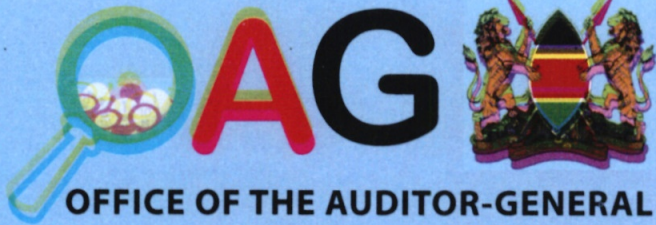


REPUBLIC OF KENYA



*Enhancing Accountability*

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 25 NOV 2024

DAY.

MONDAY

REPORT

TABLED  
BY:

DEPUTY MAJORITY WHIP  
HON. NAOMI WAQO

OF

CLERK-AT  
THE TABLE:

J. LEMARELLE

THE AUDITOR-GENERAL

ON

PARLIAMENT  
OF KENYA  
LIBRARY

EAST AFRICA SKILLS FOR  
TRANSFORMATION AND REGIONAL  
INTEGRATION PROJECT (EASTRIP)  
GRANT/CREDIT NO. IDA 6334-KE FOR THE  
YEAR ENDED 30 JUNE, 2024

FOR THE YEAR ENDED  
30 JUNE, 2024

KISUMU NATIONAL POLYTECHNIC





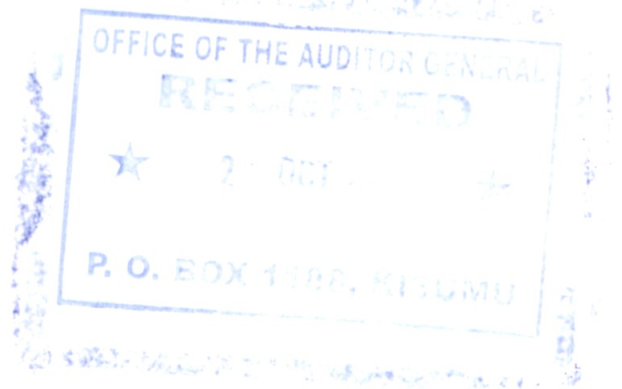


**EASTRIP**  
Skills for Transformation & Regional Integration

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

**Implementing Entity:** THE KISUMU NATIONAL POLYTECHNIC

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



---

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30<sup>TH</sup> JUNE 2024**

---

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

---

## Table of Contents

1.	Acronyms and Definition of Terms .....	iii
2.	PROJECT INFORMATION AND OVERALL PERFORMANCE .....	iv
3.	STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES .....	xi
4.	ENVIRONMENTAL AND SUSTAINABILITY REPORTING .....	xiv
3	STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES .....	xix
4	STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE, 2024 .....	20
5	STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30 JUNE 2024 .....	2
6	.STATEMENT OF CASHFLOW FOR THE PERIOD 30JUNE 2024 .....	3
7.	STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS .....	4
7	. SIGNIFICANT ACCOUNTING POLICIES .....	6
8	NOTES TO THE FINANCIAL STATEMENTS .....	15
9	OTHER IMPORTANT DISCLOSURES .....	20
10	PRIOR YEAR AUDITOR-GENERAL'S RECOMMENDATIONS .....	21



**1. Acronyms and Definition of Terms**

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
CT	County Treasury
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
WB	World Bank
Comparative FY	Financial year preceding the current financial year.
EASTRIP	East Africa Skills for Transformation and Regional Integration Project.
RFTITT	Regional TVET Institute in Textile Technology
TVET	Technical and Vocational Education and Training

## 2. PROJECT INFORMATION AND OVERALL PERFORMANCE

### 2.1. Name and registered office

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

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

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

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

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

Telephone: (+254) 723 446 773.

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

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



**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**2.2. Project information**

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

**2.3. Project Overview**

Line Ministry/State Department of the project	The project is under the supervision of the Ministry of Education – State Department of Vocational and Technical Training
Project number	6334-KE
Strategic goals of the project	The strategic goals of the project are as follows: a) To increase the access to TVET b) To improve the quality and relevance of TVET programs in the Regional Flagship TVET Institute and c) To support regional integration in East Africa.
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Strengthening governance and management. (ii) Institutionalizing industry links. (iii) Developing market relevant competency-based training programs. (iv) Training of TVET managers and teachers. (v) Upgrading key training facilities and equipment. (vi) Outreach and support for non-project national TVET institutes.

<p>Other important background information of the project</p>	<p>By improving the capacity of flagship TVET institutes and expanding the pool of qualified skilled labour in the growing economic sectors, the project will contribute to the high-level objectives of poverty alleviation and economic growth for the participating countries and for the East Africa region. It will also promote regional integration through supporting the regional corridor and sector markets, developing common standards and qualifications, and promoting mobility of students, faculty, and graduates.</p> <p>The project is also part of the Africa Region’s new Regional Integration Strategy, which emphasizes rebalancing support for ‘hard’ and ‘soft’ infrastructure, addressing barriers to integration in identified priority areas and accelerating private sector leveraging. EASTRIP is aligned with the Country Partnership Frameworks for Ethiopia, Tanzania and Kenya and directly supports strategic focus related to enhancing productivity and accelerating equitable and sustainable growth, boosting human capital and social inclusion, and modernizing and improving efficiency of public institutions.</p>
<p>Current situation that the project was formed to intervene</p>	<p>The project was formed to intervene in the following areas:</p> <ul style="list-style-type: none"> <li>(i) Access to TVET in Eastern Africa</li> <li>(ii) Quality and relevance of TVET Training</li> <li>(iii) Integration in East Africa.</li> </ul>
<p>Project duration</p>	<p>Seven years (The project started on 1<sup>st</sup> January, 2020 and is expected to run until 31<sup>st</sup> December, 2026)</p>

**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**2.4. Bankers**

The following is the banker for the current year:

- (i) Kenya Commercial Bank Limited.  
Kisumu Branch  
OgingaOdinga Street  
AC. NO: 1266955216



## 2.5 Independent Auditors

The Project is audited by the Office of the:

