the recruitment policy and procedures for all cadres of staff. Equity shall be exercised at all times.

The Polytechnic undertakes a training needs analysis, skills gaps analysis and puts up mechanisms of addressing the gaps among them sending employees on skills improvement trainings and workshops, and benchmarking on best practices.

The below is an extract from the manual which shows the institution commitment to compliance with OSHA

The Polytechnic Council recognizes and commits itself to the achievement of the highest standards of health and safety in the workplace, and the elimination or minimization of health and safety hazards and risks that may affect its employees. In this regard, it will develop and implement policies and programmes that assure their protection from such hazards and disasters. The policies and programmes will be implemented in compliance with the provisions of Occupational Safety and Health Act, 2007 and other Labour Laws.

The Polytechnic as acquired among others fire extinguishers, first aid boxes and clearly marked emergency exits in compliance with occupational safety and health act 2007.

Market place practices

To develop and improve sports the management has:

1. Sponsored various ball games for competition up to the national level.
2. Sponsored various athletics teams and indoor games up to the national level.
3. Participated in friendly matches with the neighbouring institutions.

On health care the polytechnic did the following:

1. Conducted a training on first Aid and safety measures to Trainers and Trainees.
2. Conducted sensitization on HIV&AIDS for trainees and trainers.
3. Conducted sensitization on NCDs and Mental Health Wellness.
4. Facilitated production of handwash and sanitizer
5. Provision of First Aid kits.

On anti-corruption practices,

1. Received complaints and resolved them.
2. Conducted sensitization to trainees and trainers.

Corporate Social Responsibility/Community Engagements

Corporate Social Responsibility CSR is a self-regulating business model that helps organization to be socially accountable to its self, stakeholders and the public. By practicing CSR organization can be conscious of the kind of impact they are having on all aspects of society including economic, social and environmental.

The following are some of the CSR activities carried out by Mitunguu National Polytechnic during the FY 2024/2025

1. Cleaning the Mitunguu market during Environmental day and labour day.
2. Visiting St. Joseph children's home by the smiling faces club.
3. Visiting shalom children's home by the Polytechnic Red Cross Club.
4. Polytechnic Christian union held a crusade at the Market.
5. Having football friendly matches with clubs on invitation

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

11. Report of the Council

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

Principal activities

The principal activities of Mitunguu National Polytechnic are to offer technical and vocational education and training at the polytechnic level.

Results

The results of the Mitunguu National Polytechnic for the year ended June 30 2025 are set out on page 1 to 5

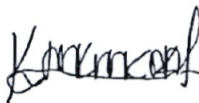
Board of Governors

The members of the Board who served during the year are shown on page vii to ix. During the year 2024/2025 none of the board members retired or appointed.

Auditors

The Auditor General is responsible for the statutory audit of the Mitunguu National Polytechnic in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Certified Public Accountants were nominated by the Auditor General to carry out the audit of the Mitunguu National Polytechnic for the year ended June 30, 2025, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board



Secretary of the Board

Date:27/08/2025

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

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*) - require the Council members to prepare financial statements in respect of that *Mitunguu National Polytechnic*, which give a true and fair view of the state of affairs of the *Mitunguu National Polytechnic*, at the end of the financial year and the operating results of the *Mitunguu National Polytechnic*, for that year. The Council members are also required to ensure that the *Mitunguu National Polytechnic* keeps proper accounting records which disclose with reasonable accuracy the financial position of *Mitunguu National Polytechnic*. The Council members are also responsible for safeguarding the assets of *Mitunguu National Polytechnic*.

The Council members are responsible for the preparation and presentation of the *Mitunguu National Polytechnic's* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial period ended on June 30, 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the *entity*; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of *Mitunguu National Polytechnic*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

The Council members are of the opinion that *Mitunguu National Polytechnic's* financial statements give a true and fair view of the state of *Mitunguu National Polytechnic* transactions during the period ended June 30, 2025, and of the Mitunguu National Polytechnic's financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for *Mitunguu National Polytechnic*, which have been relied upon in the preparation of *Mitunguu National Polytechnic's* financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the principal has assessed the *Mitunguu National Polytechnic's* ability to continue as a going concern. Nothing has come to the attention of the Council members to indicate that the *Mitunguu National Polytechnic* will not remain a going concern for at least the next twelve months from the date of this statement.

