

REPUBLIC OF KENYA



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REPORT

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INZOKU MWALE

THE AUDITOR-GENERAL

ON

KISII NATIONAL POLYTECHNIC

**FOR THE YEAR ENDED
30 JUNE, 2023**



KISII NATIONAL POLYTECHNIC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30TH JUNE 2023

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

Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023

Table of Contents

1.	Acronyms & Glossary of Terms	iii
2.	Key Entity Information and Management	iv
3.	The Governing Council	xi
4.	Key Management Team	xiii
5.	Chairman's Statement	xv
6.	Report of the Chief Principal	xvii
7.	Statement of Performance against Predetermined Objectives	xix
8.	Corporate Governance Statement	xxv
9.	Management Discussion and Analysis	xxviii
10.	Environmental and Sustainability Reporting Statement	xxxi
11.	Report of the Governing Council	xxxv
12.	Statement of Board of Council's Responsibilities	xxxvii
13.	Report of the Independent Auditor on Kisii National Polytechnic.	xxxix
14.	Statement of Financial Performance For The Year Ended 30 June 2023	1
15.	Statement of Financial Position As At 30th June 2023	2
16.	Statement of Changes in Net Asset For The Year Ended 30 June 2023	3
17.	Statement of Cash Flows For The Year Ended 30 June 2023	4
18.	Statement of Comparison of Budget Actual amounts For Year Ended 30 June 2023	5
19.	Notes to the Financial Statements	7
20.	Appendices	39

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

1. Acronyms & Glossary of Terms

HELB	Higher Education Loans Board
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KNP	Kisii National Polytechnic
NHIF	National Hospital Insurance Fund
NSSF	National Social Security Fund
PAYE	Pay As You Earn
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TVC	Technical Vocational College
Fiduciary Management	Key management personnel who have financial responsibility in the entity
TVETA	Technical and Vocational Education and Training Authority
GC	Governing Council

2. Key Entity Information and Management

(a) Background information

The Kisii National Polytechnic was founded on 19th December 1971 as Gusii Institute of Technology in Kisii town at a meeting of Abagusii Leaders' conference attended by representative from all walks of life.

It was registered in 1972 under the Education Act cap 212 of Laws of Kenya with the objective of providing technical education and training for youths. The initial courses were secretarial and Building technology. Since then, more courses have been introduced and currently KNP offers a total of seventy-four at Artisan, certificate, Diploma and Higher Diploma Levels.

The institution was moved from St. Vincent Centre in Kisii town, where it was initially housed, to the current site in 1980 where it occupies 16.95 hectares of land. The first buildings to be put up were two workshops (wood work technology and mechanical engineering), a typing pool, Dining hall and a hostel. In 1983 with the new facilities in place other new courses were added to the curriculum. The rest of this were courses in building trades which included carpentry and joinery, plumbing, masonry and electrical installation. The institution has continued to grow thanks to Donor assistance from various bodies and organisations.

The institution was elevated to a national polytechnic in May 2016 through Legal Notice No. 93.

The Kisii National polytechnic currently offers various faculties namely Business studies, Computer Studies, Mechanical Engineering, Electrical and Electronics Engineering, Building and Civil

Engineering, Communication and development, applied sciences, Health sciences and Agricultural and Environmental Sciences

Currently the institution boasts of a student population of 8,231 students, 252 trainers and 151 Non Trainers from all over the country. The institution has also expanded its infrastructures like completion of modern library, Mechanical, I.M.S and Electrical workshop. Currently working on third and final phase of modern Tuition complex at a cost of over 140,000,000.

The Kisii National Polytechnic is a hub of activities where people work together to transform dreams into skills for life. We look forward to taking the polytechnic to the higher level of training individual in order to further their goals and to benefit Kenya.

(b) Principal Activities

The mandate of the polytechnic is to develop an institution with excellence in teaching, Training Scholarship, Entrepreneurship, Research, Consultancy, Community services and products with emphasis on technology, its development, impact and application within and outside Kenya.

Vision

To be a preferred training institution, for technical and vocational skills development

Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023

Mission

To develop highly qualified, globally competitive and innovative human resource by providing quality training, applied research & extension and entrepreneurship skills that are responsive to market demands.

(c) Key Management

The entity's day-to-day management is under the following key organs:

- Governing Council.
- Accounting officer/ Chief Principal
- Top management team
- Heads of Departments

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

SN.	Designation	Name
1.	Chief Principal/Secretary Governing Council	Mr. Daniel Nyariki
2.	Deputy principal Administration	Ms Mabel Wanjala
3	Deputy principal Academics	Dr. George Were
4	Registrar Administration	Mr. Erick Omundi
5	Registrar Academics	Ms Beatrice Nyareki
6	Dean of students	Mr Bironga Metobo
7	Head of Finance	CPA Beatrice Kegwaro
8	Head of Procurement	Mr Joshua Okinyi

Key Entity Information and Management (Continued)

(e) Fiduciary Oversight Arrangements

Finance & General Purposes Committee Activities

The Committee shall exercise all the powers of GC in financial matters except in relation to items which are reserved to GC, on which the Committee shall advise the GC.

Terms of Reference: The role of the Committee shall be to monitor the financial status of the Institute on behalf of the GC. In addition to advising GC on those matters referred to above, the Committee's responsibilities shall include:

- (i) To monitor and facilitate the implementation of the Institute's strategy with regard to financial matters;
- (i) To receive reports from the Accounting Officer ensuring that ensuring that financial statements are understandable, transparent and reliable;
- (ii) To consider the adequacy of the Institute estate and proposals for its maintenance and development, including opportunities to dispose of and acquire new projects;
- (iii) To determine the fees and charges made for the institute services and facilities;
- (iv) To supervise the financial administration of the Institute and make recommendations to GC where appropriate;
- (v) To supervise the arrangements for safeguarding the Institute's assets;
- (vi) To ensure the proper financial evaluation and control of projects;
- (vii) To supervise the arrangements for investing the Institute's funds, including monitoring the performance of investments;
- (viii) To ensure the appropriate exploitation of the Institute's intellectual property;
- (ix) To make recommendations to GC on the financing of projects; and
- (x) To supervise the effective and efficient procurement and use of resources in accordance with the objectives of the Institute.

Table 1. Composition of Finance & General Purposes Committee

NO.	NAME	DESIGNATION
1.	Eng Andrew Ngeno	Chairperson
2.	Mr Peter Kamau	Ps Representative
3.	Mr Obadiah Okeri	Member
5.	Mr Daniel Nyariki	Secretary

Audit Risk and Governance Committee Activities

The Committee shall exercise all the powers of GC in audit, governance and risk management matters except in relation to items which are reserved to GC, on which the Committee shall advise the GC. The Committee responsibilities shall include:

- (i) Ensuring the risk management process is comprehensive and on-going, rather than partial and periodic;
- (ii) Helping achieve an organization wide commitment to strong and effective internal controls, emanating from the tone at the top;

Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023

- (iii) Reviewing corporate policies relating to compliance with laws and regulations, ethics, conflicts of interest, and the investigation of misconduct and fraud;
- (iv) Reviewing current and pending corporate governance related litigation or regulatory proceedings to which the institution is party;
- (v) Continually communicating with senior management regarding status, progress, and new developments, as well as problematic areas;
- (vi) Ensuring the internal auditor's access to the audit committee, encouraging communication beyond scheduled committee meetings;
- (vii) Reviewing internal audit plans, reports and significant findings; and
- (viii) Establishing a direct reporting relationship with the external auditors.

Table 2. Composition of Audit and Risk Committee

NO.	NAME	DESIGNATION
1.	Ms. Rose Sharon Sabato	Chairperson
3.	Mr Peter Kamau	Member Ps representative VTT-Member
4.	CPA Callfax Nyanyuki	Secretary

Education, Research and Human Resource Committee Activities

The Committee shall exercise all the powers of GC in Education, Research and Human Resource matters except in relation to items which are reserved to GC, on which the Committee shall advise the GC. The Committee responsibilities shall include:

- (i) Driving the Institute's research agenda in line with the country's Vision;
- (ii) Encourage research culture in the institute;
- (iii) Institutionalize networking, collaboration research and outreach in the Institute;
- (iv) Encourage innovation and handle issues to do with intellectual property rights;
- (v) Ensure dissemination of research findings;
- (vi) Advises the Board of Governors on the strategic direction of the Institute's academic activities, academic risks and the overall effectiveness of services in support of the academic endeavour;
- (vii) Responsible for providing assurance to the Board of Governors on the effectiveness of the Institute's academic governance arrangements, the student experience, and setting and maintaining standards;
- (viii) Support the development of HR policies, guidelines, procedures, regulations and standard; and
- (ix) Monitor labour administration in the Institute.

Table 3. Composition of Education, Research and Human Resource Committee

NO.	NAME	DESIGNATION
1.	Mr Stephen Marwa Muniko	Chairperson
2.	Eng Andrew Ngeno	Member

Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023

3.	Mr Peter Kamau	Ps representative VTT-Member
4.	Mr Daniel Nyariki	Secretary

Human Resource Committee

The mission of the Human Resources Committee is to ensure that the Polytechnic has “*the right personnel with the right skills and the right attitude*”, to carry out the Polytechnic’s mission and to support trainee learning in accordance with the Strategic Plan. Its role is to assist Council in fulfilling its responsibilities towards the employees of the Polytechnic in areas such as employment, recruitment, remuneration, equity, training and development and compliance with all relevant applicable laws.

- i. Developing a long-term Human Resources plan that is aligned with the Strategic Plan’s long-term goals of the Polytechnic
- ii. Conducting the annual assessment of the Polytechnic’s human resources needs and following up with the issues in areas of retirement, and separations.
- iii. To consider qualified candidates for filling vacant positions in the Polytechnic.
- iv. To short list candidates who are considered to have met the job requirements in accordance with the announcement inviting applications for the positions.
- v. To recommend to Council the appointment of suitable candidates(s) after considering all the requirements for the post or in case of there being no suitable candidate to recommend re-advertisement for the positions.
- vi. To review and make recommendations to Council on Salaries, Terms and Conditions of Service as and when necessary or when directed to do so by Council from time to time for all Polytechnic employees.
- vii. Assessing the academic staffing structure, and administrative structure to ensure that these structures are aligned with current and future needs of the Polytechnic.
- viii. Periodically conduct training to promote effectiveness of the members.
- ix. Conducting awareness workshops on health, hygiene and work life balance.
- x. Create a team spirit through networking and social functions.
- xi. To consider and advise Council on action to be taken with regard to staff disciplinary matters.
- xii. To submit regular reports to the Council on all matters related to human resources.

Table 4. Composition of human resource Committee

NO.	NAME	DESIGNATION
1.	Mr. Obadiah Okeri	Chairperson
2.	Mr Peter Kamau	Ps representative VTT-Member
3.	Mr Stephen Mwaniniki Muniko	Member
4.	Mr Daniel Nyariki Onywoki	Secretary

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

Senior Management Activities

The main purpose of the senior management team is to:

- (i) Ensure that KNP's GC is able to take strategic decisions relation to the Institute's activities;
- (ii) Provide leadership in communicating KNP's mission, vision, strategic goals, core values, plans and achievements effectively and consistently to GC, Government, and Staff, Clients, community members and the general public and other stakeholders;
- (iii) Be accountable for the development and implementation of the Institute's strategic, corporate and business plans in line with the mission and vision; and
- (iv) Take a strategic overview of performance in all areas of the Institute's activities.

