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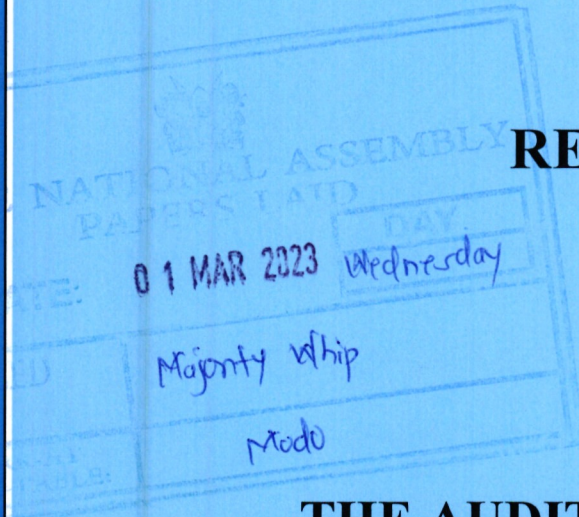
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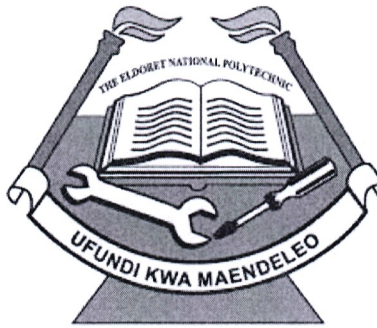
THE AUDITOR-GENERAL

ON

**THE ELDORET
NATIONAL POLYTECHNIC**

**FOR THE YEAR ENDED
30 JUNE, 2021**





OFFICE OF THE AUDITOR - GENERAL
CENTRAL RIFT REGIONAL OFFICE

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**THE ELDORET NATIONAL POLYTECHNIC
ANNUAL REPORTS AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED

30th June, 2021

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

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I. KEY ELDORET NATIONAL POLYTECHNIC INFORMATION AND MANAGEMENT

(a) Background information

The Eldoret National Polytechnic was established as per the legal notice No. 120 in the Kenya Gazette Supplement No. 30 dated 8TH May 1987 under the Education Act (Cap. 211) conferring the Minister then to make an order establishing the Board of Governors of The Eldoret Polytechnic referred to as -THE EDUCATION (BOARD OF GOVERNORS) (ELDORET POLYTECHNIC), ORDER, 1987. Subsequent to this order, the institution changed status as per Kenya Gazette Legal Notice No.114 dated 22nd August, 2014 for THE TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING ACT (no. 29 of 2013) which states;

IN EXERCISE of the powers conferred by section 26 (2) of the Technical and Vocational Education and Training Act, 2013, the Cabinet Secretary for Education Science and Technology makes the following Order: - THE ELDORET NATIONAL POLYTECHNIC ORDER, 2014 hence recognizing the GOVERNING COUNCIL as responsible for the general policy and strategic direction of The Eldoret National Polytechnic.

(b) Principal Activities

Vision

The Vision of The Eldoret National Polytechnic is to be a center of excellence in technical advancement.

Mission

The mission of The Eldoret National Polytechnic is to produce human capital and advance technology through innovative training for a dynamic economy.

Core Values

At The Eldoret National Polytechnic, we are committed to the following values:

Customer Focus,

Creativity & Innovation,

Integrity,

Professionalism,

Team Work.

The following are objectives and functions;

To restructure the Governing organs including Governing Council and management committee to be compatible with a degree awarding institution with appropriate industrial cluster;

To establish and maintain effective and strategic leadership that is able to formulate policies and monitor the achievement of institutional vision, mission and objectives;

To establish and encourage democratic governance and management of the institution;

To promote and adopt principle of good corporate governance and achieve high quality of work, image and culture to ISO 9001-2015 standards;

To strengthen guidance and counselling and public relations office;

To attract and retain highly qualified competent and motivated human resource for the institution;

To develop human resource capacity and capability that is able to provide an excellent service delivery in teaching and research for the institution;

To develop and upgrade teaching/learning facilities and equipment up-to the required international standards;

To develop quality ICT infrastructure for learning, research, effective and efficient institutional management information systems;

To develop high quality academic and research programs that are market driven so as to contribute towards training of competent innovative graduates;

To restructure and broaden resource base of the growing institution by diversifying sources of income and improving the resource management system;

To harmonize admission criteria to meet quality assurance standards; and

To promote and establish collaboration, linkages and networking with other institutions.

(c) Key Management

The entities day to day management is under the following key organs:

The governing council members

Accounting officer/Principal.

Deputy Principal Administration

Deputy Principal Academics

Registrar

Dean of students and





Finance officer

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

NO	NAME	DESIGNATION
1	Josphat Sawe	Principal
2	James Mwangi	Deputy Principal-Academics
3	Emanuel Meres	Deputy Principal-Administration
4	John Gitau	Registrar
5	Benjamin Maiyo	Dean of Students
6	Zacharia Koech	Internal Auditor
6	Richard Sang	Finance Officer
7	Nancy Kariuki	Human Resources Officer
9	Susan Seron	Farm Manager
10	Charles Rutto	Procurement Manager
11	Henry Lelei	Business Manager

(e) Fiduciary oversight Arrangements

Name of the Committee	Members
 Finance, Education and general-purpose committee	Prof. Peter Okemwa (Chairperson) Diana Phanice Muyoka Lukosi CPA Antony B. Masinde Patrick Mugo Dr. Wesley Mutai Josphat K. Sawe (Secretary)
	
 Audit Risk & Governance committee	Dr. Paul K. Murgor (Chairperson) Victoria Chepseba Lagat Patrick Mugo Eng. Claude Busieney Zacharia Koech (Secretary)
 Infrastructure, Equipment & Management system committee	Eng. Claude Busieney (Chairperson) Prof. Peter Okemwa Dr. Wesley Mutai Victoria Chepseba Lagat Diana Phanice Muyoka Lukosi Dr. Paul K. Murgor Josphat K. Sawe (Secretary)

(f) Headquarters & address

P.O. Box 4461 code 30100

Kisumu Road

Eldoret, KENYA

(g) Contacts

Telephone: (254) 708212633,

(054) 714871685

E-mail: eldopoly@africaonline.co.ke

Website: www.tenp.ac.ke

(h) Bankers

National Bank of Kenya Ltd

Eldoret Branch

P.O. Box 3111 code 30100

Eldoret, Kenya.