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

Approval of the financial statements

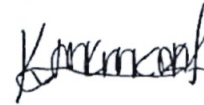
The *Mitunguu National Polytechnic* financial statements were approved by the Council on and signed on its behalf by:

Name: Kenneth Gitonga



Signature
Chairperson of the Board

Name: Mercy Kirima



Signature
Principal

REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on the Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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 Mitunguu National Polytechnic set out on pages 1 to 36, which comprise of the statement of financial position as at

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

In my opinion, 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 Mitunguu National Polytechnic as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education Training (Mitunguu National Polytechnic) Order, 2025 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Long Outstanding Trade Receivables

As previously reported, the statement of financial position reflects trade and other receivable from exchange transactions balance of Kshs.209,706,339 being student debtors net of impairment allowance of Kshs.11,037,176 as disclosed in Note 17 to the financial statements. However, Management did not provide Board approval and how the impairment allowance was arrived at. In addition, review of ageing analysis revealed that receivables balance of Kshs.83,553,672 have been outstanding for more than one year without being recovered.

In the circumstances, the accuracy and recoverability of the long outstanding receivables balance of Kshs.209,706,339 could not be confirmed.

2. Unreconciled in Property Plant and Equipment Balance

The statement of financial position reflects property plant and equipment net book value of Kshs.84,375,040 as disclosed in note 20 to the financial statements. However, recast of the schedule of movement of property, plant and equipment results in a net book value of Kshs.82,441,972 leading to a variance of Kshs.1,933,068 which has not been reconciled.

In the circumstances, the accuracy and completeness of property plant and equipment net book value of Kshs.84,375,040 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Mitunguu 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 performance and Control

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.297,352,886 and Kshs.163,237,437 respectively resulting in to under-funding of Kshs.134,115,449 or 55% of the final receipt budget. Similarly, the Polytechnic spent Kshs.160,937,495 against actual receipts of Kshs.163,237,437 resulting to an under-utilization of Kshs.2,299,942 or 1% of the actual receipts.

The under-funding and under-utilization affected the implementation of the planned activities and may have impacted negatively on service delivery to the public.

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 effects of the matter described in the Basis for Qualified Opinion section, I have determined that there are no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

In the prior years' audit reports, two issues were raised under the Report on Lawfulness and Effectiveness in Use of Public Resources. Review of the status during audit of the Mitunguu Polytechnic in 2024/2025 revealed that the matters remained unresolved and have been reiterated as substantial paragraphs since they are recurring. The outstanding issues are summarized in **Appendix 1**.

Other Information

Management is responsible for the Other Information set out on pages iii to xxviii which comprise of Key Entity Information and Management, The Board of Governors, Key Management Team, Chairman's Statement, Report of the Chief Principal, Polytechnic's Information and Overall Performance, Statement of Performance Against Polytechnic's Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Council and Statement of Polytechnic's Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Long Outstanding Trade Payable

As previously reported, the statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.63,044,737 as disclosed in Note 23 to the financial statements. However, review of ageing analysis revealed that payables totaling Kshs.7,852,210 relates to 2023/2024 financial year and earlier periods hence have been outstanding for inordinately long period of time without clearance. This was contrary to Section 53 (8) of the Public Procurement and Asset Disposal Act, 2015 which states that 'an Accounting Officer shall not commence any procurement proceedings until satisfied that sufficient funds to meet the obligations of the resulting contracts are reflected in approved budget estimates.

In the circumstances, the Polytechnic Management was in breach of the law and there is risk loss of public funds through litigations, interests and penalties.

2. Delay in Completion of Tuition Block Phase I

The statement of financial position reflects plant, property and equipment balance of Kshs.82,490,300 which, as disclosed in Note 20 to the financial statement includes work in progress balance of Kshs.36,050,898. The latter balance includes a balance of Kshs.19,518,522 In respect to construction of tuition block phase I.

The contract was awarded to a contractor with a project duration of thirty-two (32) weeks commencing on 8 May, 2024. The initial project completion date was earmarked to be

25 November, 2024. However, review of project file and physical verification carried out on the project in the month of October, 2025 revealed that the building structure was incomplete, with no ongoing works at the site. In addition, the contract period had lapsed and there was no evidence of contract extension or justification for delay.

In the circumstances, delayed projects have negatively impacted service delivery to the public.

3. Failure to Budget for Climate Change and Financing

Review of the Polytechnic annual budget and financial plans revealed that no provisions for climate change mitigation, adaptation programs, or climate financing initiatives were made. In addition, there was no evidence of planned allocation of funds for projects or activities that address climate risks, such as water source protection, energy-efficient operations, or climate resilience measures. This contrary to The National Climate Change Act, 2016, which obligates public entities to mainstream climate change measures into their operational and development plans and to allocate adequate resources to address climate resilience and adaptation.