Auditor General

P O. BOX 30084-00100 Nairobi

## 2.6 Roles and Responsibilities

The project management team and their responsibilities are as follows: -

<b>Names</b>	<b>Title designation</b>	<b>Key qualification</b>	<b>Responsibilities</b>
Catherine Kelonye	Project Manager	MEd Curriculum & Instruction	Overall Management
Charles Nyangara	Project Coordinator	PhD (Strategic Planning)	Management and supervision Long range strategic planning and Coordination
Beatrice Abura	Deputy Project Coordinator	MA Commercial Industrial Art and Design (Textile Design)	Technical Coordination
Beatrice AbisaOganda	Environment and SocialFocal Person	Bsc. Electrical Engineering and Bed. Electrical Engineering	Coordination of compliance to Environmental, Social and Health Safeguards
Milton Omollo	Supply Chain Focal Person	MSc-LSCM (Logistics and Supply chain Management)	Supply Chain Management
Thomas O. Nyang'or	Monitoring and Evaluation Focal person	Certified M&E. HND Entrepreneurship Education and Development.	M&E coordination
Evans Onyango	Industry and strategic partnership Focal person	MSC (Information Technology , Security & Audit)	Coordination of industry and strategic partners
Monica Mmbasu	Project Accountant	Bcom, CPA (K)	Project bookkeeping and accounting
Salim Ramadhan	Industry Advisory Board (IAB) Chairperson	Textile Technology	Chairing IAB Meetings and activities

## 2.7 Funding summary

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

Below is the funding summary:

### A. Source of Funds

Source of funds	Donor Commitment		Amount received to date – (30th June 2024)		Undrawn balance to date	
	Donor currency Euros	Kshs	Donor currency Euros	Kshs	Donor currency Euros	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A') - (B')
(i) Grant	-	-	-	-	-	-
(ii) Loan						
World Bank	9,280,000.00	1,080,000,000.00	6,335,005.21	849,009,749.75	2,944,994.79	230,990,250.25
	9,280,000.00	1,080,000,000.00	6,335,005.21	849,009,749.75	2,944,994.79	230,990,250.25
Government of Kenya	-	-	-	-	-	-
<b>Total</b>	<b>9,280,000.00</b>	<b>1,080,000,000.00</b>	<b>6,335,005.21</b>	<b>849,009,749.75</b>	<b>2,944,994.79</b>	<b>230,990,250.25</b>



**PROJECT INFORMATION AND OVERALL PERFORMANCE (Continued)**

**B. Application of Funds**

Application of funds	Amount received to date – (30th June 2024)		Cumulative amount paid to date – (30th June 20XX)		Unutilised balance to date	
	Donor currency (Euros)	Kshs	Donor currency	Kshs	Donor currency (Euros)	Kshs
	(A)	(A')	(B)	(B')	(A)-(B)	(A')-(B')
World Bank	6,335,005.21	849,009,749.75	6,333,462.22	848,768,000.46	1,542.99	241,749.29
TKNP	-	-	-	-	-	-
<b>Total</b>	<b>6,335,005.21</b>	<b>849,009,749.75</b>	<b>6,333,462.22</b>	<b>848,768,000.46</b>	<b>1,542.99</b>	<b>241,749.29</b>

## **2.8 Summary of Overall Project Performance:**

- The Budget performance against actual amounts received during the FY 2023/2024 is 68% and for cumulative to-date is 47%.
- Physical Progress of Results since Project Inception include:
  - **Trainee Enrollment:** Over 1,200 trainees have enrolled in both long-term and short-term priority courses, including more than 71 trainees from Eastern Africa regional countries.
  - **Staff Training:** 138 staff members have received training in various management, technical, and professional courses. Additionally:
    - 3 staff members are currently pursuing master's courses in China.
    - 8 council members have attended short courses at ESAMI.
    - 7 staff members have completed industrial attachments.
    - 9 exchange visits have been conducted in Tanzania and Ethiopia.
  - **Partnerships:** 25 Memoranda of Agreement have been signed with national and international partners.
  - **Construction Progress:** The construction of the flagship institute has reached over 90% completion.
  - **Equipment Delivery:** 20% of the teaching, learning, and production equipment has been delivered to the institute, with installation, testing, and commissioning pending
- The absorption rate cumulatively, against the amounts received, were 8.5%, 54.5%, 85%, 100% and 100% from the first year to the current year respectively
- The key Implementation challenges include slow disbursements.

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

The Project complied with all the laws and regulations as required. We have not had any cases of noncompliance in the year under review.

### **3. STATEMENT OF PERFORMANCE AGAINST PROJECT'S PREDETERMINED OBJECTIVES**

#### **Introduction**

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the accounting officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity's performance against predetermined objectives.

The Project Development Objective (PDO) are;

- to increase the access
- improve the quality and relevance of TVET programs in the Regional Flagship TVET Institute and
- To support regional integration in East Africa.

The project supports the development of highly specialized TVET programs as well as industry-recognized short-term certificate level training. It is training technicians and provide training of teachers/trainers at the certificate, diploma and degree levels, targeting regional priority sectors in textile technology value chain. The PDO will be achieved through complementary interventions at three different levels, including institutes, national, and regional levels.

#### **Progress on attainment of project development objectives**

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART). Attendant indicators and targets were identified for easy tracking of progress and performance measurement: Below we provide the achievements during the FY 2023/2024.



Objective	Outcome	Indicator	Performance
1. To strengthen governance and management	Improved Leadership and Management Capacity  Operational Policies and procedures developed/reviewed	No of Managers attending capacity building sessions  No of policies made or revised	Eight Council Members and eleven management staff underwent Training at ESAMI, Arusha.  Four other Members of staff attended professional training for professional development  5 policies and guidelines reviewed and approved.
2. Institutionalizing industry linkages	Enable trainees acquire skills that are directly applicable in the job market by aligning the developed curricula to industry needs and trend through practical experience	Memoranda of Agreement (MOUs) signed with industries and partner institutions  No of IAB meetings held	4 MOUs with clear obligations were signed with industry and partner organizations 1 IAB Meetings held
3. To develop and implement industry responsive competency-based programmes	Increased number both short- and long-term industry responsive and competency-based programmes developed, accredited and implemented	Number of demand-driven programs developed and accredited.  No of CBET courses launched	23 long term programs and short term occupational standards and curricula developed to date
4. To train school managers and teachers	Efficient and Effective School Managers and teachers	Number of teaching staff in RFTITT who attended staff exchange in other countries for at least 1 month  Number of institute staff trained	3 staff members underwent a staff exchange programme in Mwanza while one staff member from DIT – Mwanza, Tanzania underwent a one-month exchange programme in TKNP. Three members of staff undertaking masters programmes in China trained and exchanged in Tanzania
5. To upgrading	Effective learning infrastructure in use.	% completion of Planned construction	Construction of RFTITT is over 90% complete.