Co-operative Bank of Kenya Ltd

P.O. Box 2948 code 30100

Eldoret, Kenya.

(i) Independent Auditors

Auditor-General

Office of Auditor-General

Anniversary Towers, University 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

II. THE COUNCIL/BOARD OF GOVERNORS



Prof. Eng. S. Simiyu Sitati, PhD., P.Eng., MIEK, MIET- Chairperson, Governing Council

Prof. Eng. S. Simiyu Sitati was born on 22nd January 1963. He is currently the Dean, School of Engineering and Associate Professor of Power Systems & Machines, Moi University (MU).

He is a holder of Master of Science degree. M.Sc. (1992), Doctorate in philosophy, Ph.D. (2000) in Electrical Engineering. He is a registered professional Engineer (EBK), Licensed Electrician (ERC) - Class A. Past Administrative Positions held include acting as Deputy Director Research and Development & Head of Energy Division – KIRDI His membership to professional organizations include Institution of Engineering and Technology (IET– UK) – No. 78428186; Institution of Engineers of Kenya (IEK) – No. M1857; Registered Professional Engineer with Engineers Board of Kenya (EBK) – No. A2492; Licensed Electrician, Class A1 – Electricity Regulatory Commission – No. A1003030;

Dr. Paul K. Murgor, PhD, MBA, BSc, Dip(Egerton)- Member of the Governing Council

Dr. Murgor was born on 5th November, 1965. He is currently the Chairman Audit, Risk & Governance Committee and a member of the Infra Structure, Equipment & Management system committee. He is a highly accomplished and dedicated professional with over 20 years' diverse experience. He is the current Managing Director of Eldoret Water & Sanitation. Previously worked for different organizations both in private and public corporations like Mumias Sugar Company, New KCC Ltd amongst others. He has a PhD in Business Administration (Strategic Management) and Master's Degree in Business Administration both from the University of Nairobi and a Bachelor Science in Business Administration (Marketing) from United States International University (USIU-A). He also has a post graduate Diploma from Egerton University.



Diana Phanice M. Lukosi, B.A, EMBA, M.A-Member of the Governing Council



Diana was born on 10th September, 1976. She is currently a member of Finance, Education & General-purpose and Infra Structure, Equipment & Management system. Her experience is in the field of Tax and administration. She is the Director of Training & Certifications at Kenya Association of Project Managers and a lecturer at Africa Nazarene University. She has been a director a Rift Valley Water Service Board, Senior Tax Auditor, Senior Revenue Officer and Senior Policy Analyst at Kenya Revenue Authority. She has a master of arts degree from the University of Nairobi (2011) and also a M.A administration (Finance) from JKUAT (2010). She is a graduate in Bachelor of Arts from the University of Nairobi (2000) and CPA 2.

Victoria J. Chepseba, LLB(Hons)- Moi University-Member of the Governing Council

Victoria was born on 9th December, 1976. She is a member of Infra Structure, Equipment & Management system and Audit, Risk & Governance Committee of the polytechnic's Governing Council and an active member of LSK in good standing. She is also an Advocate of the High Court of Kenya with effect from 18/11/2004. She is currently in legal practice and also a Diocesan chancellor at the ACK Diocese of Eldoret and a former board member in various institutions including Konza Technopolis Development Authority. Victoria is a holder of Bachelor of Law from Moi University and also currently pursuing her masters in Child and Family law at the same university. She is also a holder of a diploma in Business Administration the Eldoret National Polytechnic



Dr. Wesley K. Mutai, PhD, MPhil, Bed-Member of the Governing Council

Wesley was born on 28th March, 1967. He has a wealth of experience in Education Technology.



He is a member of Finance, Education & General-purpose and Infra-Structure, Equipment & Management system committee. At the moment, he is a lecturer at Moi University in the Department of Technology Education. He has been a lecturer in Public tertiary institutions namely Masinde Muliro University of science & Technology, Egerton University and Eldoret Polytechnic. He is a holder of PhD from the university of Eldoret (2018), a Master's degree in Technology Education from Moi University (2003) and a graduate degree in Technology Education from Moi University (1992). He is a member of Institute of Engineers & Technologists (IET).

Prof. Peter Okemwa, PhD. -Member of the Governing Council

Peter was born in 1961. He is the chairman of Finance, Education & General-purpose Committee and the Infra-structure committee of the Governing Council and he is currently an associate professor in the department of Technology Education at the University of Eldoret. He has a PhD in manufacturing and automation from the University of Shanghai Jiao Tong, China. He attained his masters' degree in engineering from Tsinghua University, China. Professor did his diploma in mechanical Engineering and graduated from Kenya Polytechnic after attaining his diploma in Technical Education from Kenya Technical Training College.



Patrick Mugo, Bed (Economics-Moi), Member of the Governing Council



Alternate Representative of the PS, The National Treasury

Patrick Mugo was born in 1980. He is a seasoned economist with experience spanning over 15 years in the Public Service. He started his career as an economist in Ministry of Planning, National Development and Vision 2030 covering a broad range of economic development issues, including integrated development planning, public expenditure reviews, risk analysis, budget formulation and review of economic development policies. In the National Treasury, he has been involved in public finance management, development finance, economic policy analysis and

public investment management.

He has also been involved in tutoring public finance at the School of Economics, University of Nairobi. He holds a Bachelor's degree in Mathematics and Economics from Moi University, Master of Arts in Economics from University of Nairobi, and he is currently a Doctor of Philosophy in Economics candidate at the University of Nairobi, under the African Economic Research Consortium (AERC).