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

4. Non-Compliance with the Law on Staff Ethnic Composition

As previously reported, analysis of the payroll records revealed that fifty-six (56) or 56% out of the one hundred (100) staff members were from a dominant ethnic group in Kenya. This is contrary to Section 7(2) of the National Cohesion and Integration Act, 2008 which states that no public establishment shall have more than one third of its staff from the same ethnic community.

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

5. Failure to Deduct and Remit Public Procurement Capacity Building Levy

The Public Procurement Capacity Building Levy of 0.03% was not deducted from contract payments and remitted to the Public Procurement Regulatory Authority (PPRA) effective on 1 September, 2024. This was contrary to circular No. 01/2024 referenced PPRA/6/5 VOL II (224) dated 30 August, 2024 which requires that all procuring entities should collect the levy from all suppliers on all procurement contracts signed between the supplier and a procuring entity. The amount should be remitted through e- citizen platform and file monthly return to the Authority by 20th day of the subsequent month.

In the circumstances, Management was in breach of law.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern

them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

Conclusion

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

Basis for Conclusion

1. Failure to Constitute a Governing Council

The Polytechnic has operated without a Governing Council since the term of the current Board Members expired in March, 2025. This is contrary to Mwongozo, 2015 Annexure 1D paragraph 5 which requires the Appointing Authority shall ensure staggering of Board appointments so that the respective expiry dates of the members terms fall at different time to ensure continuity. Further, the Polytechnic had not established a Public Finance Management Committee (Standing Committee) to provide strategic guidance to the entity on public finance management matters.

In the circumstances, the effectiveness of risk management, governance and oversight at the Polytechnic could not be confirmed.

2. Weak Information Technology (IT) Control System

Review of the Polytechnic's ICT environment revealed that there is no formal data backup system in place, exposing the institution to significant risks of data loss in the event of system failure, cyberattacks, or disasters. Further, it was noted that the Enterprise Resource Planning (ERP) server is hosted openly in the Boardroom instead of a designated server room.

In the circumstances, safeguards on loss of data could not be confirmed.

3. Lack of Internal Audit Department

During the year under review, the Polytechnic operated without an Internal Audit Unit contrary to Section 73(1)(a) of the Public Finance Management Act, 2012 which requires every Government entity to have in place appropriate arrangements for conducting internal audit according to the Guidelines of the Accounting Standards Board.

In the circumstances, the risk of having weak internal controls and errors and fraud occurring without being detected and possibly addressed in time.

4. Weak Human Resource Governance and Controls

As previously reported, Polytechnic had no approved Scheme of Service, salary structure, or staff establishment register as required by the Human Resource Policies and Procedures Manual for the Public Service, 2016, and the Delegation of Public Service Commission Human Resource Functions, 2015.

In the absence of an approved Scheme of Service, staff establishment, and salary structure, the adequacy and appropriateness of staff deployment, job descriptions, and grading levels cannot 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 Management and the Council

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 control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

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

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

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

The Council is responsible for overseeing the Polytechnic's financial reporting process, reviewing the effectiveness of how 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

07 November, 2025

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

14. Statement of Financial Performance for The Year Ended 30 June 2025

	Notes	2024/2025	2023/2024
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government –Capitation	6	59,597,400	47,704,500
Transfers from other levels of government-NYS	7	27,282,480	14,190,400
Total Revenue from non-exchange transactions		86,879,880	61,894,900
Revenue from exchange transactions			
Rendering of services- Fees from students	8	146,576,436	131,283,866
Sale of goods	9	-	684,500
Other income	10	1,345,780	1,176,390
Revenue from exchange transactions		147,922,216	133,144,756
Total revenue		234,802,096	195,039,656
Expenses			
Use of goods and services	11	150,220,396	125,186,936
Employee costs	12	20,138,558	20,119,741
Remuneration of Directors	13	2,218,800	5,000,817
Depreciation and amortization expense	14	2,930,263	2,631,034
Repairs and maintenance	15	21,591,276	12,099,928
Total expenses		197,099,293	165,038,456
Net Surplus for the period		37,702,804	30,001,200

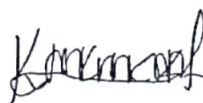
(The notes set out on pages 6 to 38 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 5 were signed by:



Chairman of Board

Date:27/08/2025



Principal

Date:27/08/2025



Finance Officer

ICPAK No. 19316

Date:27/08/2025

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

15. Statement of Financial Position as at 30th June 2025

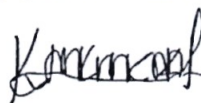
	Notes	2024/2025	2023/2024
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	16	14,681,782	12,381,839
Receivables from exchange transactions	17	209,706,339	138,141,680
Receivables from non-exchange transactions	18	30,900,892	17,163,302
Inventories	19	2,138,338	3,770,096
Total Current Assets		257,427,351	171,456,917
Non-current assets			
Property, plant and equipment	20	84,375,040	83,398,368
Intangible Assets	21	95,201	136,001
Biological Assets	22	290,500	220,000
Total Non-current Assets		84,760,741	83,754,370
Total assets		342,188,092	255,211,287
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	23	63,044,737	14,523,735
Refundable deposits from customers and sundry creditors	24	3,116,940	2,363,940
Total Current Liabilities		66,161,677	16,887,675
Total liabilities		66,161,677	16,887,675
Net Assets		276,026,415	238,323,611
Capital and Reserves			
Accumulated surplus		243,525,202	205,822,398
Capital Fund		32,501,213	32,501,213
Total Capital and Reserves		276,026,415	238,323,611
Total Liabilities and Capital & Reserves		276,026,415	238,323,611

The Financial Statements set out on pages 1 to 5 were signed by:



Chairman of Board

Date:27/08/2025



Principal

Date:27/08/2025



Finance Officer

ICPAK No. 19316

Date:27/08/2025

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16. Statement of Changes in Net Asset for The Year Ended 30 June 2025

Description	Accumulated Fund	Capital Fund	Total
At July 1, 2023	175,821,198.00	32,501,213.00	208,322,411.00
Fair value adjustment on quoted investments			-
Total comprehensive income	30,001,200.00		30,001,200.00
At June 30, 2024	205,822,398.37	32,501,213.00	238,323,611.37
At July 1, 2024	205,822,398.00	32,501,213.00	238,323,611.00
Total comprehensive income	37,702,804		37,702,804
At June 30, 2025	243,525,201.98	32,501,213	276,026,414.98

17. Statement of Cash Flows for The Year Ended 30 June 2025

		2024/2025	2023/2024
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants		86,879,880.00	64,894,900.00
Rendering of services- Fees from students		75,011,777.00	126,848,974.00
Sale of goods		-	684,500.00
Other income		1,345,780.00	1,176,390.00
Total Receipts		163,237,437.00	190,604,764.00
Payments			
Compensation of employees		20,138,558.00	20,119,741.00
Use of goods and services		101,699,394.00	119,337,792.00
Board expenses		2,218,800.00	5,000,817.00
Repairs and maintenance		21,591,275.53	12,099,928.00
Total Payments		145,648,027.53	156,558,278.00
Net Cash flows from Operating activities	25	17,589,409.47	34,046,486.00
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(15,289,467.47)	- 34,117,831.00
Net cash flows used in investing activities		(15,289,467.47)	34,117,831.00
Cash flows from financing activities			
Proceeds from Borrowing			
Net cash flows from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		2,299,942.00	- 71,345.00
Cash and cash equivalents at 1 July 2024	16	12,381,839.00	12,453,184.00
Cash and cash equivalents at 30 June 2025	16	14,681,781.00	12,381,839.00

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

	Original budget	Final budget	Actual on comparable basis	Performance difference	Performance difference
	2024/2025 Kshs	2024/2025 Kshs	2024/2025 Kshs	2024/2025 Kshs	2024/2025 %
Revenue					
Transfers from other Govt entities	39,440,000	39,440,000	86,879,880	-47,439,880	-120
Rendering of services- Fees from students	255,101,126	255,101,126	75,011,777	180,089,349	71
Other income	2,811,760	2,811,760	1,345,780	1,465,980	52
Total income	297,352,886	297,352,886	163,237,437	134,115,449	45
Expenses					
Compensation of employees	28,865,883	28,865,883	20,138,558.00	8,727,325	30
Use of goods and services	154,617,003	154,617,003	101,699,394.00	4,396,607	3
Remuneration of Directors	7,386,000	7,386,000	2,218,800.00	5,167,200	70
Repairs and maintenance	16,550,000	16,550,000	21,591,275.53	-5,041,276	-30
Development expenditure	89,934,000	89,934,000	15,289,467	74,644,533	83
Total expenditure	297,352,886	297,352,886	160,937,495	87,894,389	30
Surplus for the period			2,299,942	46,221,060	

Budget notes

1. variance of 51.11% on transfers from other Govt entities was due to release of increased number of trainees that was funded for.
2. variance of 31.85% on rendering of services was due high number of to use of goods and services was due to high revenue collection due to the new funding model thus more purchases due to increased demand.
3. Variance of 52.14 % on other income was lack of enough rains thus no farm harvest.
4. Variance of 83 % on Development expenditure was lack enough funds due to non-payment of fees by trainees.

