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REPORT OF THE AUDITOR-GENERAL ON KENYA MEDICAL TRAINING COLLEGE FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

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

A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;

B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,

C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

The three parts of the report 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

Opinion

I have audited the accompanying financial statements of Kenya Medical Training College set out on pages 1 to 37, 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 the statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kenya Medical Training College 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 Kenya Medical Training College Act Cap 257 (Revised 2019) and the Public Finance Management Act, 2012.

Basis for Opinion

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

Emphasis of Matter

Financial Unsustainability of Campuses

The statement of financial performance and as disclosed in Note 22 to the financial statements reflect tuition, boarding and application fees of Kshs.6,302,522,581. However, a comparative review of revenue versus expenditure across the campuses revealed that fourteen (14) campuses collectively generated Kshs.340,589,150 in revenue, while incurring total expenditure of Kshs.516,413,913. This resulted in a deficit of Kshs.175,824,763. In addition, review of student's register revealed a list of 87,905 students as at 31 March, 2025 distributed across ninety-one campuses out of which Kerio Valley, Awendo, Marimanti and Burnt Forest had sixty-five (65), fifty-nine (59), thirty (30) and ten (10) students respectively undertaking various courses which cannot generate adequate revenue to sustain the campus operations.

In the circumstances, operating campuses at a loss may be an indication that the campuses will not be able to fund essential services like teaching, maintenance and student support.

My opinion is not modified in respect of this matter.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

In the prior years' audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of the College in 2024/2025 revealed that the following matters remained unresolved.

No.	Audit Issue
1	Long Outstanding Student Fee Balance
2	Understatement of Provisions for Bad Debts
3	Unconfirmed Receivables from the Non-Exchange Transactions- Ministry
4	Deficit in the Defined Benefit Scheme
5	Non-Compliance with Staffing Requirement for Persons Living with Disabilities
6	Staff Earning Less Than One Third of Basic Salary
7	Inconsistences in Work-in-Progress Contract
8	Failure to Establish Campuses in all Counties
9	Budget Imbalance
10	Student Under Enrollment
11	Under Staffing of the College

Other Information

The Management is responsible for the Other Information set out on pages i to xlii which comprise of Key Entity Information and Management, Board of Directors Profiles, Key Management Team, Chairperson's Statement, Report of the Chief Executive Officer, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and Statement of Board of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

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

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with One Third Rule

Analysis of payroll data for twelve (12) months revealed that one hundred and eighty-three (183) employees earned a net salary of less than one third of their basic pay. This is contrary to Section 19(3) of the Kenya Employment Act, 2007 which requires that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions made by an employer from the wages of his employee at any one time shall not exceed two thirds of such wages.

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

2. Irregular Establishment of New Campuses

The College has ninety-one (91) campuses out of which four (4) campuses were established during the year. However, the new campuses were not supported by a concept paper and site visit minutes of the Board and Management on their establishment. This is contrary to Paragraph 4(i)(a) of the College's Expansion Policy 2019 which states that, 'There shall be established an expansion committee chaired by the Deputy Director Academics, consisting of Departmental Heads, and any other officer appointed by the Chief Executive Officer (CEO) which shall from time to come up with concept paper or proposals for creation of a new campus. Further, the new campuses were established without an approved budget contrary to paragraph 5.2 (ii) of the College Expansion Policy 2019 which prescribes a budget of Kshs.216,000,000 for establishment of a new campus.

In addition, review of campus distribution schedule revealed ninety-one (91) campuses out of which twenty-nine (29) were operating without students' hostels contrary to Paragraph 4 (iv) (b) of the College Expansion Policy, 2019 which requires halls of residence be in place when a campus is established. Inspection reports to confirm the minimum infrastructural facilities are in place such as equipped laboratories and a campus bus to transport students to practical attachment areas were not provided for audit review. These deficiencies compromise the quality of education and are contrary to paragraph 4 (iv) (b) of the College Expansion Policy 2019 which requires these facilities to be in place before a campus is established.

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

3. Non-Compliance with Employment Requirements for Persons Living with Disabilities

Analysis of the master roll revealed that the College has two thousand six hundred and five (2,605) staff out of whom forty-four (44) or approximately 2% are persons living with disability. This is contrary to Section B.23 (1) of the Human Resource Policies and Procedures Manual for the Public Service May, 2016 which states that the Persons living with disability shall be accorded equal opportunities for employment provided they have the necessary qualifications and are suitable for such employment and that the government shall implement the principle that at least five (5) percent of all appointments shall be for persons living with disabilities.