Gichuru Mutulili- Governing Council Member

Alternate Representative of the PS, Ministry of Education, State Dpt of TVET

Gichuru Mutulili was born on 3rd September, 1966, he is the current TVET County Director Uasin Gichu, Nandi and Elgeyo Marakwet Region. He is the Ministry's representative in the Board and provide advice and guidelines on Ministry's strategic goals, mandate and policy direction. He holds Master's in Business Administration (Management Information Systems) and B.Ed. (Arts) Mathematics & Business Studies. Further, has wealth experience in public service particularly in Educational management particularly IS Training, Performance management, project management, financial management, procurement management and monitoring and evaluation of programmers and projects having served as a teacher, education officer in various positions and Counties.



**Eng. Claude Kirwa Busieney- MSc (Civil Engineering, Bsc (Civil Engineering
Governing Council Member**



Claude was born on 17th April, 1960. Eng. Claude is the Chairman of the Infra structure committee of the polytechnic's Governing Council. He is a Registered Civil Engineer with over 25 years of experience in planning, design, tender documentation, construction supervision of dams, management and maintenance of water supply, and sewerage/sanitation projects. He has carried out procurements processes both for Consultancies and Construction Works for Nzoia Cluster Ph(I), Ph(II) and Ph (III) under World Bank and KFW of Federal Republic of Germany. He holds a Bachelor of Science and a Master of Science in Civil Engineering specializing in Geotechnical Engineering.

Currently he is a lecturer in the Department of Civil Engineering, University of Eldoret.

**Josphat K. Sawe-Med(Baraton), Bed(CUEA), Diploma(Education)-Chief
Principal/ Secretary Governing Council Secretary**

Josphat was born on 12th March, 1958. He is the chief executive officer of the polytechnic serving as the principal and secretary to the Governing Council. He has a wealth of experience in Educational Administration Management having served as a principal in various institutions. He has been a deputy principal, head of department at Primary teacher training college and a teacher in high school. He has a master's degree in Educational Administration from the University of East Africa, Baraton. He attained his Bachelor's degree in Education from Catholic University and also has a diploma in Education.



III. MANAGEMENT TEAM



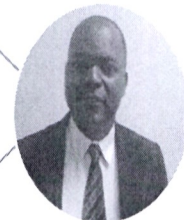
Mr. Josphat k. Sawe-
Chief Principal/ Chief
Executive Officer

Mr. Benjamin Maiyo
Dean of Students



Mr. Emmanuel Meres-
Deputy
Principal(Administration)

Mr. James Mwangi,
Deputy Principal –
Academics



Mr. John Gitau,
Registrar

Mr. Richard Sang
Finance Officer



IV. CHAIRMAN'S STATEMENT

I am delighted to present this financial report for the year ended 30th June, 2021.

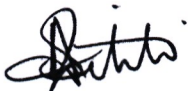
As a team we undertake and commit ourselves to provide unparalleled leadership to this institution so that the vision of the institution of being a center of excellence in technological advancement may be attained. Being a dynamic and progressive institution, the Polytechnic needs a lot of financial and material support from the Government and other stakeholders at this critical period of having been elevated to a National Polytechnic status in order to realize its academic and physical infrastructure development.

Indeed, the Governing Council of Eldoret National Polytechnic is committed to providing new appropriate facilities and improving existing ones to facilitate effective learning and teaching. In the financial year under review, we worked very hard towards accomplishing this duty. For instance, we succeeded in enhancing physical facilities in the institution to cater for the increasing number of students which stand at over 13,000 currently.

With the help of the Ministry of Education, Science and Technology, we have successfully natured and handed over Ziwa, Endebess and Turkana East Technical Training Institutes. We have also completed construction works on the Science laboratory hospitality department complex, Kitchen Annex, Ablution, Changing Rooms, a field Podium, CCTV Installation and Fabricated Lecture halls here in main campus. All these are to enhance public access to technological training.

I take this opportunity once again to thank The Ministry of Education, Science and Technology for funding our activities to ensure our continued progress during the year under review. I also appreciate our sponsors and other stakeholders who chose to partner with us in different ways during this year. The unwavering support, patience and understanding exhibited by our staff, students and the suppliers of services and goods during times of challenges along the way are highly appreciated by the Governing Council. Similarly, the immense contributions and the support I received from the previous members of the Council is invaluable and highly appreciated.

I also thank the principal for his robust leadership and guidance to the Polytechnic during the year. The passion and positive attitude we all exhibited during the year gives us hope and courage that we are all ready and prepared to face the future as a prospective Centre of Excellence in the region with confidence as we look forward to another successful year.



Prof. Eng. Simiyu Sitati

Chair Person, Governing Council

Date: 30th September, 2021

V. REPORT OF THE PRINCIPAL

As a Polytechnic, the institution is well placed to provide adequate and relevant knowledge to its graduates that will enable them to contribute towards the attainment of our country's Vision 2030, Strategic Development Goals, Medium Term Programme iii strategic objectives and supporting the drive in realizing the objectives of the National Government's 'Big Four' agenda. In furtherance of our mandate therefore, we have committed ourselves to consistently and regularly review, improve and consolidate our academic programs in several ways that will ensure their competitiveness in terms of quality and relevance. With the guidance of the Governing Council, we worked hard in setting up structures and policies aimed at guiding the institution in the right strategic direction. We have been able to attain and comply with the ISO 9001-2015 certifications. We have collaborated in the past with a Canadian institution namely Algonquin College who have donated equipment. Under my leadership and the overall direction of the Polytechnic's Governing Council we were able also to be in the forefront in ensuring that financial resources were utilized efficiently and effectively for optimum output. Despite the many challenges brought about by economic constraints, the Polytechnic nevertheless continued to discharge its mandate of teaching, research and outreach.