keytraining facilities and equipment		works. % delivery and installation of learning and production equipment	Equipment Bid has been awarded and part of the equipment (20%) has been delivered.
6. Outreaching and support for Non-Project National (NPN) TVET	non-project national TVETS engaged and mentored	No of non-project national (NPN) TVET Institutions engaged.	8 NPN TVET participated in international skills competition.  14 NPN TVET staff trained in Financial management, procurement procedures and M & E



#### **4. ENVIRONMENTAL AND SUSTAINABILITY REPORTING**

The main Project Development Objective (PDO) of the EASTRIP is to provide middle and high level technical workforce to support the development of textile and clothing industry. To achieve the PDO, the project will focus on three areas: increasing access to TVET programs, improving quality and relevance of TVET programs, and supporting regional integration. The PDO will be measured by the following key PDO-level and intermediate results indicators: Student enrollment at flagship TVET institutes (by type of program, by gender, by country of origin), Graduate employment rates six months after graduation, Number of demand-driven programs developed and accredited by national TVET accreditation agencies or certified by industries, Number of qualifications developed that are bilaterally or regionally recognized, and Beneficiary satisfaction (student and employer surveys)

The project is likely to be sustainable beyond the project duration due to several interventions built at the institute and national levels. At the institute level, each Regional Flagship TVET Institute has developed a Strategic Investment Plan (SIP) (a robust implementation plan, including annual implementation plan with budget and responsible parties, and specific time schedule; Procurement Plan; and staff development plan) with technical assistance from experts in partner institutes. As part of the SIP, flagship TVET institutes have developed a set of core training programs benchmarked with international or industry standards. These core programs will help build a brand and create a snowball effect to attract trainees and investments. Further, SIPs include a plan for income generation, which will increase the institute's ability to strategize income generation, and eventually, enable the institute to become more financially sustainable by increasing self-income. Moreover, the project is providing capacity development not only for the technical team but also for the management team in the institute to strengthen project management ability at the institution level. This will bring more sustainability to project management and implementation even after the project closes.

The Regional Flagship TVET Institute has also strengthened partnership with industry thus bringing more industrial support for the RFTITT (for example, sharing equipment and technology, providing industry instructors, more training of students in the enterprise). With the project's support, the RFTITT will be a model, and the project will enable the government to get more results from their spending on TVET. Furthermore, partnership with development partners cannot be overlooked because it has helped in winning more projects to the institution to complement the RFTITT. Creating the partnerships and synergy will help sustain the TVET institutes after the project closes. Furthermore, in the coming years, a huge demand for skilled workers from industry is expected in priority projects in the region and the institute will continue to contribute to supplying good quality graduates even after the project ends.



## **2. Environmental performance**

Kisumu National Polytechnic is deeply committed to environmental sustainability, aligning its initiatives with both global and national sustainability goals. The polytechnic's Environmental and Waste Management Policy is rooted in the Environmental Management and Coordination Act (EMCA) 2015 and the Constitution of Kenya 2010. The policy provides a robust legal basis for all environmental activities at the polytechnic and framework for addressing environmental challenges through a proactive and structured approach, ensuring that the polytechnic contributes positively to environmental conservation and are environmentally sound and socially responsible.

In the financial year 2023-2024 the Safeguard Focal Person and Project Director underwent World Bank training on environmental and social safeguards, enhancing their capacity to implement the Environmental and Social Management Plan (ESMP) effectively. It has also strengthened the polytechnic's capacity to manage environmental challenges effectively. Some of the successes include in participating in the Greening TVET programme where the polytechnic planted over 10,000 trees over the year. The Safeguard team has been diligent in ensuring that the activities outlined in the Environmental and Social Management Plan (ESMP) are carried out, contributing to the overall sustainability goals of the institution. Together with the contractor's ESHS personnel, occupational safety/toolbox meetings were done twice a week in the construction site to remind workers to observe all the occupational safety and health provisions.

The polytechnic prioritizes the procurement of environmentally friendly products and services, ensuring that suppliers adhere to sustainable practices. Efforts are ongoing to reduce the polytechnic's energy consumption, including the installation of energy-efficient lighting and the adoption of renewable energy sources especially in the upcoming RFTITT Centre. Consideration is given to the environmental impact of products throughout their lifecycle, from procurement to disposal, to minimize the polytechnic's overall environmental footprint.

## **3. Employee welfare**

EASTRIP follows The Kisumu National Polytechnic's comprehensive Human Resource Policies and Procedures Manual that prioritize human capital as a key factor for success. The institution upholds equal opportunity employment, ensuring that recruitment and retention of staff are conducted

transparently and in line with Kenya's legal framework, including the Constitution of 2010, the Employment Act of 2007 and Labour Relations Act. These policies also incorporate affirmative action measures to promote gender equity, age diversity, and inclusion of persons living with disabilities, and regional balance, successfully maintaining the pre-requisite 1/3 gender rule.

The Polytechnic regularly engages stakeholders to review and improve its HR policies, ensuring they remain relevant and aligned with legal requirements and best practices. TKNP is committed to the professional development of its employees, offering career progression opportunities based on merit, competence, and ability. The institution has made significant investments in capacity building, enabling staff to attend various seminars, workshops, and training programs to address skills gaps and support career advancement.

Employee performance at The Kisumu National Polytechnic (TKNP) is closely monitored through a structured appraisal process that offers feedback, rewards, and career development opportunities, ensuring that employees' roles are well-aligned with their skills. In compliance with the Occupational Safety and Health Act (OSHA) of 2007, TKNP is committed to maintaining a safe and healthy work environment, implementing policies to prevent workplace hazards and promote staff well-being. These policies are regularly updated to ensure continued adherence to OSHA and other relevant regulations. Additionally, TKNP has enacted a comprehensive medical scheme for its employees and procured Work Injury Benefits Act (WIBA) insurance, providing coverage for employees in the event of accidents or occupational hazards during their employment. This is in accordance with the Workmen Injury Benefits Act of 2007

#### **Market place practices-**

##### **a) Responsible Supply chain and supplier relations-**

The EASTRIP project maintains good business practices and treats its suppliers responsibly by implementing a well-structured and ethical supply chain management process. This approach ensures that all suppliers are treated fairly and consistently, fostering trust and long-term relationships that contribute to the project's sustainability. EASTRIP honours contracts and respects payment practices by:

- Emphasizing the importance of transparency by creating contracts that are clear, comprehensive, and mutually agreed upon by all parties involved. These contracts outline every



aspect of the business relationship, including pricing, delivery schedules, quality standards, payment terms, and dispute resolution mechanisms.