Specifically, the Senior Management Team:

- i) Make recommendations to the GC on the implementation and achievement of the Board's Strategic Framework;
- ii) Monitor the Institute's Corporate Plan delivery through appropriate key management and performance information reporting to the Board of Governors appropriately;
- iii) In light of income projections and forecasts, considers the annual grants and operational expenditures and monitors such expenditures;
- iv) Determines strategic issues arising from the introduction of new policies or process, including actively managing risks across the Institute and regularly reviewing the corporate risk register;
- v) Considers the impact of external factors and developments, including specific political initiatives and the response to key consultation documents and where appropriate make recommendations to the Board and/or its relevant Committees; and
- vi) Leads all managers in motivating and developing the Institute's staff to deliver the highest standards of performance and customer service.

Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023

(f) Entity Headquarters

Kisii National Polytechnic
P.O. Box 222
Kisii-Keroka Road
Kisii, Kenya

(g) Entity Contacts

Customer Care Desk
Telephone: 058-76906/0700876991
E-mail: info@kisiipoly.ac.ke
Website: www.kisiipoly.ac.ke

(h) Entity Bankers

Central Bank of Kenya Haile Selassie Avenue P.O. Box 60000 City Square 00200 Nairobi, Kenya	Co-operative Bank of Kenya Kisii Branch	Kenya Commercial Bank Kisii Branch
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(i) Independent Auditors




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

(j) Principal Legal Adviser





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

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

3.The Governing Council




SN.	Member/ Director	Details
1.	 <p>Mr. Mongeri Mirieri Chairman Governing Council</p>	<p>PhD in Education (TVET)-Royal Melbourne Institute of Technology (RMIT University) Melbourne, Australia</p> <p>M. Phil and B.Ed –Technology Power Mechanics Technology) Moi University, Kenya..</p>
2.	 <p>Eng. Andrew Ngeno Member</p>	<p>Eng. Ng’eno was appointed to the Governing Council in March 2023. He holds a BSc. Mechanical Engineering from The University of Nairobi and has courses towards attainment of MSc. In Energy Studies at Moi University. He also has a Certificate in Cane Sugar Manufacture from Rastic Mauritius. He is a member of the Engineers Board of Kenya and a corporate member with the Institution of Engineers of Kenya. Eng. Ng’eno currently serves as the Director- AGM Construction and Engineering Co. Ltd. Previously, he served as the Head of Processing and Engineering Department at the Kenya Seed Company, Factory Workshops Engineer at the Chemilil Sugar Company, Maintenance Manager at the East Africa Training and Extract Company among other positions held in nationally recognized companies.</p>
3.	 <p>Mr. Obadiah Okeri Member</p>	<p>Mr. Obadiah Okeri was appointed to the Governing Council in March 2023. He holds B.A Economics and statistics</p>

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

4	 <p>Mr. Marwa Muniko Member</p>	<p>Was appointed to the Governing Council in March, 2023. He holds MBA (HRM)</p>
5	 <p>Ms. Sharon Rose Sabato Member</p>	<p>Ms. Sharon Rose Sabato was appointed to the Governing Council in March, 2023. She holds MSc project management</p>
6	 <p>Mr. Peter Kamau Member</p>	<p>Representative of Principal Secretary Ministry of Education</p>
7	 <p>Mr. Daniel Nyariki Chief Principal / Secretary Governing council</p>	<p>B.Ed(Science) Maths/Physics Kenyatta University</p>

Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023

4. Key Management Team

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	 <p>Mr. Daniel Nyariki Chief Principal / Secretary Governing council</p>	<p>B.Ed(Science) Maths/Physics Kenyatta University</p>
2.	 <p>Dr George Were Momanyi PhD Deputy Principal Academics</p>	<p>PhD in Strategic Management In charge of Students' affairs and academic progress</p>
3.	 <p>Mabel Wanjala Deputy Principal Administration</p>	<p>B.Ed Science –Maseno University;Dip in Education management In charge of administration matters</p>

Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023

In conclusion I strongly believe that with all the planned strategies as envisaged, it is apparent that the future of the Polytechnic is bright and secure. Our commitment as a Council is to continue setting the right tone at the top, which is geared towards the realization of the Polytechnic's vision and mission.

Finally, I want to thank my fellow members of the Council, the Principal, the Management Board, Staff and Trainees of Kisii National Polytechnic for their commitment and hard work exhibited during the year. I also wish to thank the Government and all our stakeholders for their unwavering support. It is our expectation that the peaceful and productive environment witnessed during the year will continue into the coming year.



Mr. Mongeri Nyanganyeria Mirieri
CHAIR GOVERNING COUNCIL

DATE: 22/02/2024

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

6. Report of the Chief Principal

I am pleased to present my report for the 2021/2022 financial year, which ended on 30 June 2022. Kisii National Polytechnic is located within Kisii Municipality about 1.5Km South East of Kisii Township, Kisii County. The institution was founded in 1971 as Gusii Institute of Technology and was upgraded as a National Polytechnic in 2016. Since then the students population has increased progressively. In the Financial year 2022/2023 the total student population was 13017 across ten academic departments as shown in the table below.

Table 5. Total enrolment as at 30th June 2022 and departments.

S/no	Department	Artisan	Certificate	Diploma	Total
1	Electrical and Electronic Engineering	58	514	1342	1914
2	Mechanical Engineering	171	373	502	1046
3	Building & Civil Engineering	124	1060	1484	2668
4	Applied Science		438	165	603
5	Computer Studies		337	943	1280
6	Business Studies		361	704	1065
7	Communication and Dev't Studies		196	492	688
8	Hospitality Management	720	963	933	2616
9	Health Science		187	334	552
10	Agriculture and Environment		211	374	585
	TOTAL ENROLMENT	1104	4640	7273	13017

The above admission strength is served by 307 trainers and 142 non-teaching staff. The population is expected to continue increasing due to the government new funding initiative for tertiary education and the institution national appeal in its status as a national polytechnic.

Kisii National Polytechnic has embraced best practice in its service delivery by investing in a 5 year Strategic Plan.

To ensure service delivery as envisaged in the institution vision and mission statements the institution uses performance contracting where targets are set by all departments and staff and used to inform and measure performance. Kisii National Polytechnic also holds graduation ceremonies annually to celebrate and award graduates of the institution. About 2,750 trainees graduated in April, 2023.

The institution's service delivery is also informed by Quality management System being ISO certified.

Kisii National Polytechnic also has over the years defined its place in research, innovation and development by participating annually and even holding research conferences and engaging in regional and annual TVET Fairs.

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

Financial Performance

As in the previous years, the main source of funding to the Polytechnic during the period under review was school fees with a contribution of a total of Kshs 345.7 million for recurrent expenditure purposes. In addition, Kisii National Polytechnic generated a sum of Kshs 7.6 million from Income Generating Activities (IGA's), Catering and other Incomes. The Polytechnic also received Kshs 174.8million from the Ministry of Education being the capitation. However, at the end of the financial year the Polytechnic had not received revenue of Kshs 60.2 million being capitation for Quarter four

In conclusion, I take this opportunity to thank the Polytechnic Council for providing the desired guidance and support during the year which was way beyond expectations and which I highly appreciate. I also wish to sincerely thank the Management team, all staff and Trainees for the peace, hard work and discipline exhibited throughout the year.

Finally, I would like to thank the Government for its support during the period under review. I also appreciate the moral support of our collaborators, partners and other stakeholders during the year. It is my desire that we shall continue working together as a team in the new financial year and beyond



.....
Tom Wanjala Mulati

Principal/Secretary Governing Council

Date 22/02/2024

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

7. Statement of Performance against Predetermined Objectives

Kisii National Polytechnic has 9 strategic pillars and objectives within its Strategic Plan for the Financial Years 2018-2023. These strategic pillars are as follows:

Pillar 1: To provide Market Oriented Training Programs

Pillar 2: To Undertake Applied Research and Develop Innovation

Pillar 3: To adopt ICT in Teaching, Learning, Research and Management

Pillar 4: To Provide Quality Learning Environment

Pillar 5: To Enhance the Human Resource Capital Capacity Base of KNP

Pillar 6: To Enhance the Financial Sustainability of KNP

Pillar 7: To Enhance Efficiency and Effectiveness of the Polytechnic Management and Governance

Pillar 8: To Enhance Result – Based Performance Evaluation and Quality Assurance

Pillar 9: To Enhance the Corporate Social Responsibility of KNP

Kisii National Polytechnic develops its Annual Work Plans based on the above nine Pillars. Assessment of the Council's performance against its Annual Work Plan is done on a quarterly basis. The Polytechnic achieved its performance targets set for the Financial Year 2022/2023 period for its 9 Strategic Pillars, as indicated in the diagram below

1. STRATEGIC THEME/ISSUE: Academic Programmes

STRATEGIC OBJECTIVE 1:

To provide Market Oriented Programmes

Key Result Area 1	To Provide Market Oriented Training Programmes			
Outcome 1.1	Improved Market Oriented Training Programmes			
	<i>Strategic Objectives</i>	<i>Key Performance Indicators</i>	<i>Activities</i>	<i>Achievements</i>
	To provide Market Oriented Training Programmes	<ul style="list-style-type: none"> -Labor market survey reports -Curricula for market-oriented courses -Annual staff training reports -Practical training schedules -IAC committees - Internal and external results analysis 	<ul style="list-style-type: none"> -Conduct Labour market surveys -Capacity building of staff -Expose trainees to appropriate practical skills -collaborate with industry in training programs -Improving pass rates 	<ul style="list-style-type: none"> -Conducted 2 labour market surveys -26 curricula for market-oriented courses developed -50 staff trained in various short courses (internal audit, finance, sign language, ERP, Procurement) - all trainees exposed to practical skills - IAC established in Mechanical - Exams analysed to determine pass rate

2. STRATEGIC THEME/ISSUE: Research Innovation and Development

STRATEGIC OBJECTIVE 2: To undertake Applied Research and Develop Innovations

Key Result Area 2	To Undertake Applied Research and Develop Innovations			
Outcome 2.1	Undertake Applied Research and Develop Innovations			
	<i>Strategic Objectives</i>	<i>Key Performance Indicators</i>	<i>Activities</i>	<i>Achievements</i>
	To undertake Applied Research and Develop Innovations	<ul style="list-style-type: none"> -Applied research reports - Patents and property rights -Research collaboration reports -Conferences -Publications 	<ul style="list-style-type: none"> - Participate in TVET fairs -Carry out innovations - Disseminate research findings -Do publications 	<ul style="list-style-type: none"> - Staff and trainees participated in regional TVET fair -Hosted an international inter-disciplinary research conference -16 innovations developed -3 Publications done

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

3. STRATEGIC THEME/ISSUE: ICT Integration

STRATEGIC OBJECTIVE 3:

Adopt ICT in Teaching, Learning, Research and Management

Key Result Area 3	To adopt ICT in Teaching, Learning, Research and Management			
Outcome 3.1	ICT adopted in Teaching, Learning, Research and Management			
	<i>Strategic Objectives</i>	<i>Key Performance Indicators</i>	<i>Strategies</i>	<i>Achievements</i>
	Adopt ICT Integration within the Institution	-Internet contract agreement -Portals in place -Up to date website -Biometric identification kits -ERP contract agreement -E-content	-Provide internet services -Update the website -Maintain student and staff portal -Adopt biometric identification -Implement ERP	-Internet provided (100mbs) both LAN and WIFI -Portals in place -Up to date website -Biometric identification kits -ERP contract agreement -E-content