The sources of funding to the Polytechnic at the end of this financial year i.e 30 June, 2021, were internally generated revenue (Appropriations-In-Aid) from fees of Ksh. 423,661,137. The recurrent expenditure totaled Ksh. 531,208,613, therefore the Polytechnic closed the year with a deficit of Kshs. 107,547,474.

The Eldoret National Polytechnic being a national institution desires to enhance its visibility, performance, and competitiveness in the tertiary education sector in the face of stiff competition. To do so, however the Polytechnic requires a lot of support from the National Government and other stakeholders in this crucial transitional stage to a National Polytechnic in terms of funding, material support and other contributions. We shall continue to appeal for such support for several years to come.

On behalf of the Polytechnic Governing Council and Management, I take this opportunity to thank the National Government for its unequivocal support by recruiting additional trainers during the quarter under review. I also appreciate the financial, material and moral support of our collaborators, partners and friends during the period. It is because of the co-operation with the National Government through the Ministry of Education, other stake holders and more importantly guidance of the Governing Council steered by the able Chairperson of the Council as well as the mutual cooperation of the Management team, all staff and our students that we ended the quarter within an environment of peace and stability. I wish to register my gratitude to them all.

The Eldoret National Polytechnic Annual Report & Financial Statements for the year ended 30th June, 2021

I look forward to their continued support in the next new financial year and the subsequent periods ahead.



Mr. Josphat K.Sawe

CHIEF PRINCIPAL/Secretary, Governing Council

Date: 30th September, 2021

VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES.

This long-term master plan is anchored on three major pillars with ten core foundations. The pillars include Political, Social and Economic pillars. The first seven of these foundations are closely linked to the economic and social pillars. These are: macroeconomic stability for long-term development; enhanced equity and wealth creation opportunities for the poor; infrastructure; energy; Science, Technology and Innovation (STI); land reform; and human resource development. Underpinning these seven socioeconomic foundations are three further foundations that are closely linked to the political pillar of Vision 2030, namely: public service reforms; enhanced security; and Governance Reforms.

Medium Term Plans (MTPs)

Various Medium-Term Plans (MTPs) have been formulated. To date MTP1, and MTP2 has lapsed. Currently the GOK is implementing MTP3 which will run up to year 2022. These MTPs and Big Four agenda act as an avenue of achieving vision 2030 effectively.

The Big Four agenda

The Big Four agenda intend to focus more on policies and projects that directly impact the life of the ordinary citizen. Big four vision evolves around issues that directly affect the common man such as cost of living, jobs, shelter and health care. Big Four pillars include food security, manufacturing, housing and universal health care.

Food security:

The key to achieving food security is prioritizing projects with immediate positive and sustainable impact on food production. Besides resuscitating large scale irrigation projects, smallholder farmers should also be supported as they constitute the bulk of the food production ecosystem. In addition, fiscal reforms to spur agricultural productivity and efficiency are critical. To enhance food security GOK intends to provide incentives in grain storage facilities, irrigation, water harvesting, value addition to agricultural products and also lay down policies and legislative framework that will enhance food production.

Manufacturing:

Secondary and tertiary level of production does not only improve the standard of living but also provides employment to citizens. The GOK intends to increase production in manufacturing sector to 20% by year 2022. To achieve this vision, it intends expand various industries such as Textile processing, Leather tanning, production of Construction materials, Agro-processing in tea sugar, dairy and crop value addition, Oil, gas mining; exploration and extraction Iron and steel; ICT- phone, laptops, television assembly plant; Fish processing; among others.

Housing:

The proposed reduction of corporate tax to 15 per cent for developers who put up a minimum of 100 housing units per annum appears aimed at encouraging private investment in affordable housing. Construction of one million affordable housing units by 2022 under the housing pillar of the Big Four requires Public-Private Partnership (PPP). The government alone cannot meet this

target. The formation of the Kenya Mortgage Refinance Company is now underway to provide a vehicle for long-term financing of the housing sector.

Universal health care:

GOK intends to ensure Universal Health Care (UHC) will be available to all her citizens by the year 2022. That is, ensuring all Kenyans access affordable, quality healthcare. GOK has made recommendable strides in enhancing use of NHIF, availability of safe water and sanitation, health workers, food and nutrition throughout the country. To achieve these agenda must begin building a pool of human capital with adequate knowledge and skills in health services provision like doctor, nurses, and community workers among others.

VII. CORPORATE GOVERNANCE STATEMENT

The Governing Council and the committees held their meetings during the year. The Polytechnic's Chairman of the Council was appointed on 7th June, 2020 for a term of 3 years expiring on 7th June 2023. The Chief Executive Officer is serving on a contract that expires in December, 2023. The members whose term is coming to an end in the year 2021 would be replaced in the course of the year after consultations with the line Ministry.

The Council is in the process of coming up with a draft Council Charter. The Council members are appointed by the Cabinet Secretary, Ministry of Education and would serve for 3 years upon which their positions are declared vacant on expiry of the term and are eligible to be appointed for the next and final term.

Composition of the Council.

5. (1) there shall be a Council of the National Polytechnic which shall consist of nine persons appointed by the Cabinet Secretary as follows.

(a) chairperson;

(b) The Principal Secretary in the Ministry for the time being responsible for the technical and vocational education and training;

(c) The Principal Secretary in the Ministry for the time being responsible for Finance;

(d) Five members appointed by the Cabinet Secretary on the basis of their knowledge and experience in either-

(i) Leadership and management;

(ii) Financial management;

(iii) Industry

(iv) Engineering

(v) Information communication technology; or

(vi) Law, and

(e) The Principal who shall be an ex officio member of the Council.

(2) Subject to the provisions of this Order, the office of a member of the Council shall become vacant if the member-

(a) Resigns by notice in writing addressed to the Cabinet Secretary;

(b) is unable to perform the functions of office by reason of 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 the 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.

(3) 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.

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

(5) Where a person who has vacated office under subsection (3) is not found culpable of any unlawful act by a competent legal authority, the person shall be reinstated as a member of the Council.

(6) Regulation 12 shall apply with respect to the conduct of the business and affairs of the Council.

(7) Appointment of Council members shall take into account ethnic and gender balance and promote inclusion of persons with disability, minorities and the marginalized and ensure balanced core skills and competencies amongst the members.

(8) In appointing members of the Council the Cabinet Secretary shall stagger the commencement dates of some members to maintain a proportion of new membership that ensures continuity in the services of the Councils.

Council Committees.

6. The governing organ of the National Polytechnic may set up such committees as may be appropriate to perform such functions and discharge such responsibilities as it may determine, provided that the organ shall not delegate their principal mandate to the committees.

Functions of the Council.

7. (1) All documents, other than those required by law to be under seal, made on behalf of the Council, and all decisions of the Council may be signified under the hand of the Chairperson, the

Principal or any other members of the Council generally or specifically authorized by the Council in that behalf.

(2) The Council shall ensure that a proper management structure is in place and to make sure that the structure functions to maintain corporate integrity, reputation and responsibility.

(3) The Council shall monitor and evaluate the implementation of strategies, policies, and management criteria and plans of the National Polytechnic.

(4) The Council shall constantly review the viability and financial sustainability of the National Polytechnic once every year.

(5) The Council shall ensure that the National Polytechnic complies with all the relevant laws, regulations, governance practices, accounting and auditing standards.

5. (1) There shall be a Council of the National Polytechnic which shall consist of nine persons appointed by the Cabinet Secretary as follows-

(a) chairperson;

(b) The Principal Secretary in the Ministry for the time being responsible for the technical and vocational education and training;

(c) The Principal Secretary in the Ministry for the time being responsible for Finance;

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(8) In appointing members of the Council the Cabinet Secretary shall stagger the commencement dates of some members to maintain a proportion of new membership that ensures continuity in the services of the Councils.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

The Polytechnic realized A.I.A of Ksh. 423,661,137. During the period the recurrent expenditure stood at Ksh. 531,208,613, therefore the Polytechnic closed the year with a deficit of Kshs. 107,547,474. The deficit was attributed to the delayed remittance of students Capitation.

The Polytechnic has been getting support from the National Government on staffing and other projects. The 1st quarter student capitation of Ksh. 99,967,500 was received on 6th November 2020, the 2nd quarter student capitation of Ksh. 99,712,500 was received on 26th February, 2021, the 3rd quarter student capitation of Ksh. 113,512,500 was received on 29th March, 2021 and the 4th quarter student capitation of Ksh. 114,300,000 was remitted on 14th July, 2021.

The Eldoret National Polytechnic compliance with statutory requirements

The Eldoret National Polytechnic has complied with all statutory requirements which include prompt remittance of NSSF, NHIF, PAYE, Withholding taxes, Pension scheme funds and NITA levies.

Key projects and investment decisions the Eldoret National Polytechnic is planning/implementing

The following are the on-going projects at The Eldoret National Polytechnic: funded using grants from the National Government and internally generated funds (A.I.A).

Major risks facing the Eldoret National Polytechnic

The Eldoret National Polytechnic being a national institution desires to enhance its visibility, performance, and competitiveness in the tertiary education sector in the face of competition from newly established Technical Institutions and private institutes. However, we strive to pronounce a niche market share in the TVET Sector. To do so, however the Polytechnic requires a lot of support from the Government and other stakeholders in this crucial stage in terms of funding, material support and other contributions. The challenges include the decrease in Exchequer grants and student capitation levels and non-remittance of the same. This will highly likely lead to failure to honour obligations when they fall due. Such a scenario would expose the institution to litigations. The other risk is the ever-increasing debt levels which require concerted efforts to avoid such debts turning into delinquent or bad debts

Recently, the institution has faced a major risk of reduced revenue as a result of the challenges brought by the covid-19 pandemic as the students were released in March 2020.

Material arrears in statutory/financial obligations

The Polytechnic has no unremitted statutory obligations.

The Eldoret National Polytechnic financial probity and serious governance issues

Eldoret National Polytechnic has no financial improbity and serious governance issues among the Governing Council members or the top management in so far as conflict of interest are concerned.

Risks Facing the Eldoret National Polytechnic

The Eldoret National Polytechnic being a national institution desires to enhance its visibility, performance, and competitiveness in the tertiary education sector in the face of competition from newly established Technical Institutions and private institutes. However, we strive a niche market share in the TIVET Sector. To do so however the polytechnic requires a lot of support from the Government and other stakeholders in the crucial stage in terms of funding, material support and

The Eldoret National Polytechnic Annual Report & Financial Statements for the year ended 30th June, 2021

other contributions. The challenges include the decrease in exchequer grants and student capitation levels and non-remittance of the same. This will highly likely lead to failure to honour obligations when they fall due. Such a scenario would expose the institution to litigations. The other risk is the ever-increasing debt levels which requires concerted efforts to avoid such debts turning into delinquent or bad debts. These includes fees receivables (debtors) and other receivables totalling Ksh 120,984,893.

Recently, the institution has faced a major risk of reduced revenue as a result of challenges brought by the Covid-19 pandemic.

Material arrears in statutory/financial obligations.

The Eldoret National Polytechnic is a law-abiding institution and is committed to its core mandates hence it has no statutory or tax default to date. The college rolled out a staff pension scheme in July 2018 as per the law and has complied as per the provisions of retirement benefits Act.2016 and the revised retirement benefits Act No. 3 of 1997.

The Eldoret National Polytechnic financial probity and serious governance issues

The Eldoret National Polytechnic has no financial probity and serious governance issues among the governing council members or the top management in so far as conflict of interest are concerned.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Sustainability Strategy and Profile

The efforts by the Government of Kenya to support the TVET Sector in Kenya has given an assurance of the institutions consistency in its operations into the future.

Environmental Performance

Our research, teaching and activities are guided by our commitment to environmental sustainability.

We also have a number of Technological areas for our research, teaching, community engagement and processes, allowing us to focus and measure our efforts in making a difference to society.

Employee Welfare

The Polytechnic has come up with the following documents that go a long way in defining the Employees welfare;

Organisational Structure

Staff Establishment

Career Guidelines

Human Resource Manual

Market Place Practices

The Polytechnic has a standing committee on Corruption Prevention & Integrity Committee where sensitization is done to the entire polytechnic fraternity.

The Polytechnic conducts annual sensitization day for all suppliers on issues of how the polytechnic is committed in running its affairs in a fair and equitable manner.

The Polytechnic does its marketing through its website and at times on the print and live media.

The Polytechnic is certified ISO 9000-2015 and is compliant to the requirements of the regulators like TIVETA.

Corporate Social Responsibility /Community Engagements

The Eldoret National Polytechnics strategy for social responsibility includes a commitment to pursue change across the following priority areas:

Research with impact

Our research is making a positive difference to society, addressing the major challenges of the 21st century.

Socially responsible graduates

Our graduates are learning to exercise ethical, social and environmental responsibility.

Engaging our communities

Our events and activities are harnessing our knowledge, resources and visitor attractions for the benefit of our communities.

Responsible processes

Our processes are balancing efficiency with opportunities to create social and environmental benefit.

X. REPORT OF THE COUNCIL/BOARD OF GOVERNORS

The Governing Council submits their report together with the audited financial statements for the year ended June 30, 2021 which show the state of the The Eldoret National Polytechnic's affairs.

Principal activities

The principal activities of the The Eldoret National Polytechnic are;

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

The Eldoret National Polytechnic Annual Report & Financial Statements for the year ended 30th June, 2021

- (b) Participate in technological innovation as well as in the discovery, transmission and enhancement of knowledge and to stimulate the intellectual life in the economic, social cultural, scientific, and technological development;
- (c) Contribute to industrial and technological development of Kenya in collaboration with industry and other organizations through transfer of technology;
- (d) Examine and make proposals for new diploma courses and subjects of study, institutes, departments, resource and research and innovation;
- (e) Promote and establish a culture of innovation in engineering and technology, and technology transfer amongst staff and students;
- (f) 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.
- (g) provide a multi-level system of post-secondary school education and training programs relevant to the needs of the community covering a wide range of fields and levels with provision for recognition of prior learning and flexibility of transition between programs;
- (h) Provide high quality educational, research, residential, commercial, cultural, social, recreational, sporting and other facilities;
- (i) Advance knowledge and its practical application by research and other means, the dissemination of outcomes of research by various means, and the commercial exploitation of search results;
- (j) Promote critical enquiry within the polytechnic and in the general community;
- (k) Participate in commercial ventures and activities;
- (l) Foster the general welfare of all staff and students;
- (m) Provide opportunities for development and further training for staff of the National Polytechnic;
- (n) Develop and provide educational, cultural, professional technical and vocational services to the community and in particular the fostering of corporate social responsibility;
- (o) Provide programs, products and services in ways that reflect the principles of equity and social justice;
- (p) Facilitate student mobility between different programs at different technical training institutions, national polytechnics and other National Polytechnics;
- (q) Conduct examinations for and grant such academic awards as provided under this Order;
- (r) Collaborate with recognized universities for the conduct and award of degree programs in technology.

(2) The National Polytechnic shall have powers to grant higher diplomas, diplomas, certificates, or other academic qualifications which may, for the time being, be authorized by the Academic Policy of the National Polytechnic.

(3) Subject to Technical, Vocational, Education & Training Order, the National Polytechnic may award scholarships, bursaries and prizes and make other awards which may be provided for by the Academic Policy.

Results

The results of the The Eldoret National Polytechnic for the year ended June 30th, 2021 are as set out on the Statement of Performance.

COUNCIL/BOARD OF GOVERNORS

The members of the Governing Council who served during the year are shown on pages Vi to X in accordance with the appointments made then by the Cabinet Secretary, Ministry of Education.

XI. STATEMENT OF BOARD OF GOVERNORS / COUNCIL MEMBERS' RESPONSIBILITIES

The Technical, Vocational, Education & Training Act 2013, require the Council to prepare financial statements in respect of The Eldoret National Polytechnic, which give a true and fair view of the state of affairs of the Polytechnic at the end of the financial year/period and the operating results of the Polytechnic for that year/period. The Council are also required to ensure that the Polytechnic keeps proper accounting records which disclose with reasonable accuracy the financial position of the Polytechnic. The Council are also responsible for safeguarding the assets of the The Eldoret National Polytechnic.

The Council is responsible for the preparation and presentation of the The Eldoret National Polytechnic's financial statements, which give a true and fair view of the state of affairs of the The Eldoret National Polytechnic for and as at the end of the financial year (period) 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 Eldoret National Polytechnic; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of The Eldoret National Polytechnic; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accepts responsibility for The Eldoret National Polytechnic's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) Accrual, and in the manner required by the Public Finance Management Act, 2012 and the State Corporations Act. The Council are of the opinion that The Eldoret National

The Eldoret National Polytechnic Annual Report & Financial Statements for the year ended 30th June, 2021


Polytechnic's financial statements give a true and fair view of the state of The Eldoret National Polytechnic's transactions during the financial year ended June 30, 2021, and of The Eldoret National Polytechnic's financial position as at that date. The Council further confirm the completeness of the accounting records maintained for The Eldoret National Polytechnic, which have been relied upon in the preparation of The Eldoret 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 Council to indicate that the The Eldoret 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 Eldoret National Polytechnic's financial statements were approved by the Governing Council on 30th September, 2021 and signed on its behalf by