The total of actual on comparable basis does not tie to the statement of financial performance totals due to differences in accounting basis (budget is cash basis, statement of financial performance is accrual)

19. Notes to the Financial Statements

1. General Information

Mitunguu National Polytechnic is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to offer skills technical and vocational education and training.

2. Statement of Compliance and Basis of Preparation

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

3. Adoption of New and Revised Standards

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

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

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

Standard	Effective date and impact:
IPSAS 43: Leases	Applicable 1st January 2025 The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	Applicable 1st January 2025 The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	Applicable 1st January 2025 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.
IPSAS 46: Measurement	Applicable 1st January 2025 The objective of this standard was to improve measurement guidance across IPSAS by: i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used.

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	<ul style="list-style-type: none"> ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
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>
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>
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>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.

Early adoption of standards

The Entity did not early – adopt any new or amended standards in the financial year or *the entity adopted the following standards early (state the standards, reason for early adoption and impact on entity's financial statements.)*

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2024/2025 was approved by the Council or Board on *18/06/2024*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. Accordingly, the entity recorded additional appropriations of xxx on the FY 2024/2025 budget following the Council/ Board's approval. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Cashflows has been presented.

c) Taxes

Current income tax

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

Sales tax/ Value Added Tax

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

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

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

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. *Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over an xx-year period or investment property is measured at fair value with gains and losses recognised through surplus or deficit. (Entity to amend appropriately).* Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

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

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible assets

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

h) Biological Assets

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

i) Research and development costs

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

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

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

j) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. *The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. (amend as appropriate).* A financial instrument is any contract that gives rise to a financial asset of one entity and a financial

liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

Financial liabilities

Classification

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

k) Inventories

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

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

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

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

Inventories (Continued)

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

l) Provisions

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

Contingent liabilities

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

Contingent assets

The *Entity* does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the *Entity* in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

m) Social Benefits

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

n) Nature and purpose of reserves

The *Entity* creates and maintains reserves in terms of specific requirements. (*Entity to state the reserves maintained and appropriate policies adopted*).

o) Changes in accounting policies and estimates

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

p) Employee benefits

Retirement benefit plans

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

q) Foreign currency transactions

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

r) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

s) Related parties

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

t) Service concession arrangements

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

u) 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.

v) Comparative figures

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

w) Subsequent events

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

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

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

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

(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

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6. Transfers from other National Government entities

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Unconditional grants		
Capitation grants	59,597,400	37,704,500
Conditional grants		
Tuition block		10,000,000
Total grants and subsidies	59,597,400	47,704,500

7. Transfers from Other Levels of Government

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Transfer from National youth service	27,282,480	14,190,400
Total transfers	27,282,480	14,190,400

8. Rendering of Services

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Tuition fees	54,204,265	59,193,718
Activity fee	5,488,602	5,782,118
Examination fee	26,235,377	17,381,540
Facilities and materials	34,967,178	38,027,190
attachment	582,100	1,891,350
Student ids	963,548	200,566
student welfare	1,617,350	1,888,100
Repair and maintenance	4,908,356	4,915,434
Registration fees	5,796,700	2,003,850
Development	10,010,960	
Medical	1,802,000	
Total revenue from the rendering of services	146,576,436	131,283,866

9. Sale of Goods

Description	2024-2025	2023-2024
	Kshs	Kshs
Sale of farm produce	-	684,500
Other	-	-
Total from sale of goods	-	684,500

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10. Other Income

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Income from production unit	694,780.00	405,390
tender fee	7,000	
Bus hire	644,000	771,000
Total other income	1,345,780	1,176,390

11. Use of Goods and Services

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Teaching and learning materials	30,368,874	18,339,106
Industrial attachment	1,486,900	1,891,350
Electricity	3,241,275	4,491,480
activity	4,694,163	3,115,579
Security	1,200,000	1,391,680
School equipment and stores	1,251,415	6,337,448
Marketing	2,746,961	2,855,226
Examination expenses	35,802,640	29,844,785
Academic trips	588,116	724,825
Performance contracting	1,016,800	1,027,328
Travelling and accommodation	10,179,746	8,277,436
Motor vehicle expenses	2,722,804	2,114,516
Admin expenses	17,736,133	14,234,197
Students' welfare	4,134,550	4,976,858
farm expenses	886,700	1,646,090
Printing and stationery	1,647,150	425,660
medical expenses	62,567	42,080
Mys upkeep	-	382,900
Cleaning	2,573,269	2,101,460
Nys students upkeep	7,520,380	5,821,960
Internet expenses	1,164,060	1,115,730
Training expenses	4,957,278	1,916,163
BES	980,800	2,476,800
Graduation expenses		366,500
Insurance		135,474
Guidance and Counselling	179,100	11,950
Annual subscriptions	147,400	252,500
TVET Greening		17,500
CBET Implementation	1,131,900	519,000
Staff retreat	233,500	534,000
Audit fee provision	528,740	528,740
Bad Debts Provision	11,037,176	7,270,615
Total goods and services	150,220,396	125,186,936