4. STRATEGIC THEME/ISSUE: Learning Environment

STRATEGIC OBJECTIVE 4: To Provide Quality Learning Environment

Key Result Area 4	1. To Provide Quality Learning Environment			
Outcome 4.1	Improved Learning Environment			
	<i>Strategic Objectives</i>	<i>Key Performance Indicators</i>	<i>Activities</i>	<i>Achievements</i>
	To provide quality learning environment	-Complete two sheds constructed -Equipped laboratories - stocked library	-To construct two sheds to take care of the increased student population -To construct Tuition Block Complex II Phase	-Two complete sheds -Tuition Block constructed up to 80% level

Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023

		-Adequate sanitation facilities -Perimeter wall constructed -Approved Report for clean water	-Equip laboratories -Stock the library with new book titles -construct sanitation facilities -To fix a grill to the perimeter wall -To provide clean water for use	-Laboratories equipped -Library stocked with new book titles. - Extra washrooms constructed to cater for the increased population - Grill fixed to the perimeter wall -Approved report
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5. STRATEGIC THEME/ISSUE: Human Capital Capacity

STRATEGIC OBJECTIVE 5: To enhance human capital capacity base and Financial Sustainability in the Institution

Key Result Area 5	To enhance the Human Capital Capacity Base of KNP			
Outcome 5.1	Improved Human Capital Capacity Base			
	<i>Strategic Objectives</i>	<i>Key Performance Indicators</i>	<i>Activities</i>	<i>Achievements</i>
	To enhance human capital capacity base of KNP	- Signed contracts for council staff -benchmarking reports -sensitization reports	-Recruit staff in deficit areas -Carry out benchmarking -Carry out sensitization -Carry out trainings	- 44 council staff recruited in deficit areas -15 staff carried out benchmarking - Staff sensitized on PC targets - 50 staff attended various trainings

6. STRATEGIC THEME/ISSUE: Resource Mobilization, Collaboration and Entrepreneurship.

STRATEGIC OBJECTIVE 6:
 Enhance the Financial Sustainability of KNP

Key Result Area 6	Enhance the Financial Sustainability of KNP
Outcome 6.1	Financial Sustainability of KNP Enhanced

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

	<i>Strategic Objectives</i>	<i>Issues</i>	<i>Strategies</i>	<i>Achievements</i>
	Enhance the Financial Sustainability of KNP	-Financial reports -Production units -MOU agreements	-Hire facilities -carry out internal maintenance of facilities and equipment -Use departments to carry out projects -Sign MOUs for collaboration	- Polytechnic halls and grounds hired out -Maintenance of facilities done internally -Building department engaged to construct the perimeter wall - Collaboration MOU with the Kisii County Government for maintenance of Capital round about and people's park in force

7. STRATEGIC THEME/ISSUE: Polytechnic Governance

STRATEGIC OBJECTIVE 7:

Enhance Efficiency and Effectiveness of the Polytechnic Management and Governance

Key Result Area 7	Enhanced Efficiency and Effectiveness of the Polytechnic Management and Governance			
Outcome 7.1	Enhanced Efficiency and Effectiveness of the Polytechnic Management and Governance			
	<i>Strategic Objectives</i>	<i>Issues</i>	<i>Strategies</i>	<i>Achievements</i>
	1. Enhanced Efficiency and Effectiveness of the Polytechnic Management and Governance	-Reviewed charter -QMS certification -ISMS certification -student union -Student constitution	-Review service charter -Implement QMS -Implement ISMS -Hold student election -Review student constitution	-Service charter reviewed and converted to audio-visual format -QMS implemented -ISMS implemented -Student election held -Student constitution reviewed

8. STRATEGIC THEME/ISSUE: Monitoring and Evaluation

STRATEGIC OBJECTIVE 8:

To enhance result-based performance evaluation and quality assurance

Key Result Area 8	To enhance Result Based Performance evaluation and Quality Assurance			
Outcome 8.1	Enhanced result-based performance evaluation and quality assurance			
	<i>Strategic Objectives</i>	<i>Issues</i>	<i>Strategies</i>	<i>Achievements</i>
	Enhanced Result Based Performance Evaluation and Quality Assurance	-M&E reports -Internal Audit reports -External Audit reports	-Carry out internal audits -Carry out external audits	-Monitoring carried out quarterly -2 internal audits carried out -1 external audit carried out

9. STRATEGIC THEME/ISSUE: Corporate Social Responsibility

STRATEGIC OBJECTIVE 9:

Enhance the Corporate Social Responsibility of KNP

Key Result Area 9	To enhance the Corporate Social Responsibility of the KNP			
Outcome 9.1	Enhanced Corporate Social Responsibility			
	<i>Strategic Objectives</i>	<i>Issues</i>	<i>Strategies</i>	<i>Achievements</i>
	Enhance the Corporate Social Responsibility of KNP	-Budgets worksheets -Register of alumni	-Maintain capital round about -Beautify Kisii County people's park -Visit children's home -Update Alumni data base	-Capital round about maintained -Trees planted at the county people's park - Children's home visited and given donations -Alumni data base updated -Tracer study conducted

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

8. Corporate Governance Statement

1. Process of Council Members Appointment.

The Polytechnic Council was appointed by the Cabinet Secretary Ministry of Education, with effect from 17th March 2023 for a term of three years. There are nine Council members comprising of the Chairman, one member representing Principal Secretary Ministry of Education, six (6) independent members. The Principal is an *ex-officio* member of the Council.

Subject to the provisions of the Polytechnic order, the office of a member of the Council shall become vacant if the member:

- a) Resigns by notice in writing addressed to Cabinet Secretary
- b) Is unable to perform the functions of the Office due to prolonged physical or mental incapacity.
- c) Is adjudged bankrupt by a court of competent jurisdiction or enters into a composition or scheme of arrangement for the benefit of creditors
- d) Is guilty of gross misconduct
- e) Fails to meet requirements of chapter six of the Constitution
- Or
- f) Is convicted of an offence and sentenced to imprisonment for a period of six months or more.

The appointment of Council members shall:

- a) Take into account ethnic and gender balance
- b) Promote inclusion of persons with disability, minorities and marginalized and
- c) Ensure balanced cores skills and competencies amongst the members

In appointing members of the Council, the Cabinet Secretary shall stagger the appointment of some members to maintain a proportion of new membership that ensures continuity in the services of the Council.

2. Process of Council Member Removal.

Where the office of a member of the Council becomes vacant the Cabinet Secretary may subject to the provisions of this order, appoint another person to fill the vacancy for the unexpired term of such member.

Notwithstanding the generality of the foregoing any member of the Council suspected of having contravened chapter six or chapter thirteen of the Constitution shall vacate office to pave way for investigations.

Where a person who has vacated office under sub-paragraph (3) is not found culpable after investigations carried out under sub-paragraph (5) the person shall be reinstated as a member of the Council.

Paragraph 12 shall apply with respect to the conduct of the business and affairs of the Council.

3. Roles and Functions of the Council

- i. To ensure that proper management structure is in place and that the management maintain the corporate integrity, reputation and responsibility of the Polytechnic
- ii. To monitor and evaluate the implementation of the strategies, policies and management plans of the Polytechnic

Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023

- iii. To constantly review the viability and financial sustainability of the Polytechnic once in every year
- iv. To ensure that the Polytechnic complies with all the relevant laws, regulations, governance practices and accounting and auditing standards

4. Committees of the Polytechnic Council

In order to facilitate the smooth running of its affairs, the Polytechnic Council establishes such committees with the membership and with such terms of reference as it may deem fit. The following committees were in place during the financial year 2022/2023

- i. Education, Training and Research
- ii. Finance and General Purpose
- iii. Human Resource
- iv. Audit and Risk Management Committee.

The Polytechnic Council nominates a chairperson of each committee of the Council, in the absence of the Chairperson of any committee, the members present and constituting a quorum may elect one person from among them to chair the meeting. The Chairperson of the Polytechnic Council and the Principal are ex-officio members of every committee of the Council.

5. Induction Training

The TVET Act No. 29 of 2013 Section 28 and 29 establishes and gives mandate to the Councils and Boards of Governors to manage the TVET institutions on behalf of the Education Cabinet Secretary.

It is a requirement that the Governing Council members understand their functions and conduct hence the need for induction.

In the 2022 /2023, financial year Council attended two (2) training as follows

- a. TVETA Council Induction training 12th – 14th April 2023-Lake Naivasha Resort

The following topics were covered:

- i. Legislative and Regulatory Requirements: Leading practices, Strong effective board, finance and audit committees and clear accountability for Risk Management and Internal Control Financial Management & Reporting
- ii. Roles and Responsibilities of audit committees vis-à-vis the board: policy considerations, purpose, mandate, responsibilities, coverage and contributing value to the entity Policies, Laws and TVET reforms
- iii. Corporate Governance: How the Tone at the Top Influences the Corporate Culture Procurement and Assets Disposal in TVET Institutions
- iv. Audit Committee and Board Operation
 - Techniques for running effective meetings
 - Composition of audit committee and requisite skills required to ensure their effectiveness
 - Audit Committee and board Charter, Terms of Reference, meetings, planning of agendas and annual work plan

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

- Measuring and Reporting the Board and Committee's Performance
 - v. Board and Audit Committee oversight over Financial Reporting, Procurement and Budgeting Processes
 - vi. Board and Audit Committee oversight over Risk Management and Fraud Risk Management
- b. Governance and Quality Management Training at Lake Naivasha Resort, Naivasha from 17th to 19th May, 2023

The Following topics were covered:

- i. Risk Management.
- ii. Procurement and Supply Chain Management.
- iii. Quality Audit Tool.
- iv. Quality Assurance Gap Analysis and Challenges
- v. Quality Assurance Management.
- vi. Project Management.
- vii. Legal and cross cutting issues
- viii. Research and Innovation.
- ix. Action Plan for gaps identified analysed and presentations.

6. Council Remuneration

Kisii National Polytechnic Council members do not receive a salary. However, they are paid a sitting allowance for every scheduled meeting attended. The Chairman also receives a monthly honorarium. The sitting allowance paid to the council members is disclosed in note 13 of the financial statements

Shared Believe

The Polytechnic Council and management have a shared believe that corporate governance is a continuous process and that good corporate governance must be embedded in our culture to support our values of discipline, high moral standards and integrity, which are fundamental to the long-term success, and sustainability of our mandate as an institution of higher learning.



Mongeri Mirieri Nyanganyeria
Chair Governing Council

Date: 22/02/2024

Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023

9. Management Discussion and Analysis

Operational and Financial Performance

The following management’s discussion and analysis (MD&A) provides a comprehensive overview of the financial position of Kisii National Polytechnic as at June 30, 2022 and its changes in financial position for the year the ended, as compared with the financial year 2020/2021.

During the year that has just ended, financial reporting of Kisii National Polytechnic included 10 academic departments, offering 34 diploma programmes, 28 Craft Certificate programs and 12 Artisan programmes, with 11,517 trainees enrolled. Kisii National Polytechnic conducts its activities on 42 acres of land.