Prof. Eng. Simiyu Sitati



Chair Person, Governing Council

Date: 30th September, 2021

Mr. Josphat K. Sawe

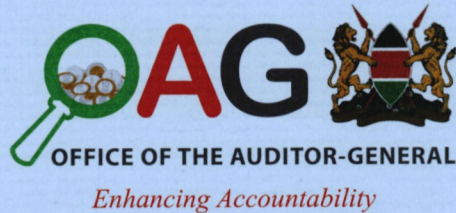


Accounting Officer,
Secretary, Governing Council

Date: 30th September, 2021

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON THE ELDORET NATIONAL POLYTECHNIC FOR THE YEAR ENDED 30 JUNE, 2021

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, gazette 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 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 The Eldoret National Polytechnic set out on pages 1 to 45, which comprise of the statement of financial position at 30 June, 2021, and the statement of financial performance, statement of changes in net

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

In my opinion, except for the 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 Eldoret National Polytechnic as at 30 June, 2021, 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 and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1.0 Unconfirmed Balances

Several balances reflected in the financial statements were not supported with sufficient appropriate records, as discussed in the following paragraphs:

1.1 Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance totalling Kshs.120,984,893 as disclosed in Note 27 to the financial statements. The balance includes staff production unit advances totalling Kshs.17,151,875 and sundry debtors totalling Kshs.8,989,955 that have been outstanding for several years. In addition, Note 36(a) to the financial statements reflects a provision on doubtful debts totalling Kshs.4,374,559 being 5% of the outstanding receivables. However, the provision was not netted off against gross fees totalling Kshs.87,491,170 reflected in the statement of financial position.

In the circumstance, the extent of recoverability of receivables from exchange transactions balance totalling Kshs.26,141,830 could not be confirmed.

1.2 Trade and Other Payables from Exchange Transactions

The statement of financial position reflects trade and other payables from exchange transactions balance totalling Kshs.185,853,138, as further disclosed in Note 34 to the financial statements. The balance includes National Government Constituencies Development Fund (NGCDF) and other bursaries totalling Kshs.40,519,087, un-receipted bank deposits totalling Kshs.26,675,387 and student smart card balances totalling Kshs.1,316,535 that had not been receipted and debited to the respective students' accounts.

In the circumstances, the accuracy and completeness of the trade and other payables from exchange transactions totalling Kshs.68,511,009 included in the aggregate balance of Kshs.185,853,138 reflected in the financial statements could not be confirmed.

1.3 Property Plant and Equipment

The statement of financial position reflects property plant and equipment balance totalling Kshs.5,101,141,339, as further disclosed in Note 31 to the financial statements. Records on the balance indicated that a revaluation of the Polytechnic's assets was carried out in 2019 but the respective report had not been Submitted to the Governing Council and its contents incorporated in the books of the Polytechnic as at 30 June, 2021.

In the circumstances, the valuation and completeness of the property, plant and equipment balance totalling Kshs.5,101,141,339 could not be confirmed.

2.0 Discrepancies in Financial Statements

The financial statements contain the following inaccuracies:

- i. The statement of financial performance reflects comparative use of goods and services expenditure totalling Kshs.218,796,872 while Note15 reflects Kshs.239,221,316 resulting to an unexplained variance of Kshs.20,424,447.
- ii. The statement of financial performance reflects provisions totalling Kshs.6,130,743 instead of Kshs.6,710,743 being the difference of last year's provision totalling Kshs.11,085,302 and current year's provision of Kshs.4,374,559.
- iii. The statement of cash flows erroneously reflects prior year adjustments totalling Kshs.202,934 under adjustments for non-cash income and expenses. However, the adjustments were not disclosed in the statement of financial performance.
- iv. The statement of cash flows erroneously reflects biological assets with a negative book value of Kshs.1,431,700 under working capital instead of investing activities.
- v. The statement of cash flows erroneously reflects change in provisions of negative Kshs.6,710,743 under working capital instead of under adjustments for non-cash income and expenses.
- vi. Note 36(a) to the financial statements erroneously reflects Kshs.580,000 being provision for accrued audit fees, under provisions instead of trade payables.

In the circumstances, the respective balances are misstated and as a result, their accuracy and fair presentation in the financial statements could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of The Eldoret 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.

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

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.709,000,000 and Kshs.425,092,839 respectively, resulting in a shortfall of revenue totalling Kshs.283,907,161 or 40% of the budget. Similarly, the Polytechnic spent Kshs.531,208,613 out of the approved expenditure budget of Kshs.709,000,000, resulting in an under-expenditure of Kshs.177,791,387 or 26% of the budget.

The shortfall of revenue and under-expenditure affected planned activities and may have hampered service delivery to the students and other stakeholders of the Polytechnic. .

2. 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.

The report on following up on the Auditor's recommendations appended to the financial statements for the year under review indicates that some of the issues have since been resolved while work to resolve the remainder was ongoing as at 30 June, 2021. The actual status of the issues will be confirmed after they are discussed by Parliament.

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. Lack of Ethnic Diversity in Staffing

Review of personnel records indicated that the Polytechnic had a staff establishment of two hundred and sixty-seven (267) employees, out of whom two hundred and twenty-five (225) or 84% were from the dominant community in Uasin Gishu County. Therefore only

forty-two (42) or 16% of staff were drawn from other ethnic communities. This was contrary to Section 7(1) and Section 7(2) of the National Cohesion and Integration Act, 2008 which requires all public establishments to seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

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

2. Un-Competitive Recruitment

Expenditure records indicated that Kshs.4,299,280 was spent on wages paid to thirty-seven (37) casual labourers, and Kshs.16,772,675 was paid to one hundred and eighteen (118) trainers. However, there was no documentary evidence to confirm that the Principal declared to the Board and advertised the positions for members of the public to apply. This was contrary to Paragraph 2.7.4(c) of Human Resource Policy Manual of The Eldoret National Polytechnic which requires the Principal to declare to the Board, in accordance with the procedures set out in the manual, all vacant posts in the Polytechnic's establishment.