- The contracts are designed to be fair to all suppliers, regardless of their size or the volume of business they conduct with EASTRIP. This ensures that small and medium enterprises (SMEs) are not disadvantaged, promoting a diverse and inclusive supply chain.
- One of the key aspects of responsible supplier relations is adhering to the agreed-upon payment schedules. EASTRIP ensures that suppliers are paid promptly for the goods and services they provide, as per the terms outlined in their contracts. This not only fosters goodwill but also helps suppliers maintain their own financial stability.
- The project maintains a competitive bidding process that allows all qualified suppliers to have an equal opportunity to secure contracts.

#### **a) Responsible ethical practices**

EASTRIP has developed and is implementing a comprehensive code of ethics and conduct that outlines expected behavior and standards for all project stakeholders, including employees, contractors, and partners. The Management:

- Developed a code of ethics with clear guidelines on anti-corruption practices, conflicts of interest, and responsible political involvement.
- Establish anti-corruption policies that explicitly prohibit bribery, kickbacks, extortion, and other corrupt practices.
- Communicates these policies to all stakeholders and require them to acknowledge their understanding and commitment to compliance.
- Offers guidance on how to recognize and report potential violations of ethical and anti-corruption standards and operate a Grievance Redress and Mechanism (GRM)
- Conducts thorough due diligence on potential partners, suppliers, and contractors to assess their ethical standards and commitment to anti-corruption principles.

#### **b) Regulatory impact assessment**

The project appreciates that safeguarding citizen and stakeholder rights in supply chain management is crucial for maintaining ethical and sustainable business practices. The following are the key steps and strategies that EASTRIP is implementing to ensure the protection of these rights:

- EASTRIP upholds international labor standards and regulations, such as those set forth by the International Labour Organization (ILO). Implement fair employment practices, including the prohibition of child labor, forced labor, and discrimination.
- Whistleblower Protection: Implement mechanisms that allow workers and stakeholders to report any violations or concerns related to ethics, human rights, or environmental practices without fear of retaliation.



- **Community Engagement:** Engage with local communities and stakeholders in areas where your supply chain operates. Understand their concerns and needs, and involve them in decision-making processes when appropriate.
- **Stakeholder Dialogue:** Establish regular communication channels with stakeholders, including NGOs, advocacy groups, and local communities. Seek their input and feedback on supply chain practices and sustainability initiatives.

### 3 STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES

The Chief Principal of The Kisumu National Polytechnic and the Project coordinator are responsible for the preparation and presentation of the Project's financial statements, which give a true and fair view of the state of affairs of the Project for the financial year ended on June 30, 2024.

This responsibility includes: (i) Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period; (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Project; (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) Safeguarding the assets of the Project; (v) Selecting and applying appropriate accounting policies; and (vi) Making accounting estimates that are reasonable in the circumstances.

The Chief Principal of The Kisumu National Polytechnic and the Project coordinator accept responsibility for the Project's financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting policies in accordance with International Public Sector Accounting Standards.

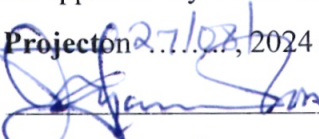
The Chief Principal of The Kisumu National Polytechnic and the Project coordinator are of the opinion that the Project's financial statements give a true and fair view of the state of Project's transactions during the period ended 30<sup>th</sup> June 2024, and of the Project's financial position as at that date. The Kisumu National Polytechnic Management further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the Project financial statements as well as the adequacy of the systems of internal financial control.


The chief Principal of The Kisumu National Polytechnic and the Project coordinator confirm that the Project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial period were used for the eligible purposes for which they were intended and were properly accounted for.

#### **Approval of the Project financial statements**

The Project financial statements were approved by The Principal, Kisumu National Polytechnic and the Project Coordinator for EASTRIP Project on 27/07/2024 and signed by them.

  
\_\_\_\_\_  
**Chief Principal**

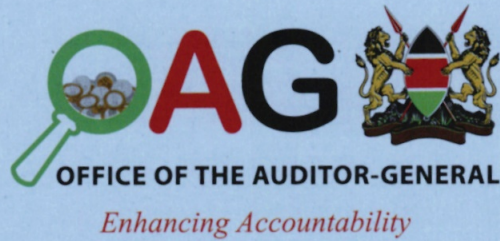
  
\_\_\_\_\_  
**Project Coordinator**

  
\_\_\_\_\_  
**Project Accountant**



# 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 EAST AFRICA SKILLS FOR TRANSFORMATION AND REGIONAL INTEGRATION PROJECT (EASTRIP) GRANT/CREDIT NO. IDA 6334-KE FOR THE YEAR ENDED 30 JUNE, 2024 - KISUMU NATIONAL POLYTECHNIC

---

### 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; and,
- 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.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, is effective in the use of resources, or that its internal control, risk management and governance systems are properly designed and working effectively in the financial year under review.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

---

*Report of the Auditor-General on East Africa Skills for Transformation and Regional Integration Project (eastrip) Grant/Credit No. IDA 6334-KE for the year ended 30 June, 2024 - Kisumu National Polytechnic*



## REPORT ON THE FINANCIAL STATEMENTS

### Opinion

I have audited the accompanying financial statements of East Africa Skills for Transformation and Regional Integration Project (EASTRIP) Grant/Credit No. IDA 6334-KE Kisumu National Polytechnic set out on pages 1 to 20, which comprise of the statement of financial assets and liabilities as at 30 June, 2024, and the statement of receipts and payments, statement of cash flows and statement of comparative budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of East Africa Skills for Transformation and Regional Integration Project (EASTRIP) as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis Basis) and comply with the Public Finance Management Act, 2012, and the Financing Agreement Grant/Credit No. IDA 6334-KE dated 18 December, 2018 between the International Development Association and the Republic of Kenya and the Performance Financing Agreement between the Government of the Republic of Kenya and Kisumu National Polytechnic dated 14 June, 2019.

### Basis for Opinion

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

### Key Audit Matters

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

### Other Matter

### Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2024. Management has not provided satisfactory reasons for the delay in resolving all the prior year audit issues.

---

*Report of the Auditor-General on East Africa Skills for Transformation and Regional Integration Project (eastrip) Grant/Credit No. IDA 6334-KE for the year ended 30 June, 2024 - Kisumu National Polytechnic*



## **Other Information**

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

## **Basis for Conclusion**

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

## **REPORT ON THE LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing 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**

The audit was conducted in accordance with ISSAIs 3000 and 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 and based on the audit procedures performed, Except for the matter 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 Overall Governance were not effective.