The Polytechnic’s annual financial report includes four basic financial statements: The Statement of Financial Performance, the Statement of Financial Position, the Statement of Cash Flows and the statement of Comparison of Budget and Actual Amount. These statements focus on the financial performance of the Polytechnic, the changes in financial position, cash flows of the Polytechnic’s activities and compliance with the approved budget respectively

Financial Highlights

Revenue from Non-Exchange Transactions was the major source of funding for the Polytechnic.

During the financial year 2022/2023, the enrolment was 13,017 trainees compared to 11,517 Trainees in financial year 2021/2022.

Operating Revenue Source for the last three years

	2020/2021	2021/2022	2022/2023
	Kshs	Kshs	Kshs
Government Capitation	137,490,000	410,275,776	176,353,900
Tuition (School Fees)	243,359,437	465,407,123	345,720,820
Hire of Facility	1,002,010	1,203,000	916,109
Income Generating Activities	9,574,245	17,898,473	7,679,262
Catering (Pay-As-You-Eat)	249,405	-	-
Other Income	87,360	13,446,625	24,908,895
Total	391,762,457	908,230,997	555,578,986

Total operating revenues decreased by Kshs 352.6 million, from 908.2 million in 2021/2022 to 555.5million in 2022/2023 as a result of drastic reduction of capitation money per student by the government. Further Capitation money due for Quarter 4 was not sent by the government.

Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023

Operating Expenses

The following table summarizes the Institution's operating expenses for the last three years.

Expenditure	2020/2021	2021/2022	2022/2023
	Kshs	Kshs	Kshs
Use of Goods and Services	151,317,918	352,241,291	219,049,985
Employee Costs	109,713,313	116,378,611	124,326,612
Council remuneration	11,617,650	7,644,286	6,853,360
Depreciation and Amortization/rev loss	38,777,834	14,057,724	47,443,677
Repair Maintenance & Improvement			143,989,653
Finance Costs	601,683	375,820	156,774
Contracted Services			12,730,950
Total	312,028,398	555,811,898	554,582,828

Total operating expenses for the year was Kshs 554.5 million. There was a decrease in operating expenses of Kshs 1.2 million from 555.8 million in the year 2021/2022 to Kshs 554.5 million in the year 2022/2023. An analysis of expenses demonstrates that the major expenditure of the Polytechnic in the year under review was use of goods and services representing 40.6% while compensation to employees (i.e. salary, wages and benefits) accounted for 21.1% of the total operating expenses.

Summary of Financial Performance over the last three years

The Statement of Financial Performance presents the revenues earned and the expenses incurred during the year under review

	2020/2021	2021/2022	2022/2023
	Kshs	Kshs	Kshs
Total Operating Revenue	391,762,457	908,230,997	555,578,986
Total Operating Expenses	312,028,398	555,811,898	554,582,828
Surplus (Deficit)	79,734,059	352,419,099	996,158

During the year under review, the polytechnic shows a considerable decrease in operating surplus from Kshs 352.4 million in the financial year 2021/2022 to Kshs 0.9 million in the year 2022/2023. This was as a result of reduced revenue from rendering of services and also from government capitation.

Statement of Financial Position

The Statement of Financial Position presents the financial position of the Polytechnic at the end of the fourth quarter and includes all assets (current and non-current), liabilities (current and non-current) and net position of the Polytechnic. Net position is one indicator of the financial position of the Polytechnic, while

Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023

the change in net position is an indicator of whether the overall financial position has improved or worsened during the year.

Summary of Financial Position over the last three years.

	2019/2020	2020/2021	2021/2022
	Kshs	Kshs	Kshs
Current Assets	279,699,806	436,919,307	335,435,071
Non-Current Assets	1,608,215,961	2,427,996,759	2,598,352,280
Total Assets	1,887,915,767	2,864,916,066	2,933,787,351
Total Liabilities	82,102,908	190,124,266	133,302,082
Net Assets	1,805,812,859	2,674,791,800	2,800,485,269

Current Assets and Current Liabilities

Current assets include cash and cash equivalent, Receivables from Non-Exchange Transactions and Receivable from Exchange Transactions

Total Liabilities

Total liabilities include trade and other payables from Exchange Transactions, Refundable deposits to customers and payments received in advance.

Total liabilities decreased by Kshs 56.8 million from Kshs 190.1 million in the year 2021/2022 to Kshs 133.3 million in the year 2021/2023. This is primarily related to an increase in refundable deposits to customers.

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

10. Environmental and Sustainability Reporting Statement

Kisii National Polytechnic exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

Sustainability Strategy and Profile

The Polytechnic is charged with the responsibility of creating a knowledge-based society that upholds justice, democracy and accountability. In this regard, KNP is under duty to promote a culture of compliance with laws, civility and human decency in behaviour among the Polytechnic community and between the Polytechnic community and the outside world. At the same time, the government, communities, development partners and other stakeholders continue to make substantial investment to support higher education programs and projects.

In the last few years, the Polytechnic has benefited from CDF through fees payment for various needy trainees. As one of the TVET institutions in Kisii County, it will be prudent for the administrators, political players and stakeholders not only to continue with their goodwill in harnessing financial support which will not only be of great use to the Polytechnic, but also in helping the Polytechnic amongst other institutions, position itself in terms of TVET training in line with Vision 2030.

The government's effort is appreciated within the context of TVET Act of 2013 on Technical and Vocational Education and Training, Research and Innovation. This has given much impetus to the allocation of funds to TVET institutions in form of Trainees' capitation, HELB loans and bursaries and infrastructural development fund in the implementation of the "big 4" Agenda.

KNP is located in Kisii County within an area of moderately well-endowed work force. Being in the town proximity, the Polytechnic is exposed to a variety of challenges that must be addressed. At institutional level, the increase in the number of trainees enrolled in regular programmes has not been matched by the desire for expanded infrastructure such as lecture halls and lecture rooms, library, offices, workshops and laboratories, hostels and other facilities. KNP has increasingly been compelled to address its funding shortfall from alternative sources.

The Kenya Vision 2030 has accorded science, technology and innovation high priority.

The vision is based on the realization that in an increasingly knowledge-based and globalized world, Science,

Technology and Innovation (ST&I) are essential, both for social and economic progress and for global competitiveness of our nation. KNP is a critical driver of innovation systems and the resultant development in science, technology and innovation such as our award-winning robot in the TVET robotic contest involving universities and colleges.

Technical education is essential for economic progress and for global competitiveness of our nation and is also central in productivity and the socio-economic transformation of the country. The Sector Plan for Science, Technology and Innovation (2018-2023) provides for revitalization and harnessing of science, technology and innovation for Kenya's prosperity and global competitiveness. In this regard, human resource development, research and knowledge generation will be strengthened at KNP to enhance their application in national production systems for sustainable development.

In line with the fourth agenda of the "Big 4" and the Vision 2030, KNP has the knowledge and capacity to deliver on the Manufacturing agenda.

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

KNP needs to improve and expand the laboratories/workshops and accredit them to meet the set standards for the local and international market. Further, KNP will construct and equip an innovation laboratory/workshop.

Environmental performance

Protection of the environment in which we live and operate is part of our organizational cultural values and principles and we consider it to be a sound business practice. Care for the environment is one of our key responsibilities and an important part of the way in which we do business.

We commit to:

- i. Provide a framework for planning and sustainable management of the Polytechnic environment.
- ii. Strengthen the institutional and individual capacity for effective management of the environment.
- iii. Ensure sustainable management of the Polytechnic's environment and its surrounding.
- iv. Ensure cooperation, collaboration, partnerships and participation in the protection conservation and management of the environment by all stakeholders.

Application of these principles and practices will make a significant contribution to the Polytechnic's environmental sustainability programs.

The Management therefore ensures that the Polytechnic reduces the environmental impact by:

- i. Engaging with staff, Trainees and the surrounding communities to encourage environmentally sustainable behaviour.
- ii. Planting of trees to minimize greenhouse gas emissions in operations and work towards carbon neutrality.
- iii. Minimizing use of natural resources such as water, non-renewable energy and paper.
- iv. Following the waste hierarchy- avoid or minimize, reduce, reuse, recycle and then dispose off correctly as the last option.
- v. Minimizing the use of hazardous substances.
- vi. Encouraging sustainable practices in relation to design, transport and travel, procurement and catering.

Employee welfare

When a vacant position arises, an advertisement is placed in two leading daily newspapers and online in order to reach a wide audience and coverage. The adverts usually contain a caption indicating that the polytechnic is an equal opportunity employer. Women, people with disabilities and marginalised communities are encouraged to apply.

During the shortlisting process, the panel ensures that at least a third (1/3) of the candidates are opposite gender. Throughout the interview process, if the highest number of successful candidates are male a consensus is reached to engage a female candidate though they may not have scored the highest but have met the minimum requirements.

In the course of hiring process, the relevant stakeholders like the heads of departments are involved in every stage of the recruitment process in order to get the best fit for the Departments. The council also takes part in the interviews to ensure a balanced perspective and transparency in the recruitment process. Returns are made after the interviews to the Ministry of Education on the recruitment of Public Service Commission trainers.

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

Every year returns are made to the National Employment Authority (NEA) on the status of all employees in each year. The returns include those that have been hired and those who have left the service of the Polytechnic during the year.

Efforts made by the Polytechnic to improve employees' skills include:

1. The Human Resource Department carries out a training needs assessment from which a training calendar is developed in order to ensure that the polytechnic has the right skills.
2. The Polytechnic pays trainings to build their competencies in various areas and pays for their membership in professional bodies.
3. The Polytechnic's ICT and Hospitality Department have in house programs for training Staff in their areas of specialization in order to improve their skills.

The Polytechnic carries out an annual appraisal process during which employees are evaluated by the Heads of Department in consultation with the Human Resource Officer in order to their strengths and weaknesses and recommendations are given to improve on the identified weak areas identify.

On health and safety, the Polytechnic carries out a First Aid training for both Trainees and staff and this is carried out annually. The polytechnic has procured a WIBA cover for all staff

Market place practices-

The management also ensured that we dealt responsibly, openly and fairly with clients and partners/stakeholders as defined in our service charter by:

- i. Serving our clients with dignity, courtesy and respect.
- ii. Continuously providing efficient and effective service.
- iii. Adhering to ethical and equitable service provision
- iv. Enhancing transparency, integrity and accountability
- v. Observing the principle of natural justice.
- vi. Maintaining appropriate confidentiality
- vii. Discharging our duties professionally and with due diligence and ensuring delivery of affordable quality education.

Corporate Social Responsibility / Community Engagements

The Polytechnic dispensary in conjunction with Ministry of Health Kisii County carries out medical screening every term for the Trainees, staff and the community around the institution.

The screening of the neighbouring community was majorly on non-communicable diseases like hypertension and diabetes where those who availed themselves had their blood pressure and blood sugar checked and all the suggestive cases were given referrals accordingly by the Polytechnic clinician. This was preceded by sensitization of our community on all the non-communicable diseases on preventive measures. Major cleaning up exercise of areas around the institution and the police station was undertaken to maintain good environmental hygiene.

The operational and ultimate responsibility for the commitment to our Corporate Social Responsibility principles lies with the Council and the top management. Every employee of Polytechnic is expected to give their full co-operation to the above principles in their activities at work. Clients or stakeholders are also expected to apply our environmental principles.