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12. Employee Costs

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Salaries and wages	20,138,558	20,119,741
Employee cost	20,138,558	20,119,741

13. Board/Council Expenses

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Directors' emoluments	2,218,800	5,000,817
Other allowances	-	-
Total Directors' emoluments	2,218,800	5,000,817

14. Depreciation and Amortization expense

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Property, plant and equipment	2,889,462	2,572,747
Intangible assets	40,801	58,287
Total depreciation and amortization	2,930,263	2,631,034

15. Repairs and Maintenance

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Property	21,591,276	12,099,928
Total repairs and maintenance	21,591,276	12,099,928

16. Cash and Cash Equivalents

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Current account	14,681,632	12,380,852
Cash in hand	150	987
Total cash and cash equivalent	14,681,782	12,381,839

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

Financial institution	Account number	2024-2025	2023-2024
		Kshs.	Kshs.
a) Current account			
Kenya Commercial bank	1169208630	8,726,726	11,852,420
Co-operative bank	1139206659600	5,586,980	3,744
Equity Bank	0370279113346	367,926	524,688
Sub-Total		14,681,632	12,380,852
Cash withdrawn from bank			
Cash in hand		150	987
Total		14,681,782	12,381,839

17. Receivables from Exchange transactions

17 (a) Current Receivables from Exchange transactions

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Current receivables		
Student debtors	220,743,515	145,412,295
Rent debtors	-	-
Consultancy debtors	-	-
Other exchange debtors		
Less: impairment allowance	11,037,176	7,270,615
Total current receivables	209,706,339	138,141,680

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17 (b) Ageing Analysis of Receivables from Exchange transactions

Description	2024-2025		2023-2024	
	Kshs	% of the total	Kshs	% of the total
Less than 1 year	126,152,667	60	36,007,235	26
Between 1- 2 years	13,034,767	6	23,602,345	17
Between 2-3 years	20,653,650	10	17,629,651	13
Over 3 years	49,865,255	24	60,902,431	44
Total (a+b)	209,706,339	100	138,141,680	100

18. Receivables from Non-Exchange transactions

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Current receivables		
Capitation grant*		
Transfer from other govt. entities		
Other debtors (non-exchange transactions)	30,900,892	17,163,302
Less: impairment allowance	-	-
Total current receivables	30,900,892	17,163,302

18 (a) Ageing Analysis on Receivables from Non-Exchange Transactions

Description	2024-2025		2023-2024	
	Kshs	% of the total	Kshs	% of the total
Less than 1 year	26,624,790	87	12,887,200	75
Between 1- 2 years	0	0	760,200	5
Between 2-3 years	760,200	2	3,515,902	20
Over 3 years	3,515,902	11	0	0
Total	30,900,892	100	17,163,302	100

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19. Inventories

Description	2024-2025	2023-2024
	Kshs	Kshs
Consumable stores	1,026,468	2,744,391
Electrical stores	615,249	286,001
Cleaning Materials stores	61,050	100,900
I & M Stores	435,571	638,804
Total Inventories at lower of Cost and NRV	2,138,338	3,770,096

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20. Property, Plant and Equipment

	Dep rate 2.5% p.a	Dep rate12.5% p.a	Dep rate 20% p.a	Dep rate 33.3% p.a		
Cost	Buildings	Furniture and Fittings	Motor vehicles	Computers	WIP	Total
	Shs	Shs	Shs	Shs		Shs
At July 1 2023	33,290,479	887,468	4,265,240	559,000	1,933,067	40,935,254
Additions	12,045,442		2,788,045			14,833,487
At 30th June 2024	45,335,921	887,468	7,053,285	559,000	13,262,725	89,886,572
Additions	-	-	-	-	22,788,173	-
Transfers	1,933,067				(1,933,067)	
At 30th June 2025	47,268,988	887,468	7,053,285	559,000	34,117,831	91,819,639
Depreciation and Impairment						
At 1 July 2023						
Depreciation	1,112,591	97,067	1,240,047	123,041		2,572,746
Accumulated depreciation at 30th June 2024	1,944,853	208,001	2,093,095	309,188		4,555,138
Depreciation charge for the year	1,181,725	110,934	1,410,657	186,147		2,889,462
Accumulated depreciation at 30th June 2025	3,126,578	318,935	3,503,752	495,335		7,444,599
NBV as at 30th June 2024	43,391,068	679,467	4,960,190	249,812	13,262,725	83,398,368
NBV as at 30th June 2025	44,142,410	568,534	3,549,533	63,665	34,117,831	84,375,040

Note: Land has no value since Valuation process has not been completed

21. Intangible Assets

Description	2024-2025	2023-2024
	Kshs	Kshs
At 1st July 2024	136,002	194,289
Additions		
At 30 June 2024	136,002	194,289
Additions-internal development	-	-
At 30 June 2025	136,002	194,289
Amortization and impairment		
At 1st July 2024	-	-
Amortization	40,801	58,287
At 30 June 2025	40,801	58,287
Impairment loss		
NBV	95,201	136,002

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22. Biological Assets

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Cows	100,000	65,000
Goats	190,500	150,000
Chicken		5,000
Total	290,500	220,000

23. Trade and Other Payables

Description	2024-2025		2023-2024	
	Kshs		Kshs	
Trade payables	55,192,527		10,268,353	
Fees paid in advance	3,622,290		1,726,642	
Audit fees b/d	3,701,180		2,643,700	
Audit fees paid during the year			(643,700)	
Audit fees	528,740		528,740	
Total Trade and Other Payables	63,044,737		14,523,735	
Ageing analysis:	2024-2025	% of the Total	2023-2024	% of the Total
Under one year	55,195,527	87	10,268,353	71
1-2 years	3,596,828	6	1,726,642	12
2-3 years	1,726,642	3	528,740	3
Over 3 years	2,528,740	4	2,000,000	14
Total (to tie to totals above)	63,044,737	100	14,523,735	100

24. Refundable Deposits from Customers/Students

Description	2024-2025	2023-2024
	Kshs.	Kshs.
Caution money b/d	1,341,500	1,340,500
Caution money	753,000	1,000
Students' welfare	1,022,440	1,022,400
Total deposits	3,116,940	2,363,900

Ageing analysis:

Description	2024-2025		2023-2024	
	Kshs	% of the Total	Kshs	% of the Total
Under one year	753,040	24	1,000	0.04
1-2 years	1,000	3	20,000	0.7
2-3 years	1,340,500	43	1,320,500	56
Over 3 years	1,022,400	30	1,022,400	43.3
Total	3,116,940	100	2,363,900	100

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25. Cash generated from operations.

Description	2024-2025	2023-2024
	Kshs	Kshs
Surplus for the year before tax	37,702,804	30,001,200
Adjusted for:		
Depreciation	2,930,263	2,631,034
Gain on disposal		4,629,793
Working Capital Adjustments		
Increase in inventory		(2,314,896)
Increase in receivables	(71,564,659)	(6,560,659)
Increase in biological assets		(100,000)
Increase in payables	48,521,002.00	3,434,248
Increase in non-exchange receivables		2,125,766
Net cash flow from operating activities	17,589,409	34,046,486

(The total of this statement should tie to the cash flow section on net cash flows from/ used in operations)

26. Financial Risk Management

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

The entity's financial risk management objectives and policies are detailed below:

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

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

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables from exchange transactions	138,141,680	0	0	0
Receivables from non-exchange transactions	17,163,302	0	0	0
Bank balances	12,381,839	0	0	0
Total	167,686,821	0	0	0
At 30 June 2025				
Receivables from exchange transactions	209,706,339	0	0	0
Receivables from non-exchange transactions	30,900,892	0	0	0
Bank balances	14,681,782	0	0	0
Total	255,289,013	0	0	0

(NB: The totals column should tie to the individual elements of credit risk disclosed in the entity's statement of financial position)

Financial risk management (continued)

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

The entity has significant concentration of credit risk on amounts due from xxxx

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

(ii) Liquidity risk management

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

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

Description	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade Payables	14,523,735	0	0	14,523,735
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred Income	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	14,523,735	-	-	14,523,735
At 30 June 2025				
Trade Payables	63,044,737	0	0	63,044,737
Current Portion Of Borrowings	0	0	0	0
Provisions	0	0	0	0
Deferred Income	0	0	0	0
Employee Benefit Obligation	0	0	0	0
Total	63,044,737	-	-	63,044,737

(iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity'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 2025			
Financial Assets (Investments, Cash, Debtors)	-	-	-
Liabilities			
Trade and Other Payables		-	-
Borrowings		-	-
Net Foreign Currency Asset/(Liability)		-	-