## **Basis for Conclusion**

### **Failure to Undertake Internal Audit on the Project**

Analysis of the Kisumu National Polytechnic internal audit annual work plan for the year, revealed that audit for the Project was planned to be done twice. However, the internal audit records show that only one audit was undertaken for the period 1 April, 2023 to 31 December, 2023. This resulted to inadequacy in the scope.

In the circumstances, the adequacy and effectiveness of the internal controls the Project Management could not be confirmed.

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

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **Conclusion**

As required by International Development Association (IDA), I report based on my audit that I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit. In my opinion:

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

### **Basis for Conclusion**

The International Development Association (IDA) requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Project compliance with laws and regulations. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal controls as the Management



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

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

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

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

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

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

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.


In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the



effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

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

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

  
FCPA Nancy Gathungu, SBS  
**AUDITOR-GENERAL**

**Nairobi**

**04 November, 20204**

*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)  
Reports and Financial Statements  
For the year ended 30 June, 2024*

---

**Report of the Independent Auditor on (East Africa Skills for Transformation and Regional Integration Project (EASTRIP))**

**4 STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 30 JUNE, 2024**

	Note	Receipts and payments controlled by the entity	Receipts and payment controlled by the entity	Cumulative to-date (From inception)
		Year 2023-2024	year 2022-2023	
		Kshs.	Kshs.	Kshs.
<b>Receipts</b>				
World bank Receipts		341,255,577.50	192,754,172.25	849,009,749.75
Other Receipts		223,075.62		
<b>Total receipts</b>		<b>341,478,653.12</b>	<b>192,754,172.25</b>	<b>849,009,749.75</b>
<b>Payments</b>				
Purchase of goods and services	2	54,585,464.93	41,010,464.20	279,513,832.55
Acquisition of non-financial assets	3	330,603,957.90	178,463,015.00	608,513,276.66
<b>Total payments</b>		<b>385,189,422.83</b>	<b>219,473,479.20</b>	<b>888,027,109.21</b>
<b>Deficit</b>		<b>(43,710,669.71)</b>	<b>(26,719,306.95)</b>	<b>(39,017,359.46)</b>

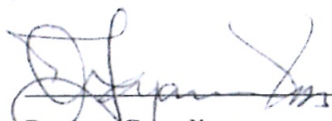
The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.

The Deficit was financed by prior year closing bank balance of Kshs.21,722,094.00 and funds from The Kisumu National Polytechnic of Kshs. 22,230,150.



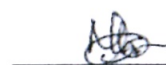
**Chief Principal**

Catherine K. Kelonye



**Project Coordinator**

Asaka Nyangara



**Project Accountant**

Monica Mmbasu


ICPAK Member No.23510

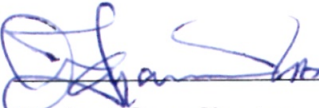



**5. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT 30 JUNE 2024**

Description	Notes	Year 2023-2024	Year 2022-2023
		Kshs	Kshs
<b>Financial Assets</b>			
Cash and Cash equivalents	5	241,474.29	
			21,722,094.00
<b>Total Financial Assets (A)</b>		<b>241,474.29</b>	<b>21,722,094.00</b>
<b>Financial Liabilities (B)</b>			
TKNP	ANNEX 2	22,230,950	
<b>Net Financial Assets</b>		<b>(21,989,475.71)</b>	<b>21,722,094.00</b>
<b>Represented By</b>			
Fund Balance B/fwd.		21,722,094.00	48,441,401.00
(Deficit) Surplus for the Year		(43,711,569.71)	26,719,307.00
<b>Net Financial Assets</b>		<b>(21,989,475.71)</b>	<b>21,722,094.00</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on.....<sup>27/08</sup>.....2024 and signed by:

  
**Chief Principal**  
 Catherine K. Kelonye

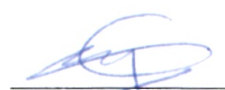
  
**Project Coordinator**  
 Asaka Nyangara

  
**Project Accountant**  
 Monica Mmbasu,  
 ICPAK Member No. 23510


**6.STATEMENT OF CASHFLOW FOR THE PERIOD 30JUNE 2024**

Description	Notes	Current year Ended 30th June 2024	Comparative year 2022-2023
<b>Cashflow from operating activities</b>		<b>Kshs</b>	<b>Kshs</b>
Receipts ( world Bank)	1	341,255,577.50	192,754,172.00
Forex Gain	2	223,075.62	
<b>Total receipts</b>		<b>341,478,653.12</b>	<b>192,754,172.00</b>
<b>Payments</b>			
Purchase of goods and services	3	52,468,223.93	41,010,464.00
<b>Total Payments</b>		<b>52,468,223.93</b>	<b>41,010,464.00</b>
<b>Net cash flow generated from operating activities</b>		<b>289,010,429.19</b>	<b>151,743,708.00</b>
<b>Cashflow from investing activities</b>			
Acquisition of non-financial assets	4	332,721,998.90	178,463,015.00
<b>Net cash flows from investing activities</b>		<b>332,721,998.90</b>	<b>178,463,015.00</b>
<b>Cash flow from financing activities</b>			
The Kisumu National Polytechnic		22,230,950	-
<b>Net cash flows from financing Activities</b>		<b>22,230,950</b>	<b>-</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(21,480,620.73)</b>	<b>(26,719,307.00)</b>
Cash & cash equivalent at beginning of the year		21,722,094.00	48,441,401.00
<b>Cash and cash equivalent at end of the year</b>	<b>5</b>	<b>241,474.29</b>	<b>21,722,094.00</b>

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The Kisumu National Polytechnic financial statements were approved on and signed by:

  
\_\_\_\_\_  
**Chief Principal**

Catherine K. Kelonye

  
\_\_\_\_\_  
**Project Coordinator**

Asaka Nyangara

  
\_\_\_\_\_  
**Project Accountant**

Project Accountant

Monica Mmbasu

ICPAK Member No.23510



*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)*  
*Reports and Financial Statements*  
*For the year ended 30 June, 2024*