The effectiveness of the policy statement will be monitored and reviewed regularly by the Council and Management to ensure the Polytechnic has continued compliance with any relevant legislation to meet new legal requirements and to identify areas in need of improvement. We will also ensure that all changes will be brought to the attention of all employees as necessary.

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

11. Report of the Governing Council

The Council members submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the Kisii National Polytechnic affairs.

Principal activities

The core business of the Polytechnic is provided for by a legal notice No. 93 for Kisii National Polytechnic known as Kisii National Polytechnic Order, 2016. The Notice provides in Part II section 4 (1) the functions and objectives of the Polytechnic.

The objects and functions of the National Polytechnic shall be to: -

Provide, directly or in collaboration with other institutions of higher learning, facilities for technical trainers in technological, professional, scientific education;

- I. Participate in technological innovation and in the discovery, transmission and enhancement of knowledge for economic, social, cultural, scientific, and technological development;
- II. Contribute to industrial and technological development of Kenya, in collaboration with the industry and other organizations, through transfer of technology;
- III. Promote and establish a culture of innovation in engineering and technology and technology transfer amongst staff and trainees;
- IV. Develop an institution with excellence in teaching, training, scholarship, entrepreneurship, research, consultancy, community service, among other educational services and products, with emphasis on technology and its development, impact and application within and outside Kenya;
- V. Provide a multi-level system of post-secondary school education and training programmes relevant to the needs of the community, covering a wide range of fields and levels with provision for recognition of prior learning and flexibility of transition between programmes;
- VI. Provide high quality education, research, residential, commercial, cultural, social, recreational, and sporting and other facilities;
- VII. Advance knowledge and its practical application by research and other means, the dissemination of outcome of research by various means and the commercial exploitation of research results;
- VIII. Promote critical inquiry within the Polytechnic and in the general community;
- IX. Participate in commercial ventures and activities;
- X. Foster the general welfare of all staff and trainees;
- XI. Provide opportunities for development and further training for staff of the Polytechnic;
- XII. Develop and provide educational, cultural, professional, technical and vocational services to the community and in particular, foster corporate social responsibility;
- XIII. Provide programmes, products and services in ways that reflect the principles of equity and social justice;
- XIV. Facilitate trainees' mobility between different programmes at different technical training institutions and other national polytechnics;
- XV. Conduct examinations and grant such academic awards as may be provided under this Order; and

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

XVI. Collaborate with recognized universities for the conduct and award of degree programmes in technology.

Results

The results of the entity for the year ended June 30 are set out on pages 1-5

The Governing Council

The members of the Council who served during the year are shown on page xi-xii.

Auditors

The Auditor General is responsible for the statutory audit of the Kisii National polytechnic in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015

By Order of the Board



Mongeri Mirieri Nyanganyeria

Chair Governing Council



Mr. Tom Wanjala Mulati

Principal/Secretary Governing Council

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

12. Statement of Board of Council's Responsibilities

Section 81 of the Public Finance Management Act, 2012 and (Technical and Vocational Education and Training Act, 2013 require the council members to prepare financial statements in respect of that institute, which give a true and fair view of the state of affairs of the institute at the end of the financial year/period and the operating results of the institute for that year. The board members are also required to ensure that the institute keeps proper accounting records which disclose with reasonable accuracy the financial position of the institute. The council members are also responsible for safeguarding the assets of the institute.

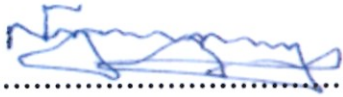
The council members are responsible for the preparation and presentation of Kisii National Polytechnic financial statements, which give a true and fair view of the state of affairs of Kisii National Polytechnic for and as at the end of the financial year ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the institute; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Kisii National Polytechnic (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The council members accept responsibility for the Kisii National Polytechnic financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the TVET Act). The board members are of the opinion that the Kisii National Polytechnic's financial statements give a true and fair view of the state of Kisii National Polytechnic's transactions during the financial year ended June 30, 2023, and of the Kisii National Polytechnic's financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the Kisii National Polytechnic, which have been relied upon in the preparation of the Kisii National Polytechnic's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the board members to indicate that the Kisii National Polytechnic will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Kisii National Polytechnic financial statements were approved by the Board on 26/09/ 2023 and signed on its behalf by:

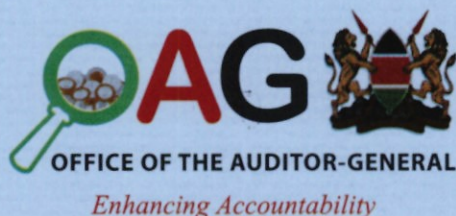


**Mongeri Mirieri Nyanganyeria
Chairperson of the Board/Council**



**Tom Wanjala Mulati
Accounting Officer/Principal**

REPUBLIC OF KENYA



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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KISII NATIONAL POLYTECHNIC FOR THE YEAR ENDED 30 JUNE, 2023

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 Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazetted notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- 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, the risk management environment and the 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 and that its internal controls, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kisii National Polytechnic set out on pages 1 to 44, which comprise the statement of financial position as at

30 June, 2023, and the statement of financial performance, statement of cash flows, statement of changes in net assets and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kisii National Polytechnic as at 30 June, 2023, 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 Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Long Outstanding Current Portion of Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 21(a) to the financial statements reflects current portion of receivables from exchange transactions balance of Kshs.254,738,370, representing an increase of Kshs.108,587,305 from the prior year balance of Kshs.146,151,065. Review of the debtors ageing analysis revealed that debtors amounting to Kshs.7,153,204 have been outstanding for three (3) or more years. However, Management did not provide evidence of efforts made to collect the outstanding debts. Further, no evidence was provided for provision for bad and doubtful debts and the finance policy does not address how to treat the debts and the period they should remain outstanding before written off.

In the circumstances, the recoverability of the receivables from exchange transactions balance of Kshs.7,153,204 as at 30 June, 2023 could not be confirmed.

2. Unrecognized Revenue from Non-Exchange Transactions

The statement of financial performance and as disclosed in Note 6 to the financial statements reflects transfers from National Government entities amount of Kshs.176,353,900 which relates to capitation from the Government for student enrolled in the institution. The capitation is supposed to be Kshs.7,500 per trainee per quarter which amounts to Kshs.30,000 per year. However, the annual amount recognized is only Kshs.13,000 for the registered trainees based on the receipts during the year. The Management has not accrued for the difference of Kshs.17,000 per trainee that is receivable which would translate to approximately Kshs.228,587,000. The financial statements are prepared under accrual basis of accounting.

In the circumstances, the accuracy and completeness of revenue from non-exchange transactions as at 30 June, 2023 could not be confirmed.

3. Revenue from Exchange Transactions

The statement of financial performance and as disclosed in Note 7 to the financial statements reflects revenue from rendering of services – fees from students amount of Kshs.345,720,820 which is a reduction from the previous year amount of Kshs.465,407,123. The decrease of Kshs.119,686,303 has not been explained especially considering the student population has increased from 11,517 to 13,017.

In the circumstances, the accuracy of revenue from exchange transactions as at 30 June, 2023 could not be confirmed.

4. Inaccuracies in Statement of Comparison of Budget and Actual Amounts

The statement of comparison of budget and actual amounts reflects total actual expenditure of Kshs.507,007,515 while a recast gives Kshs.506,950,560 resulting to unexplained variance of Kshs.56,955. Further, the statement reflects use of goods and services performance difference of Kshs.16,901,051 while re-computation gives Kshs.10,099,746 resulting to unexplained variance of Kshs.6,801,305. In addition, the statement reflects employee costs performance difference of Kshs.10,617,738 while re-computation gives Kshs.3,873,388 resulting to unexplained variance of Kshs.6,744,350.

In the circumstances, the accuracy of the statement of comparison of budget and actual amounts could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.564,619,254 and Kshs.555,578,986 respectively resulting to an under-funding of Kshs.9,040,268 or 2% of the budget.

Similarly, the Polytechnic expended recurrent expenditure of Kshs.507,007,515 against an approved recurrent budget of Kshs.384,602,659 resulting to an over-expenditure of Kshs.122,404,856 or 32% of the budget.

In addition, included is the repair and maintenances of Kshs.143,989,653 against approved budget of Ksh.24,800,000 leading to an over expenditure of Kshs.119,189,653 whose approval was not provided for audit review.

Further, the Polytechnic incurred capital expenditure of Kshs.217,831,015 out of the approved budget of Kshs.180,016,595, resulting to an over-expenditure of Kshs.37,814,420 or 21% of the budget.

In the circumstances, the over expenditures were not supported by Board approvals and Management may have incurred unauthorized expenditure.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, 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 Audit Matters

In the audit report of the previous year, 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. However, Management has not resolved some of the issues or given any explanation for failure to adhere to the provisions of the Public Sector Accounting Standards Board templates and The National Treasury's Circular Ref: No. AG.4/16/3 Vol.1(9) dated 24 June, 2020.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Staff Ethnic Composition

An analysis of the payroll records for the year under review revealed that Kisii National Polytechnic has a workforce of 263, out of which 225 or 86% are members of the dominant ethnic community. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and no public

establishment should have more than one third of its staff from the same ethnic community.

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

2. Construction of a Multipurpose Hall at Kitutu Masaba Technical Vocational College

The statement of financial position and as disclosed in Note 24 to the financial statements reflects property, plant and equipment balance of Kshs.2,580,402,456 which includes additions to capital work in progress of Kshs.155,832,721. Review of records revealed that the Polytechnic made a payment of Kshs.5,194,770 against contract sum of Kshs.9,419,280 to a local contractor towards the construction of a multipurpose hall at Kitutu Masaba Technical Vocational College. The project commenced on 27 February, 2022 and was to be completed within sixteen (16) weeks on 14 June, 2022.

However, project verification revealed the project has stalled at 55% completion state. At the time of audit, the contractor was not on sight. Management have not provided information and supporting documentation for stalling of the project.

Further, the Polytechnic is yet to have the land registered in its name as the ownership document is still registered under Mon'goni Secondary School and dispensary.

In the circumstances, the benefits expected from the project have been delayed and may not be realized.

3. Erection and Completion of a Twin Workshop, Classrooms and Offices Block at the Proposed Kitutu Chache South Technical and Vocational College

The statement of financial position and as disclosed in Note 24 to the financial statements reflects property, plant and equipment balance of Kshs.2,580,402,456 which includes additions to capital work in progress of Kshs.155,832,721. As previously reported, review of records revealed that the Polytechnic awarded a contract towards the erection and completion of a twin workshop, classrooms and offices block at the proposed Kitutu Chache South Technical and Vocational College to a local contractor at a contract sum of Kshs.57,053,885. The contract commenced on 15 April, 2019 for a duration of 52 weeks with expected completion date of 24 April, 2020. The contractor had cumulatively been paid Kshs.51,333,960 as at December, 2023.

Further, the contract sum had been varied upwards from Kshs.57,053,885 to Kshs.67,102,110 and completion period extended by 139 weeks as a result of a retention wall and extra classes which were not in the original approved drawings even though the performance bond that was valid until 7 March, 2020 was yet to be renewed after expiry.

However, physical verification revealed the project was behind schedule at 90% completion state. At the time of audit, the contractor was not on sight. Management have

not provided information and supporting documentation for delay in completion of the project

In the circumstances, the benefits expected from the project have been delayed and may not be realized.