In the circumstances, Management was in breach of the 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 and 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. Under Remittance of Funds to Campuses

The statement of cash flows reflects receipts amounting to Kshs.5,323,952,316 from tuition, boarding and application fees. However, analysis of the cashbooks revealed that only Kshs.2,728,376,642 or approximately 51% was remitted to campuses which was significantly below the expected remittance of Kshs.3,992,964,237 or approximately 75% of total receipts resulting in an under-remittance of Kshs.1,264,587,595. This was in violations of Paragraph 7.5 (v) of the Kenya Medical Training College Finance and Internal Controls Manual May, 2019 states that 'For items of the ordinary budget, funds shall be issued to AIE holders on quarterly basis to the Expenditure Bank Account subject to collection of revenue. 75% of total collection is due to Campuses whereas 25% is used to fund headquarter expenses'

In the circumstances, the underfunded campuses may fail to deliver on their mandates, affecting the Institution's overall performance.

2. Lack of Annual Recruitment Plans

The statement of financial performance and as disclosed in Note 25 to financial statements reflect employee cost amount of Kshs.5,879,153,227. However, review of recruitment records revealed that the College recruited five hundred and sixty-nine (569) employees between December, 2023 and July, 2024 which was not supported with Annual Recruitment Plans.

In the circumstances, the effectiveness of internal controls on recruitment could not be confirmed.

3. Gender Disparity in Enrolment

Analysis of the March, 2025 student placement data revealed that twenty-five thousand and thirty-four (25,034) students were enrolled in various courses, comprising eight thousand five hundred and sixty-five (8,565) or approximately 34% male students and sixteen thousand four hundred and sixty-nine (16,469) or approximately 66% female students. The disparity is inconsistent with Sustainable Development Goal 4.5, which advocates for the elimination of gender inequalities and the promotion of equal access to education at all levels. In addition, the placement records only indicated the mean grade of the applicants but did not indicate the grades of various subjects to confirm whether the minimum entry requirements were met.

In the circumstances, gender imbalance in enrolment of students may have wider social and economic implications, including unequal access to education and employment opportunities.

4. Limited Capacity to Enroll Students

Review of application records revealed that the College received thirty-four thousand nine hundred and seventy-one (34,971) applicants for twelve (12) courses. However, the established capacity of these courses was five thousand and forty-one (5,041) slots resulting to 29,930 or approximately 86% students not enrolled due to lack of capacity.

In the circumstances, limited capacity to enroll students may result in missed revenue opportunities, reduced Institutional growth, and reputational damage, potentially affecting the Institution's strategic objectives and stakeholder confidence.

5. Delays in Placement of Students

Review of the academic calendar indicated that the College's March/July semester was for twenty-one (21) weeks from 4 March, 2025 to 25 July, 2025. However, six hundred and eighty-four (684) students reported on various dates in the month of May, 2025 about eight (8) to ten (10) weeks after the semester had started. The delayed placement resulted in students losing between 40% to 48% of the academic hours which compromises the quality of education pursuant to Paragraph 6.3.4 of the College

Teaching and Learning Policy, 2024 which require students to achieve a minimum attendance of 90% for both theory and practical sessions in all units.

In the circumstances, Management may have compromised the quality of education, potentially leading to inadequate academic outcomes, reduced student competency, and reputational damage to the Institution.

6. Capacity Underutilization

Review of students application data revealed thirty-two (32) campuses with a capacity of 5,050 students received 1,083 applications or approximately 21% resulting into unutilized capacity of 3,967 slots or approximately 79%. For instance, Marimanti and Lamu campuses with sixty slots each received one and two applications respectively while no student applied in Mandera campus out of a capacity of sixty slots resulting into capacity underutilization. In addition, review of admission records revealed that two thousand nine hundred and sixty-three (2,963) students were enrolled in thirty-two (32) courses whose established capacity was six thousand four hundred and fifteen (6,415) resulting to a shortfall of three thousand four hundred and fifty-two (3,452) or approximately 54%. Further, the College was unable to attract students in ten (10) courses with a capacity of five hundred and fifty-five (555) students resulting to capacity underutilization.

In the circumstances, the inability of the College programs to attract students may be an indication that some of the courses being offered are not aligned to market needs.

7. Inadequate Lecturer Student Ratio

Review of students' records revealed a total of 87,905 students against 1,273 lectures translating into a lecturer student ratio of 1:69 which is below the required lecturer student ratio of 1:10. In addition, thirty-five (35) campuses offered thirteen (13) courses without fulltime lecturers compromising the quality of education pursuant to Paragraph 4.1 (iii) (b) of the College Expansion Policy 2019 which requires a minimum of four (4) full time lecturers for a class of forty.

In the circumstances, the understaffing of lecturers may result in inadequate academic coverage, overburdened lecturers, reduced student engagement and non-compliance with policy standards ultimately affecting student outcomes.

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

Responsibilities of the Management and Board of Directors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as 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 College's 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 Board of Directors is responsible for overseeing the College'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

11 December, 2025