**7. STATEMENT OF COMPARATIVE BUDGET AND ACTUAL AMOUNTS**

Details	Original Budget FY 2023/2024	Adjustments	Final Budget FY 2023/2024	Actual on Comparable Accumulative Basis FY 2023/2024	Utilization Variance	% of Utilization
	A	b	c=a+b	d	e=c-d	g=d/c
	Kshs	Kshs	Kshs	Kshs	Kshs	
Receipts	500,245,827.75	(150,867,923)	349,377,905	341,255,578	8,122,328	98%
Balance B/F	45,715,402.57	(23,993,308)	21,722,095	21,722,095	0	100%
<b>Total Funds</b>	<b>545,961,230.32</b>	<b>(174,861,230)</b>	<b>371,100,000</b>	<b>362,977,672</b>	<b>8,122,328</b>	<b>98%</b>
Expenses						
1.1 Operational and secretariat expenses	22,377,350.72	(2,377,351)	20,000,000	18,945,049.00	1,054,951	94.0%
1.2 Local Bench marking	1,000,000.00	(1,000,000)	0	0	0	0%
1.2.1 Training of Key management team	14,000,000.00	(1,000,000)	13,000,000	13,101,738.60	(101,738.60)	100%
1.3 Workshops and Seminars	3,330,000.00	-	3,330,000	3,377,030.83	(47,030.83)	101%
2.0 Institutionalizing Industry Linkages	10,300,000.00	(1,400,000)	8,900,000	8,778,880.00	121,120.00	98%
3.0 Competency based Training	5,000,000.00	(2,522,649)	2,477,351	2,569,796.00	(92,445.00)	103%
4.0 Training of school managers and trainers	6,500,000.00	(900,000)	5,600,000	4,952,124.00	647,876.00	88%
5.1 Purchase of Learning testing and production equipment	250,670,000.00	(24,877,351)	225,792,649	245,001,596.57	(19,208,947.57)	108%
5.2 Upgrading key training facilities and procurement, testing of equipment	188,783,879.60	(99,783,880)	89,000,000	85,602,361.33	3,397,638.67	95%
5.3 Equipping of key learning facilities and Workshop with Furniture and ICT	35,000,000.00	(35,000,000)	0	0	0	0%
6.0 Outreach and Support to	9,000,000.00	(6,000,000)	3,000,000	2,861,646.00	138,354.00	95%

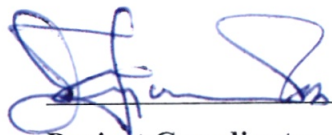
**East Africa Skills for Transformation and Regional Integration Project (EASTRIP)**  
**Annual Report and Financial Statements**  
**For the yearended 30 June 2024**

non-project National						
<b>Total Expenses</b>	<b>545,961,230.32</b>	<b>(174,861,230)</b>	<b>371,100,000</b>	<b>385,190,222.83</b>	<b>(14,090,222.83)</b>	<b>103%</b>



**Chief Principal**

Catherine K. Kelonye



**Project Coordinator**

Dr. Asaka Nyangara



**Project Accountant**

Monica Mmbasu

ICPAK Member No.23510

**Note:**

1. During the FY 2023-2024, the government through treasury memo No 1/2024, **Guidelines for the second revision of the estimates of expenditure and revenues for the financial year 2023/2024 (FY 2023/2024 Supplementary Estimates No. 2)**, the Project revised her estimates from 545,961,230.32 to 371,100,000.
2. The balance brought forward of KES.21, 722,094.77 represents unutilized funds from the financial year 2022/2023 and was rolled over to the financial year under review (2023/2024).
3. The Excess payments was borrowed from The Kisumu National Polytechnic account to achieve critical objectives of the project.
4. The budget for purchase of non-financial assets (office computers and laptops) were budgeted for under operations.



## **7. SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below:

### **7.5 Basis of Preparation**

#### **7.6 Statement of compliance and basis of preparation**

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of accounting, as prescribed by the PSASB and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and reinventions.

The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

The accounting policies adopted have been consistently applied to all the years presented.

#### **7.7 Reporting entity**

The financial statements are for the East Africa Skills for Transformation and regional Integration (EASTRIP) Project under National Government of Kenya. The financial statements encompass the reporting entity as specified in the relevant legislation PFM Act 2012.

##### **7.7.1 Reporting currency**

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Project, and all values are rounded to the nearest Kenya Shilling.

## **7.8 Significant Accounting Policies**

### **1. Recognition of receipts**

The Project recognizes all receipts from the various sources when the event occurs, and the related cash has actually been received by the Government.

#### **i. Transfers from the Exchequer**

Transfer from Exchequer is to be recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

#### **ii. External Assistance**

External assistance is received through grants and loans from multilateral and bilateral development partners.

#### **iii. Other receipts**

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognised in the financial statements the time associated cash is received.

### **2. Donations and grants**

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

### **3. Proceeds from borrowing**

Borrowing includes Treasury bill, treasury bonds, corporate bonds, sovereign bonds and external loans acquired by the Project or any other debt the Project may take on will be treated on cash basis and recognized as a receipt during the year they were received.



**4. Undrawn external assistance**

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for the Project currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely, and the project is anticipated to continue to completion. An analysis of the Project's undrawn external assistance is shown in the funding summary

**5. Recognition of payments**

The Project recognises all payments when the event occurs, and the related cash has actually been paid out by the Project.

**i) Compensation of employees**

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

**ii) Use of goods and services**

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. If not paid for during the period where goods/services are consumed, they shall be disclosed as pending bills.

**iii) Interest on borrowing**

Borrowing costs that include interest are recognized as payment in the period in which they incurred and paid for.

## **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **iv) Repayment of borrowing (principal amount)**

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the consolidated financial statements.

### **v) Acquisition of fixed assets**

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment.

A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

## **6. In-kind donations**

In-kind contributions are donations that are made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment, or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Project includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

## **7. 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.

#### **8. Restriction on cash**

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third part deposits

#### **9. Accounts receivable**

For the purposes of these financial statements, imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

#### **10. Contingent Liabilities**

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
  - (i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
  - (ii) The amount of the obligation cannot be measured with sufficient reliability.

**11.** Some of contingent liabilities may arise from: litigation in progress, guarantees, and indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, 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. Section 89 (2) (i) of the PFM Act requires the National Government to report on the payments made, or losses incurred, by the county government to meet contingent liabilities as a result of loans during the financial year, including payments made in respect of loan write-offs or waiver of interest on loans

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.

## **12. Pending bills**

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as 'memorandum' or 'off-balance' items to provide a sense of the overall net cash position of the Project at the end of the year. When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.



**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**13. Budget**

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project's budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation. A high-level assessment of the Project's actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

**14. Third party payments**

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments and are disclosed in the payment to third parties column in the statement of receipts and payments.