4. Construction of Classrooms, Workshops and Office Block for South Mugirango Technical and Vocational College

The statement of financial position reflects property, plant and equipment balance of Kshs.2,580,402,456 which includes additions to capital work in progress of Kshs.155,832,721 as disclosed in Note 24 to the financial statements. Review of records revealed that the National Polytechnic awarded a contract towards the construction of classrooms, workshops and office block for South Mugirango Technical and Vocational College to a local contractor at a contract sum of Kshs.55,241,205 for a period of 52 weeks starting from 9 May, 2019 to 9 May, 2020.

However, physical verification of the works carried out in December, 2023 revealed that the project stalled. Management have not provided information and supporting documentation for stalling of the project.

In the circumstances, the benefits expected from the project have been delayed and may not be realized.

The audit was conducted in accordance with ISSAI 4000. The Standard requires 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 are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

Weaknesses in the Enterprise Resource Planning (ERP) System

As previously reported, review of the ERP System employed by Kisii National Polytechnic to automate all its operations revealed that the system has one administrator whose

account has all the roles in the system. In addition, the system administrator is able to grant him/herself roles that cut across all departments which is inconsistent with her job responsibilities. Further, it was noted that the users in the ICT Department have no defined roles.

In the circumstances, the security and performance of the Polytechnic's information technology systems could not be confirmed.

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

Responsibilities of Management and the Governing Council

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for such 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 overall governance.

In preparing the financial statements, Management is responsible for assessing the Polytechnic's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Polytechnic or 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 are in compliance with the authorities which govern them, and that public resources are applied in an effective way.

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error,

and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. 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 and weakness 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 addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, 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 accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls 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 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Polytechnic's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Polytechnic to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Polytechnic to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that are identified during the audit.

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

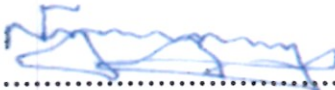
21 March, 2024

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

14. Statement of Financial Performance For The Year Ended 30 June 2023

	Notes	2022-2023	2021-2022
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	176,353,900	410,275,776
		176,353,900	410,275,776
Revenue from Exchange transactions			
Rendering of services- fees from students	7	345,720,820	465,407,123
Sale of goods	8	7,679,262	17,898,473
Rental revenue from facilities and equipment	9	916,109	1,203,000
Other incomes	10	24,908,895	13,446,625
Miscellaneous income		-	-
Revenue from Exchange transactions		379,225,086	497,955,221
Total Revenue		555,578,986	908,230,997
Expenses			
Use of goods and services	11	219,049,985	352,241,291
Employee costs	12	124,326,612	116,378,611
Council Expenses	13	6,853,360	7,644,286
Depreciation and amortization expense	14	47,475,494	14,057,724
Repairs and maintenance	17	143,989,653	-
Contracted services	18	12,730,950	-
Grants and subsidies	15	-	65,114,166
Finance cost	16	156,774	375,820
Total Expenses		554,582,828	555,811,898
Net surplus for the year		996,158	352,419,099

(The notes set out on pages 7 to 38 form an integral part of the Annual Financial Statements)
The Financial Statements set out on pages 1 to 5 were signed by



.....
Chairman of Council/Board

Date 22/02/2024



.....
Finance Officer
ICPAK No 28927

Date 22/02/2024



.....
Principal

Date 22/02/2024

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

15. Statement of Financial Position As At 30th June 2023

Description	Notes	2022-2023	2021-2022
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	20	59,230,754	282,912,371
Current portion of receivables from exchange transactions	21(a)	254,738,370	146,151,065
Receivables from non-exchange transactions	22(a)	6,192,580	4,640,680
Inventories	23	15,273,367	3,215,191
Total Current Assets		335,435,071	436,919,307
Non-Current Assets			
Investments			
Property, plant, and equipment	24	2,580,402,456	2,407,567,603
Intangible assets	25	17,355,324	19,834,656
Biological Assets	26	594,500	594,500
Total Non-Current Assets		2,598,352,280	2,427,996,759
Total Assets		2,933,787,351	2,864,916,066
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	27	156,726,718	132,415,909
Refundable deposits from customers	28	54,228,226	9,025,023
Total Current Liabilities		210,954,944	141,440,932
Non-Current Liabilities			
Deferred income	30	47,044,448	48,683,334
Total non-current liabilities		47,044,448	48,683,334
Total Liabilities		257,999,392	190,124,266
Net Assets			
Revaluation Reserves		1,786,833,268	1,834,308,762
Accumulated Surplus		888,954,690	840,483,038
Total Net Assets		2,675,787,958	2,674,791,800
Total Net Assets and Liabilities		2,933,787,351	2,864,916,066

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



**Chairman of
Council/Board**

Date 22/02/2024



Finance Officer

ICPAK No 28927

Date 22/02/2024



Principal

Date 22/02/2024

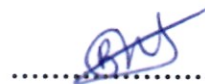
16. Statement of Changes in Net Asset For The Year Ended 30 June 2023

Description	Revaluation reserve	Accumulated Surplus	Capital fund	Total
At July 1, 2021	1,238,961,632	486,989,693	79,861,531	1,805,812,856
Revaluation gain	595,347,130	-	-	595,347,130
Surplus/(deficit) for the year	-	353,493,345	-	353,493,345
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortization from capital fund to retained earnings	-	-	-	-
Transfer of WIP to mentee institutions	-	-	(79,861,531)	(79,861,531)
At June 30, 2022	1,834,308,762	840,483,038	-	2,674,791,800
At July 1, 2022	1,834,308,762	840,483,038	-	2,674,791,800
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	996,158	-	996,158
Transfer of depreciation/amortization from capital fund to accumulated surplus	(47,475,494)	47,475,494	-	-
At June 30, 2023	1,786,833,268	888,954,690	-	2,675,787,958



.....
Chairman of Council/Board

Date 22/02/2024



.....
Finance Officer
ICPAK No 28927

Date 22/02/2024



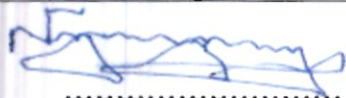
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Principal

Date 22/02/2024

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

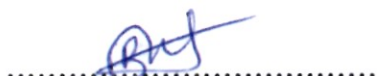
17. Statement of Cash Flows For The Year Ended 30 June 2023

Description		2022-2023	2021-2022
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities	6	176,353,900	410,275,776
Rendering of services- fees from students	7	345,720,820	465,407,123
Sale of goods	8	7,679,262	17,898,473
Rental revenue from facilities and equipment	9	916,109	1,203,000
Other incomes	10	24,908,895	13,446,625
Total Receipts		555,578,986	908,230,997
Payments			
Use of goods and services	11	219,049,985	352,241,291
Employee costs	12	124,326,612	116,378,611
Council Expenses	13	6,853,360	7,644,286
Repairs and maintenance	17	143,989,653	-
Finance costs	16	156,774	375,820
Contracted services	18	12,730,950	-
Grants and subsidies	15	-	65,114,166
Total Payments		507,107,334	541,754,174
Cash Flows from operating activities before working capital changes		48,471,652	367,551,069
Increase in receivables	21(a),22(a)	(110,139,205)	(12,295,633)
Increase in inventories	23	(12,058,176)	108,021,358
Increase in payables	27,28,30	67,875,126	(263,314)
Net Cash Flows from operating activities		(5,850,603)	463,013,480
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	24	(217,831,015)	(117,239,279)
Proceeds from sale of property, plant and equipment		-	-
Net cash flows used in investing activities		(217,831,015)	(117,239,279)
Cash flows from financing activities			
Net cash flows used in financing activities		-	(204,558,844)
Net Increase/(Decrease) in Cash and Cash equivalents		(223,681,617)	141,215,357
Cash and Cash equivalents at 1 JULY	20	282,912,371	141,697,014
Cash and Cash equivalents at 30 JUNE	20	59,230,754	282,912,371



Chairman of
Council/Board

Date 22/02/2024



Finance Officer

ICPAK No 28927

Date 22/02/2024



Principal

Date 22/02/2024

Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023

18. Statement of Comparison of Budget Actual amounts For Year Ended 30 June 2023

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference	
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%	Notes
Transfers from other National Government	45,000,000	-	45,000,000	176,353,900	(131,353,900)	-292%	i
Rendering of services- fees from students	277,259,254	220,000,000	497,259,254	345,720,820	151,538,434	30%	ii
Rental revenue from facilities and equipment	7,480,000	-	7,480,000	916,109	6,563,891	88%	iii
Other incomes	14,880,000	-	14,880,000	32,588,157	(17,708,157)	-119%	iv
Total Income	344,619,254	220,000,000	564,619,254	555,578,986	9,040,268	2%	
Expenses							
Use of goods and services	172,299,254	36,650,985	208,950,239	219,049,985	(16,901,051)	-8%	
Employee costs	128,200,000	-	128,200,000	124,326,612	10,617,738	8%	
Council Expenses	10,000,000	-	10,000,000	6,853,360	3,146,640	31%	v
Repairs and maintenance	17,500,000	7,300,000	24,800,000	143,989,653	(119,189,653)	-481%	vi
Contracted services	12,120,000	532,420	12,652,420	12,730,950	(78,530)	-1%	
Total Expenditure	340,119,254	44,483,405	384,602,659	507,007,515	(122,404,856)		
Surplus For the Period	4,500,000	175,516,595	180,016,595	48,571,471			
Capital Expenditure	4,500,000	175,516,595	180,016,595	217,831,015	(37,814,420)	-21%	

Notes for variations above 10%

- i. The approved budget for transfers from government was way too as per trend from previous years hence the 292% variance
- ii. Increase in student receivables resulted to 30% variance of actual student fees collected vs budgeted
- iii. We targeted to collect revenue from hire of facilities based on trend but the target was not actually met due to low turnout of customers hence the variance of 88%
- iv. We collected more revenue under other incomes than budgeted for hence the variance of 119%
- v. During the year new governing council was appointed .Due to the process of the new appointments there was a delay hence less governing council meetings and activities than expected resulting to underutilization of 31%
- vi. During the year the His Excellency the president made a visit to the institution to launch the Konza digital laboratory. As a result management did face lifting and renovation of the Konza hall. This resulted to overutilization of repairs and maintenance

19. Notes to the Financial Statements

1. General Information

Kisii National Polytechnic is established by and derives its authority and accountability from TVET Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is provision of education.

2. Statement of Compliance and Basis of Preparation

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

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2023.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023: The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity’s future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset’s cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity’s risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <ol style="list-style-type: none"> a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

Standard	Effective date and impact:
	<p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

Standard	Effective date and impact:
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

iii).Early adoption of standards

Kisii National Polytechnic did not early-adopt any new or amended standards in year 2023.

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

Sale of goods

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

Interest income

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

Rental income

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

b) Budget information

The original budget for FY 2022-2023 was approved by the Council May 2022. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals to conclude the final budget. The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule 1 of the Income Act.