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

Foreign currency sensitivity analysis

The following table demonstrates the effect on the company'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
	Kshs	Kshs	Kshs
20xx			
Euro	10%	xxx	xxx
Usd	10%	xxx	xxx
20xx			
Euro	10%	xxx	xxx
Usd	10%	xxx	xxx

b) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (20XX: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20XX – Kshs xxx)

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iv) Capital Risk Management

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

Description	2024-2025	2023-2024
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	243,525,202	205,822,398
Capital Reserve	32,501,213	32,501,213
Total Funds	276,026,415	238,823,611
Total Borrowings	xxx	-
Less: Cash and Bank Balances	(14,681,782)	(12,453,184)
Net Debt/(Excess Cash and Cash Equivalents)	261,344,633	225,941,772
Gearing	95%	94%

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27. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

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

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

Description	2024-2025	2023-2024
	Kshs	Kshs
Transactions with Related Parties		
a) Sales to related parties		
Sales of goods	-	684,500
Sales of services		
Total	-	684,500
Grants from the Government		
Grants from National Govt	-	10,000,000
Grants from County Government		
Total	-	10,000,000
Expenses incurred on behalf of related party		
Payments of salaries and wages for employees	20,138,558	20,119,741
Payments for goods and services	150,220,396	125,186,936
Total	170,358,954	145,306,677
b) Key management compensation		
Directors' emoluments	2,218,800	5,000,817
Total	2,218,800	5,000,817

28. Events After the Reporting Period

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

29. Ultimate And Holding Entity

The entity is a State Corporation/ or a Semi-Autonomous Government Agency under the Ministry of xxx. Its ultimate parent is the Government of Kenya.

30. Currency

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

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20. Appendices

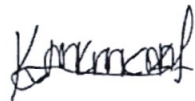
Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe
	Report on the financial statements			
1	Inaccuracies In Property, Plant and Equipment	Asset listing done and valuation process to commence soon	Not Resolved	31/12/2025
2	Unsupported Biological Assets	Agricultural officer did the valuation of the assets	Resolved	31/08/2025
3	Long outstanding Receivables from Exchange Transactions	Mechanisms to collect debts in place	Not Resolved	31/12/2025
	Other Matter			
1	Budgetary control and performance	Regularise budget semi annually	Resolved	30/08/2025
2	Unresolved prior year matters	In progress	Resolved	31/12/2025
	Report on lawfulness and effectiveness in use of public resources			
1	Non-compliance with law on ethnic composition	Mechanisms to comply underway	Not Resolved	31/12/2025
2	Noncompliance with Staff Recruitment Process	Strict adherence to recruitment guidelines	Resolved	30/06/2025
3	Unrealized Technical Capitation	Did Follow up with the ministry of Education	Not Resolved	30/06/2026
4	Long Outstanding Trade and Other Payables	Mechanisms put in place to dues as and when they fall due	Not Resolved	31/12/2025

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:	Timeframe
	Report on the effectiveness of internal controls, risk management and governance			
1	Lack of Staff Establishment	Management to implement once a new council is inaugurated	Not Resolved	31/12/2025
2	Lack of Staff Medical Insurance	Management to implement once a new council is inaugurated	Not Resolved	31/12/2025
3	Lack of Public Finance Management Standing Committee	The committee has been appointed	Resolved	30/06/2025



Mercy Kirima
Accounting Officer
Principal
Date : 27/08/2025

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Appendix II: Projects Implemented by Mitunguu National Polytechnic

Status of Projects completion

Project	Total project cost	Total expended to date	Completion % to date	Budget	Actual	Source of funds
Admin Block 1	42.5m	27.5	75%	15m	42.5m	Internal savings
Tuition Block	19.5m	18.4m	99%	19.5m	19.5m	Internal
Ablution block	7.8m	7.5m	100%	7.8m	7.8m	internal
Hair and Beauty workshop	3.9m	3.5	100%	3.9m	3.9m	internal

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Appendix III- Inter-Entity Confirmation Letter




Mitunguu National Polytechnic
 P.O Box 64-60204
 Mitunguu

The state department of vocational and technical training wishes to confirm the amounts disbursed to you as at 30th June 2024 as indicated in the table below

Confirmation of amounts received by Mitunguu National Polytechnic as at 30 th June 2025					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
BULK242640KLMC	23/09/2024	13,259,400		13,259,400	
BULK24267HBW32	24/09/2024	10,809,000		10,809,000	
BULK250458Z6PX	15/02/2025	35,529,000		35,529,000	
Total		59,597,400		59,597,400	

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

Head of Accounts Department - Beneficiary Entity:


Name : Mathew Muturi Kabete Sign

Date: 27/08/2025