**15. Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates, Kenya Shillings. Transactions in foreign currencies during the year/period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.





**SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**16. Comparative figures**

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

**17. Subsequent events**

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

**18. Errors**

Material prior period errors shall be corrected retrospectively in the first set of financial statements authorized for issue after their discovery by: i.e. restating the comparative amounts for prior period(s) presented in which the error occurred; or ii. If the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and net assets/equity for the earliest prior period presented.

**8NOTES TO THE FINANCIAL STATEMENTS**

**1. RECEIPTS FROM THE GOVERNMENT ENTITIES**

These represent counterpart funding and other receipts from government as follows:

Details	Current FY Ended 30th June 2023	Current FY Ended 30th June 2023	Comparative for FY Ended 30th June 2022	Comparative for FY Ended 30th June 2021	Comparative for FY Ended 30th June 2020	Cumulative from 2019 to Date (30th June 2023)
		KShs	KShs	KShs	KShs	KShs
Counterpart funding through Ministry						
Counterpart funds Quarter 1		-	-	-	-	-
Counterpart funds Quarter 2		-	-	-	-	-
Counterpart funds Quarter 3		-	-	-	-	-
Counterpart funds Quarter 4		-	-	-	-	-
<b>Sub Total</b>		-	-	-	-	-
Grants Received from Bilateral Donors (Foreign Governments)						
World Bank Receipts through the Ministry	341,255,577.50	192,754,172.25	-	115,000,000.00	200,000,000.00	849,009,749.
<b>Grand Total</b>	<b>341,255,577.50</b>	<b>192,754,172.25</b>	<b>-</b>	<b>115,000,000.00</b>	<b>200,000,000</b>	<b>849,009,749.</b>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**2. Miscellaneous receipts**

Description	2023/2024			2022/2023	Cumulative to- date (from inception)
	Receipts controlled by the entity in Cash	Receipts controlled by third parties	Total receipts	Total receipts	
	Kshs	Kshs	Kshs	Kshs	Kshs
Forex gain	223,076.00	-	223,076.00	-	223,076.00
<b>Total</b>	<b>223,076.00</b>	<b>-</b>	<b>223,076.00</b>	<b>-</b>	<b>223,076.00</b>

**3. PURCHASE OF GOODS AND SERVICES**

Details	Total Payments made by the Entity in Cash for the FY 2023/2024	Comparative FY 2022/2023	Cumulative to date 30th June 2024
	Kshs	Kshs	Kshs
Operational secretariat/strengthening Governance	29,928,746.60	4,781,600.00	81,242,665
Benchmarking		10,483,008.00	14,239,353.00
Workshops and Seminars	3,377,030.83	4,506,729.00	25,973,986.83
Institutionalizing Industry Linkages	8,778,880.00	8,058,012.00	38,725,797.73
Competency based Training	2,569,796.00	3,181,951.00	43,772,735.00
Training of school managers and trainers	4,952,124.00	5,618,769.00	20,840,712.84
Support to Non-Project TVETS	2,861,646.00	4,380,395.00	16,974,091.00
Upgrading key training facilities and consultancy services			35,818,671.00
<b>Totals</b>	<b>52,468,223.93</b>	<b>41,010,464.00</b>	<b>277,588,012.52</b>

#### 4. ACQUISITION OF NON-FINANCIAL ASSETS

Details	Payments made by the Entity FY 2023/2024	Payments made by third parties	Comparative FY 2022/2023	Cumulative to (30th June 2024)
	Kshs		Kshs	Kshs
Purchase of vehicles & other transport equipment	-	-	-	5,119,900.00
Purchase of office furniture & general equipment	-	-	-	6,846,620.00
Purchase of computers & accessories	2,118,041.00	-	-	2,118,041.00
Purchase of Learning testing and production equipments	245,001,596.57	-	-	245,001,596.57
Upgrading key training facilities	85,602,361.33	-	178,463,015.00	342,379,546.90
<b>Total</b>	<b>332,721,998.90</b>	<b>-</b>	<b>178,463,015.00</b>	<b>601,465,704.47</b>

#### 5 Cash And Cash Equivalents

	Note	Current FY Ended 30th June 2024	Current FY Ended 30th June 2023
Project Bank accounts		241,474.29	21,722,094.77
Cash in hand		-	-
<b>Cash and Cash Equivalents as at 30th June 2023</b>		<b>241,474.29</b>	<b>21,722,094.77</b>

The project has one project account spread within the project implementation area and no foreign currency designated accounts managed by the National Treasury as listed below.



**5.1 Bank Accounts**

**Project Bank Accounts**

	Note	Current FY Ended 30th June 2024	Current FY Ended 30th June 2023
Project Bank accounts		241,474.29	21,722,094.77
Cash in hand			-
<b>Cash and Cash Equivalents as at 30th June 2024</b>		<b>241,474.29</b>	<b>21,722,094.77</b>

**6 Deposits and Retention Monies**

	FY Ended 30th June 2024	FY Ended 30th June 2023
Retention Monies	8,387,539.00	23,993,308
<b>Totals</b>	<b>8,387,539.00</b>	<b>23,993,308</b>

*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)  
Annual Report and Financial Statements  
For the yearended 30 June 2024*

**7 FUND BALANCE BROUGHT FORWARD**

	Note	Current FY Ended 30th June 2024	Current FY Ended 30th June 2023
Project Bank accounts	4.1	241,474.29	21,722,094.77
Cash in hand	4.2		-
<b>Cash and Cash Equivalents as at 30th June 2024</b>		<b>241,474.29</b>	<b>21,722,094.77</b>

Fund Balances as at	FY Ended 30th June 2024	FY Ended 30th June 2023	FY Ended 30th June 2022	FY Ended 30th June 2021	FY Ended 30th June 2020
	KShs	KShs	KShs	KShs	KShs
Bank accounts	241,474.29	21,722,094.77	48,441,401.29	207,122,906.00	182,113,627.00
Cash in hand	0	-	-	-	119,710.00
Cash equivalents (short-term deposits)			-	-	
Outstanding im-prests and advances		-	-	-	
<b>Total</b>	<b>241,474.29</b>	<b>21,722,094.77</b>	<b>48,441,401</b>	<b>207,122,906</b>	<b>182,233,337</b>



**9 OTHER IMPORTANT DISCLOSURES**

**1. EXTERNAL ASSISTANCE**

	FY 2023/2024	FY 2022/2023	FY 2021/2022	FY 2020/2021	FY 2019/2020
Description	Ksh	Ksh	Kshs	Kshs	Kshs
External assistance received as grants				-	
<b>External assistance received as loans</b>	341,255,577.50	192,754,172.3	-	115,000,000.00	200,000,000.00
<b>Total</b>	<b>341,255,577.50</b>	<b>192,754,172.25</b>	<b>-</b>	<b>115,000,000.00</b>	<b>200,000,000.00</b>

**10 PRIOR YEAR AUDITOR-GENERAL'S RECOMMENDATIONS**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/Not Resolved)
1.1	<p>The Statement of comparative budget and actual and actual amounts reflects Kshs.192, 754,172.00 actual receipts against budgeted amount of Kshs.200, 000,000.00 resulting in the underfunding of Kshs. 7,245,828.00. Similarly the statement reflects actual payments of Kshs.219, 473,479.00against budgeted amount of Kshs.248, 441,403.00 resulting in under expenditure of Ksh. 28, 967,924.00 or 12% of the budget.</p>	<p>The amount of Kshs.7,245,828.00 not received from the parent ministry. The under expenditure was due to the ongoing construction works and the contractor was in the process of raising another certificate.</p>	Resolved
1.2	<p>According to the information in the funding summary at section A on page vi of the financial statements shows that the project received to date Euro 4,377,191 or Kshs. 507,754,172.25 while records from State department of Vocational Trainingreflects amount qualified to the Project amounting to Euro 6,441,263.76 or Kshs. 747,186,596.16 as at 30<sup>th</sup> June 2023 resulting in to a variance of Euro.2,064,072.76 or Ksh. 293,432,440.16 however no supporting evidence or explanation was provided</p>	<p>As per the Accountant at the ministry the data was meant for the five RFTIs</p>	Resolved



**ANNEX 1 – SUMMARY OF FIXED ASSETS REGISTER**

Asset class	Opening Cost (KShs) 2023/2024	Donations in form of assets (KShs) 2023/2024	*Purchases/ Additions in the Year (KShs) 2023/2024	**Disposals in the Year (KShs) 2023/2024	Closing Cost (KShs) 2023/2024
	(a)		(c)	(d)	(e)= (a)+ (b)+c)-(d)+(-)d
Purchase of vehicles & other transport equipment	5,119,900.00			-	5,119,900.00
Purchase of office furniture & general equipment	1,527,160.00			-	1,527,160.00
Purchase of computers & accessories	5,319,460.00		2,118,041.00	-	7,437,501.00
Purchase of Learning testing and production equipments (in progress)			245,001,596.57	-	245,001,596.57
Upgrading key training facilities (Work in progress)	256,777,185.57		85,602,361.33	-	342,379,546.90
<b>Total</b>	<b>268,743,705.57</b>		<b>332,721,998.90</b>	<b>-</b>	<b>601,465,704.47</b>

*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)*  
*Annual Report and Financial Statements*  
*For the yearended 30 June 2024*

**ANNEX 2 – Borrowed funds from The Kisumu National Polytechnic**

<b>THE KISUMU NATIONAL POLYTECHNIC</b>			
<b>FUNDS BORROWED FROM INSTITUTION TO EASTRIP ACCOUNT</b>			
<b>DATE</b>	<b>PAYEE</b>	<b>PV/IMP</b>	<b>AMOUNT</b>
06/05/2024	Felpris Marketing and outdoor	PV13103	1,295,000.00
20/05/2024	TKNP Staff	PV13295	24,000.00
20/05/2024	Nelius Gatitu	PV13294	67,500.00
21/05/2024	Governing Council	PV13295	1,675,800.00
21/05/2024	Governing Council	PV13199	705,900.00
24/05/2024	Evans Onyango	IMP2886	393,000.00
21/05/2024	Evans Onyango	PV13291	70,600.00
21/05/2024	Monica Mmbasu	IMP2853	393,000.00
21/05/2024	Milton Omollo	IMP2852	393,000.00
21/05/2024	Poly staff	PV13393	116,480.00
21/05/2024	Governing Council	PV13394	235,170.00
21/05/2024	Fredrick Oluoch	IMP2859	88,200.00
22/05/2024	Evans Otieno	IMP2860	88,200.00
22/05/2024	Catherine Kelonye	IMP2885	1,645,800.00
22/05/2024	Nelius Gatitu	IMP2858	1,318,200.00
22/05/2024	Mathew Kipsang	IMP2857	1,099,800.00
22/05/2024	Donatus Adoyo	IMP2861	6,300.00
	<b>TOTAL PAYMENT DIRECT FROM POLYTECHNIC ACCOUNT</b>		<b>9,615,950.00</b>
28/06/2024	Catherine Kelonye	PV13358	10,000.00
26/05/2024	Lilian Oningu	IMP 2879	225,200.00
28/05/2024	Thomas Nyangor	IMP2883	400,000.00
30/05/2024	Gilbert Olala	IMP2896	514,760.00
30/05/2024	Beatrice Abura	IMP2895	514,760.00
30/05/2024	Stella Wangalwa	IMP2894	514,760.00
30/05/2024	Thomas Nyangor	IMP2897	443,260.00



*East Africa Skills for Transformation and Regional Integration Project (EASTRIP)*  
*Annual Report and Financial Statements*  
*For the yearended 30 June 2024*

31/05/2024	Governing Council	PV13247	2,616,870.00
31/05/2024	John Wamae	PV13254	26,000.00
07/06/2024	Saint Travel & Safaris	PV13283	274,000.00
14/06/2024	Polytechnic Students	PV13364	126,000.00
14/06/2024	Governing Council	PV13365	1,744,580.00
14/06/2024	Betty Oganda	IMP2960	437,660.00
14/06/2024	Paul Maher	IMP2961	437,660.00
14/06/2024	Tom Oswago	IMP2962	514,760.00
14/06/2024	Charles Nyangara	PV13602	514,760.00
14/06/2024	Bernadette Sabuni	PV13358	10,000.00
14/06/2024	Alps Hotel	PV13304	44,229
14/06/2024	African Touch Safaris Ltd	PV13319	378,800.00
27/06/2024	Polyview Hostels	PV13419	45,000.00
28/06/2024	Non Project TVET team	PV13558	613,900.00
28/06/2024	African Touch Safaris Ltd	PV13489	90,000.00
28/06/2024	Vince Solutions	PV13493	2,118,041.00
			<b>12,615,000.00</b>
	<b>GRAND TOTAL</b>		<b>22,230,950.00</b>