Sales tax/ Value Added Tax

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

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

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

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

d) Investment property

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

e) Property, plant and equipment

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

f) Leases

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

g) Intangible assets

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

h) Research and development costs

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

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

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

i) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Financial assets

Classification

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

Subsequent measurement

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

Amortized cost

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

Fair value through net assets/ equity

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

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

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

Trade and other receivables

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

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

Financial liabilities

Classification

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

j) Inventories

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

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

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

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

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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

k) Provisions

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

Contingent liabilities

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

Contingent assets

The *Entity* does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Kisii National Technic 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.

l) Social Benefits

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

m) Nature and purpose of reserves

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

n) Changes in accounting policies and estimates

Kisii National Polytechnic recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

o) Employee benefits

Retirement benefit plans

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

p) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

q) Borrowing costs

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

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

r) Related parties

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

s) Service concession arrangements

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

t) 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.

u) Comparative figures

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

v) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

Notes to the Financial Statements (Continued)

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions.

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

Useful lives and residual values

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available.

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

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	2022-2023	2021-2022
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	174,802,000	358,125,000
Operational Grant	1,551,900	-
Other Grants	-	-
Total unconditional Grants	176,353,900	358,125,000
Conditional Grants amortized/ recognized in revenue		
Tuition Block Grant	-	52,150,776
Total Government Grants and Subsidies	176,353,900	410,275,776

We have recognized capitation received of Kshs, 5,000, 4,000, 4,000 for quarters 1,2 and 3 respectively. The government was supposed to remit Kshs 7,500 per trainee per quarter and quarter 4 capitation was never disbursed and due to uncertainty of being disbursed it has not been recognized in the books.

** The revenue of Kshs 1,551,900 relates to receivables from the National Youth Services for 21 trainees in session in quarter 3 and 4.

(a) Transfers from other Government entities (Categorized)

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance *	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative FY
	Kshs	Kshs	Kshs	Kshs	Kshs
State Department of Education	174,802,000	-	-	174,802,000	410,275,776
Ministry of Youth and Gender Affairs	1,551,900	-	-	1,551,900	-
Total	176,353,900	-	-	176,353,900	410,275,776

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

Notes to the Financial Statements (Continued)

7. Rendering of services

Description	2022-2023	2021-2022
	Kshs	Kshs
Activity fees	39,255,000	-
Insurance attachment/Medical	39,255,000	-
Electricity water and conservancy	49,134,175	-
Local transport and travel	39,058,725	-
Personal emoluments	150,739,200	-
Repairs maintenance and Improvement	19,638,000	-
Tuition fees	8,640,720	319,256,058
Application fees	-	-
Student ID	-	-
Accrued income		146,151,065
Examination fees	-	
Total Revenue from The Rendering of Services	345,720,820	465,407,123

Each trainee is expected to pay Kshs 26,420 per year as school fees. Rendering of services has been accrued based on the number of trainees per quarter and cumulated to arrive at the total rendering of services. Rendering of services receivables have been factored in student debtors.

8. Sale of goods

Description	2022-2023	2021-2022
	Kshs	Kshs
Sale of Books	-	-
Sale of Publications	-	-
Sale of Farm Produce	-	-
Cafeteria sales	-	782,975
Production units revenue	7,679,262	17,115,473
Total Revenue from Sale of Goods	7,679,262	17,898,448

Sale of goods relates to revenue collected from different production units as per the revenue schedules

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

Notes to the Financial Statements (Continued)

9. Rental revenue from facilities and equipment

Description	2022-2023	2021-2022
	Kshs	Kshs
Hire of Facilities and Equipment	497,350	1,119,000
Contingent Rentals	-	84,000
Operating Lease Revenue	418,759	-
Total	916,109	1,203,000

Rental revenue relates to revenue generated from leasing of stalls and revenue collected from hire Polytechnic facilities.

10. Other incomes

Description	2022-2023	2021-2022
	Kshs	Kshs
Sale of tender	-	1,000
Fines and penalties	117,085	66,055
Registration/Application fee	7,861,900	9,640,010
Student ID	180,500	325,300
Student council	13,592,250	12,884,432
Administrative fees	-	3,414,260
Graduation fees	26,000	-
Research and innovation	206,000	-
Boarding fees	2,925,160	-
Total	24,908,895	26,331,057

The other revenues are as described above.

Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023

Notes to the Financial Statements (Continued)

11. Use of goods

Description	2022-2023	2021-2022
	Kshs	Kshs
Teaching and learning materials	49,102,232	67,453,932
Industrial attachment costs	11,878,646	4,766,072
Electricity water and conservancy	11,557,026	7,344,394
Administrative expenses	58,816,077	44,732,708
Medical expenses	-	1,367,010
Security and cleaning services	-	16,852,260
Student council	8,144,221	15,118,161
Examination fees	-	58,485,660
Catering, conferences and delegations	237,026	18,972,232
Local Travel, Transport and Accommodation	26,042,132	30,819,586
Motor vehicle operations	-	5,901,690
Insurance	3,496,784	1,296,245
Production unit expenses	8,471,357	8,908,992
Internet expenses	2,642,016	2,755,414
Workshop/practical materials expenses	21,904,918	22,107,334
Activity expenses	6,517,761	7,851,000
Research and Innovation	9,434,079	7,459,599
Student ID expenses	226,100	221,100
Institution mentoring	125,500	21,000
Repairs and maintenance	-	21,282,717
Graduation expenses	454,110	7,364,439
Caution money	-	18,000
Refunds	-	67,500
Total good and services	219,049,985	351,167,045

12. Employee related costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Salaries and wages	83,855,009	107,229,535
Employee related costs - contributions to pensions and medical aids	-	9,149,076
Staff Honoraria and facilitations	6,744,350	-
PAYE	8,167,860	-
NHIF	3,139,800	-
NSSF	7,285,680	-
HELB	1,377,872	-
SACCO	11,018,040	-
Kudhehia Union	513,575	-
Welfare	960,500	-
Terminal employee benefits	388,026	-
Casual wages	720,100	-
Nita levy	155,800	-
Employee Costs	124,326,612	116,378,611

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

Notes to the Financial Statements (Continued)

Employees related costs include PAYE, NHIF, NSSF, SACCO, HELB, Welfare deductions from employees' salaries

13. Council expenses

Description	2022-2023	2021-2022
	Kshs	Kshs
Chairman's Honoraria	430,000	720,000
Directors Emoluments	6,423,360	6,924,286
Total	6,853,360	7,644,286

14. Depreciation and amortization

Description	2022-2023	2021-2022
	Kshs	Kshs
Property, plant and equipment	44,996,162	14,057,724
Intangible assets	2,479,332	-
Investment property carried at cost	-	-
Total depreciation and amortization	47,475,494	14,057,724

The assets of the Polytechnic have been depreciated on a quarterly basis and accumulated at the end of the year. Buildings, motor vehicles, furniture and fittings, computers and plant equipment and machinery have been depreciated at a rate of 2.5%, 25%, and 12.5%, 30% and 12.5% respectively.

Notes to the Financial Statements (Continued)

15. Grants and subsidies

Description	2022-2023	2021-2022
	Kshs	Kshs
Mentee Institutions	-	65,114,166
Total grants and subsidies	-	65,114,166

16. Finance costs

Description	2022-2023	2021-2022
	Kshs	Kshs
Bank charges	156,774	375,820

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

Total fiancé costs	156,774	375,820
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Notes to the Financial Statements (Continued)

17. Repairs and Maintenance

Description	2022-2023	2021-2022
	Kshs	Kshs
Property	136,279,052	-
Investment property – earning rentals	-	-
Equipment and machinery	699,950	-
Vehicles	7,010,651	-
Furniture and fittings	-	-
Computers and accessories	-	-
Total Repairs and Maintenance	143,989,653	-

18. Contracted Services

Description	2022-2023	2021-2022
	Kshs	Kshs
Security services	6,862,767	-
Cleaning services	5,868,183	-
Total contracted services	12,730,950	-

These relates to outsourced services from suppliers.

19. Cash and Cash Equivalentents

Description	Insert	Insert
	Kshs	Kshs
Current Account	59,230,754	282,912,371
Total Cash and Cash Equivalentents	59,230,754	282,912,371

The cash and cash equivalentents balances have been stated at cashbook balances

Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023

Notes to the Financial Statements (Continued)

20. Detailed Analysis of Cash and Cash equivalents

Financial Institution	Account number	2022-2023	2021-2022
		Kshs	Kshs
a) Current Account			
KNP-Kenya Commercial Bank	1181135699	4,450,947	3,302,844
KNP-Cooperative Bank	01120017051900	20,853,462	169,490,929
Cooperative account	01139017051900	353,463	2,694,153
Cooperative account	01139017051901	6,053,015	79,815,001
Borabu- Cooperative account	01141424762900	54,945	332,117
Riamo TTI-Cooperative account	01141424763000	13,051	27,452
Karao TVC-Cooperative account	01141809820300	818,958	1,229,608
Kitutu Masaba TVC-Kenya Commercial Bank	1181135567	16,575,963	6,578,093
South Mugirango TVC-Kenya Commercial Bank	1259203727	4,349,861	5,304,690
Kimwasi TVC-Kenya Commercial Bank	1259204596	5,704,789	13,806,174
Sub- Total		59,228,454	282,581,061
b) Others			
Cash in Hand		2,300	2,310
Mobile Money account		-	329,000
Sub- Total		2,300	331,310
Grand Total		59,230,754	282,912,371

Receivables from Exchange transactions

21 (a) Current Receivables from Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Student Debtors	254,738,370	146,151,065
Other Exchange Debtors	-	124,697,307
Total Current Receivables	254,738,370	270,848,372

Notes to the Financial Statements (Continued)

21 (b) Ageing Analysis of Receivables from Exchange transactions

Description	2022-2023		2021-2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	121,466,183	47.6%	5,689,780	3.8%
Between 1- 2 years	126,118,982	49.5%	57,093,534	39.1%
Between 2-3 years	6,104,139	2.3%	45,837,242	31.3%
Over 3 years	1,049,065	0.6%	37,530,509	25.8%
Total	254,738,370	100%	146,151,065	100%

22(a) Receivables from Non-Exchange transactions

Description	2022-2023	2021-2022
	Kshs	Kshs
Current Receivables		
Transfers from Other Govt. Entities (NYS)	1,551,900	-
Other Debtors (Non-Exchange Transactions)	4,640,680	4,640,680
Total Current Receivables	6,192,580	4,640,680

22 (b) Ageing Analysis on Receivables from Non-Exchange Transactions

Description	2022-2023		2021-2022	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	1,551,900	25%	0	0
Between 1- 2 years	0	0	4,640,680	100%
Between 2-3 years	4,640,680	75%	0	0
Over 3 years	0	0	0	0
Total	6,192,580	100%	4,640,680	100%

Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023

Notes to the Financial Statements (Continued)

23. Inventories

Description	2022-2023	2021-2022
	Kshs	Kshs
Consumable stores	10,858,633	2,516,370
Maintenance stores	75,450	112,420
Electrical stores	268,127	-
Cleaning materials	59,500	39,875
Catering stores	4,011,657	546,526
Total Inventories at lower of Cost and Net Realizable Value	15,273,367	3,215,191

Inventories have been recognized at the lower of cost and net realizable value.

Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023

Notes to the Financial Statements (Continued)

24. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and Equipment	Mentee Work in progress	Capital Works in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2021	525,000,000	786,629,573	32,257,721	8,850,540	11,515,000	107,062,949	187,687,660	41,171,151	1,700,174,594
Additions	-	9,304,792	-	6,104,285	12,642,140	-	29,910,854	54,083,808	112,045,879
Disposals	-	-	-	-	-	-	-	-	-
Revaluation Gain/Loss	814,840,000	(103,851,785)	(18,917,721)	(3,240,825)	(9,103,640)	(84,378,899)	-	-	595,347,130
At 30th June 2022	1,339,840,000	692,082,580	13,340,000	11,714,000	15,053,500	22,684,050	217,598,514	95,254,959	2,407,567,603
Additions	-	14,845,928	17,575,556	13,142,020	11,924,640	4,510,150	-	155,832,721	217,831,015
Disposals	-	-	-	-	-	-	-	-	-
Transfer/Adjustments	-	-	-	-	-	-	-	-	-
At 30th June 2023	1,339,840,000	706,928,508	30,915,556	28,195,520	23,638,640	27,194,200	217,598,514	251,087,680	2,625,398,618
Depreciation And Impairment									
At 1 July 2021									
Depreciation	-	-	-	-	-	-	-	-	-
At 30 Jun 2022									
Depreciation Charge for the Year	-	23,050,435	7,320,943	3,573,400	7,044,456	4,006,927	-	-	44,996,162
At 30th Jun 2023									
	-	23,050,435	7,320,943	3,573,400	7,044,456	4,006,927	-	-	44,996,162

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

Net Book Values									
At 30th Jun 2022	1,339,840,000	692,082,580	13,340,000	11,714,000	15,053,500	22,684,050	217,598,514	95,254,959	2,407,567,603
At 30th Jun 2023	1,339,840,000	683,878,073	23,594,613	24,622,119	16,594,184	23,187,273	217,598,514	251,087,680	2,580,402,456

[Work-in-progress relates to ongoing construction of the tuition block)

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). The assets were revalued b Morowi Company Limited valuers on 26.09.2023. These amounts were adopted in the financial statements on 30 June 2022.

24 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	1,339,840,000	-	1,339,840,000
Buildings	706,928,508	23,050,435	683,878,073
Plant And Machinery	27,194,200	4,006,927	23,187,273
Motor Vehicles including Motorcycles	30,915,556	7,320,943	23,594,613
Computers and Related Equipment	23,638,640	7,044,456	16,594,184
Office Equipment, Furniture, And Fittings	28,195,520	3,573,400	24,622,119
Total	2,156,712,424	44,996,161	2,111,716,262

25. Intangible Assets

Description	2022-2023	2021-2022
	Kshs	Kshs
Cost	12.5%	12.5%
At beginning of the year	19,834,656	28,698,980
Additions	-	5,193,400
At end of the year	19,834,656	33,892,380
Additions–internal development	-	-
At end of the year	19,834,656	33,892,380
Amortization and impairment		
At beginning of the year	-	4,110,531
Amortization	2,479,332	-
At end of the year	2,479,332	4,110,531
Impairment loss	-	14,057,724
At end of the year	17,355,324	19,834,656
NBV	17,355,324	19,834,656

Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023

Notes to the Financial Statements (Continued)

26. Biological Assets

	2022-2023	2021-2022
	Kshs	Kshs
Cattle	594,500	594,500
Total	594,500	594,500

27. Trade and Other Payables

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Trade payables	11,075,262		7,718,599	
Due to mentee institutions	124,697,310		124,697,310	
Accrued payroll deductions	3,666,475		-	
Examination fees	15,427,671		-	
Ministry monitoring and evaluation	1,860,000		-	
Total Trade and Other Payables	156,726,718		132,415,909	
Ageing analysis:	Current FY	% of the Total	Comparative FY	% of the Total
Under one year	32,029,408	20%	132,415,909	100%
1-2 years	124,697,310	80%	0	0
2-3 years	0	0	0	0
Over 3 years	0	0	0	0
Total (to tie to totals above)	156,726,718	100%	132,415,909	100%

Accrued payroll deduction relates to employees deductions which had not been remitted as at the 30.06.2023

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

-Notes to the Financial Statements (Continued)

28. Refundable Deposits from Customers

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Mentee institutions	27,462,622		-	
Other refundable deposits (Retention monies)	26,765,604		9,025,023	
Total Deposits	54,228,226		9,025,023	
Ageing analysis:	2022-2023	% of the Total	2021-2022	% of the Total
Under one year	54,228,226	100%	9,025,023	100%
Total (to tie to totals deposits above)	54,228,226	100%	9,025,023	100%

- **Mentee institutions refer to monies held by the polytechnic for mentoring institutions.**
- **Other refundable deposits relate to retention monies held from the ongoing construction works.**

29. Employee Benefit Obligations

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 1,080 per employee per month.

30. Payments received in advance.

Description	2022-2023		2021-2022	
	Kshs		Kshs	
Advance fee payments	47,044,448		48,683,334	
Total Deferred Income	47,044,448		48,683,334	

This related to fees paid in advance as a result of student receipts and government capitation

Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023

-Notes to the Financial Statements (Continued)

31. Cash generated from operations

Surplus for the year before tax	FY2022-2023	FY2021-2022
	Kshs	Kshs
Adjusted for:	996,158	353,493,245
Depreciation	47,475,494	14,057,724
Working Capital Adjustments		
Increase in Inventory	(12,058,176)	(12,295,633)
Increase in Receivables	(110,139,205)	108,021,358
Increase in Payables	67,875,126	(263,314)
Net Cash Flow from Operating Activities	(5,850,603)	463,013,480

32. Financial Risk Management

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

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

(i) Credit risk

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

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

Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023

-Notes to the Financial Statements (Continued)

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Receivables from exchange transactions	146,151,065	146,151,065	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	282,912,371	282,912,371	-	-
Total	429,063,436	429,063,436	-	-
At 30 June 202023				
Receivables from exchange transactions	254,738,370	254,738,370	-	-
Receivables from non-exchange transactions	6,192,580	6,192,580	-	-
Bank balances	59,230,754	59,230,754	-	-
Total	320,161,704	320,161,704	-	-

Financial risk management (continued)

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

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

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

(ii) Liquidity risk management

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

Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023

-Notes to the Financial Statements (Continued)

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2022				
Trade Payables	132,415,909	132,415,909	-	-
Deferred Income	48,683,334	-	-	-
Total	181,099,243	132,415,909	-	-
At 30 June 2023				
Trade Payables	32,029,408	32,029,408	-	-
Deferred Income	47,044,448	47,044,448	-	-
Total	79,073,856	79,073,856	-	-

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

Notes to the Financial Statements (Continued)

Financial risk management (continued)

(iii) Market risk

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

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

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

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

**Notes to the Financial Statements (Continued)
Financial risk management (continued)**

iii) Capital Risk Management

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

Description	Insert Current FY	Insert Comparative FY
	Kshs	Kshs
Revaluation Reserve	1,786,833,268	1,834,308,762
Retained Earnings	897,796,253	840,483,038
Capital Reserve	124,697,310	124,697,310
Total Funds	2,809,326,831	2,799,489,110
Total Borrowings	-	-
Less: Cash and Bank Balances	-	-
Net Debt/(Excess Cash and Cash Equivalents)	-	-
Gearing	-%	-%

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

-Notes to the Financial Statements (Continued)

33. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Ministry of Education;
- iii) Key management;
- iv) The Governing Council;

34. Events After the Reporting Period

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

35. Ultimate And Holding Entity

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

36. Currency

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

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	Staff Ethnic Composition	The institution was first established as a community college and recruited employees from the community especially the lower cadre .When the institution was taken over as a public it began to employ workers though competitive recruitment which has seen the number of other ethnicity employees rise from 1-8.	Resolved	All future recruitments
2	Slow Implementation of projects in Mentee institutions-Kitutu Masaba	After 1 st interim payment was made the contractor reported increase of prices and requested review of terms or mutual termination during a site	Not resolved	

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		meeting. The matter is yet to be solved as official communication from the contractor is yet to be done in writing.		
2.2	Kitutu Chache South Project	The delay in completion was caused by delay of disbursement of funds from the ministry.	Not resolved	
2.3	South Mugirango Project	The delay in completion was caused by delay of disbursement of funds from the ministry.	Not Resolved	
3.2	Procurement Procedures	The Polytechnic will endeavour to always ensure that all the acquired goods and services towards any Repairs and Maintenance are obtained from registered and prequalified suppliers in accordance with the law. Contract Agreements and Quotations	Resolved	1 st Sep 2023

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		will be prepared and there after Local Purchase/Service Orders prepared for delivery of goods and services and to support the payment process.		
4.0	Recoverability of receivables from Exchange Transactions	<p>The management has taken the following measures as for long outstanding receivables:</p> <ul style="list-style-type: none"> ▪ A list of trainees who have fee balances has been prepared and the students plus their guardians have been contacted to pay up and clear pending balances ▪ A limit of 48.2% has been set in the ERP system to bar trainees who haven't met the minimum thresh hold from downloading end term report forms and nor report online to access polytechnic services. 	Resolved	1 st Sep 2023

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: <i>(Resolved / Not Resolved)</i>	Timeframe: <i>(Put a date when you expect the issue to be resolved)</i>
		<ul style="list-style-type: none"> ▪ Trainees have been divided in the system in small cohorts per class to ease monetary. ▪ Heads of departments have been requested through a memo (attached) to ensure that they attend to bonafide trainees only. ▪ Charged Fees adhering to government rates has been communicated using a fees stricture placed in the polytechnic website. ▪ Trainees who have cleared fees will be the only ones allowed to download examination pass cards with a QR code security feature. <p>Further, the management is in the process of reviewing the finance policy to address treatment of bad debts.</p>		

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Budgetary Control And Performance	The variance of budget utilisation was as a result of increased number of students enrolment beating the previous trend affected by the Covid 19 pandemic	Resolved	
	Weaknesses in The ERP System	The Overall System Administrator activities shall be logged and the logs protected and regularly reviewed. User requests for activities outside the Overall System Administrator responsibilities shall be recorded in the user support request form. (Submitted by the relevant HOD) For support services the System Administrator shall use the Training Database to demonstrate any issue raised by system users. This will leave all live system transactions to be performed by users who have been authorized to perform them.	Resolved	1 st May 2022

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

Guidance Notes:

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

.....


**Name Tom Wanjala Mulati
Accounting Officer
Chief Princial/Secretary Governing Council
Date 22/02/2024**

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

Appendix II: Projects Implemented by Kisii National Polytechnic

Projects

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

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

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	New Tuition Block	254,287,300	155,832,721	09/12/2024	254,287,300	155,832,721	A in A- Fees from students
2							
3							

Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023

Appendix III- Inter-Entity Confirmation Letter



KISII NATIONAL POLYTECHNIC

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 Tel: 058-20319558
 KISII - KENYA




The [insert SC/SAGA/Fund name here] wishes to confirm the amounts disbursed to you as at 30th June 20xx as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Insert name of beneficiary Entity] as at 30 th June 2023							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 2023				Amount Received by [Beneficiary Entity] (Kshs) as at 30 th June 2022 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
SF14990B7BB8499A5BB09E4	26/10/2022	54,210,000			54,210,000		
SF14D47BC4DFF76F85FE	26/01/2023	60,296,000			60,296,000		
S04923622	27/06/2023	60,296,000			60,296,000		
Total					174,802,000	410,275,776	(235,473,776)

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

Head of Accountants department of beneficiary Entity:

Name Beatrice Legendo Sign  Date 22/02/2024

**Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023**

Appendix IV: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		

Kisii National Polytechnic
Annual Report and Financial Statements
For the year ended 30th June 2023

Appendix V: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments