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

3. Failure to Submit Monthly Reports

Review of expenditure records indicated that Management did not prepare and submit monthly financial and non-financial budgetary reports to The National Treasury with copies to the Controller of Budget and the Auditor-General. The omission contravened Regulation 55(1) of the Public Finance Management (National Government) Regulations, 2015 which requires an Accounting Officer of a National Government entity to submit, not later than the tenth day of each month, monthly financial and non-financial budgetary reports to The National Treasury with copies to the Controller of Budget and the Auditor-General.

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

4. Failure to Maintain a Fixed Assets Register

The statement of financial position reflects property, plant and equipment balance totalling Kshs.5,101,141,339, as further disclosed in Note 31 to the financial statements. However, the fixed asset register was not provided for audit. This was contrary to Regulation 143(1) of the Public Finance Management (National Government) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession, as prescribed by the relevant laws.

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

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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

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 those Charged with Governance

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Polytechnic's ability to continue to sustain its 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.

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

Auditor-General's Responsibilities for the Audit

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 control in order to give an assurance on the effectiveness of internal controls, risk management and overall 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 control 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 controls 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 judgement and maintain professional skepticism 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 control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the 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 continue 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 Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control 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.


CPA Nancy Oathanga, CBS
AUDITOR-GENERAL

Nairobi

22 September, 2022

XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE, 2021

	NOTE	2020/2021 Kshs.	2019/2020 Kshs.
Revenue from non-exchange transactions			
Transfers from the National Government-grants/gifts in kind	6	-	-
Grants from donors & development partners	7	-	-
Transfer from other levels of government	8	-	-
Public contributions and donations	9	-	-
Revenue from exchange transactions			
Rendering of services-Tuition fees & Other incomes	10	418,629,818	534,006,369
Sale of goods	11	2,475,476	3,499,008
Rental revenue from facilities and equipment	12	811,760	979,566
Finance income-External investment	13	-	-
Other income	14	3,175,785	5,515,359
		425,092,839	544,000,301
Total revenue		425,092,839	544,000,301
Expenses			
Use of goods and services	15	248,851,312	218,796,872
Employee costs	16	188,897,123	197,038,420
Remuneration of Governing Council members	17	10,355,170	9,068,418
Depreciation and amortization expense	18	54,674,263	39,657,805
Repairs and maintenance	19	27,016,398	29,347,933
Rent		-	10,410,800
Contracted services	20	7,545,090	-
Grant and subsidies	21	-	-
Finance costs	22	-	-
Marketing		-	10,013,644
Provisions	36	(6,130,743)	(4,424,285)
Total Expenses		531,208,613	509,909,606
Other gains/(losses)			
Gain on sale of assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Impairment loss	25	-	-
Surplus before tax		(106,115,774)	34,090,695
Taxation		-	-
Deficit for the period		(106,115,774)	34,090,695

The notes set out on pages 6 to 53 form an integral part of the annual financial statement

CPA Richard K. Sang Date: 30th September, 2021

Sign: 

Finance Officer: ICPAK NO. 7347

Mr. Josphat K. Sawe Date: 30th September, 2021

Sign: 

Principal/Secretary, Governing Council

Prof. Eng. Simiyu Sitati Date: 30th September, 2021

Sign: 

For: Chairman, Governing Council.

XIV. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2021

Assets	NOTES	2020/2021	2019/2020
Current assets		Ksh	Ksh
Cash and cash equivalents	26	142,127,354	137,830,546
Receivables from exchange transactions	27(a)	120,984,893	256,161,905
Receivables from non-exchange transactions	28	-	-
Inventories	29	3,739,807	3,035,835
Investments -Biological Assets	30	8,318,400	6,886,700
Total-Current assets		275,170,454	403,914,986
Non-current assets			
Property, plant and equipment	31	5,101,141,339	5,110,095,116
Intangible assets	32	-	-
Investments	33	-	-
Long term receivables from exchange transactions	27(b)	-	-
Total Non-current assets		5,101,141,339	5,110,095,116
Total assets		5,376,311,792	5,514,010,102
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	34	185,853,138	205,023,820
Refundable deposits from customers-caution money	35	7,960,727	13,661,834
Provisions	36	-	6,114,130
		193,217,253	224,799,785
Non-current liabilities			
Total Non-current liabilities		-	-
Total liabilities		193,217,253	224,799,785
Net assets		5,183,094,540	5,289,210,318
Revaluation Reserves	XV	4,824,705,729	4,823,274,029
Accumulated surplus/Deficit	XV	(99,828,974)	7,718,500
G.O.K Exchequer grants	XV	403,916,571	403,916,571
Donated Assets (MOEST)	XV	54,301,215	54,301,215
Total net assets and liabilities		5,183,094,540	5,289,210,314

The Annual Financial Statements set out on pages 1 to 5 were signed on behalf of the polytechnic's Governing Council by:

CPA Richard K. Sang Date: 30th September, 2021 Sign: 

Finance Officer: ICPAK NO. 7347

Mr. Josphat K. Sawe Date: 30th September, 2021 Sign: 

Principal/Secretary, Governing Council

Prof. Eng. Simiyu Sitati Date: 30th September, 2021 Sign: 

Chairman, Governing Council.

XV. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE, 2021

	Retained earnings Kshs	Fair value adjustment reserves Kshs	Capital/Development Granta/Fund Kshs	Donated Assets Kshs	Total Kshs
Balance as at 30 JUNE 2019	(26,372,195)	4,823,274,029	396,274,821	30,301,215	5,223,477,870
Balance as at 1st JULY 2019	(26,372,195)	4,823,274,029	396,274,821	30,301,215	5,223,477,870
Surplus/(deficit) for the period	34,090,695	-	-	-	34,090,695
Prior year adjustment	-	-	-	-	-
Exchequer grant	-	-	7,641,750	-	7,641,750
Revaluation of Biological assets	-	-	-	-	-
donations and Grants	-	-	-	24,000,000	24,000,000
Revaluation of assets	-	-	-	-	-
Balance as at 30 JUNE 2020	7,718,500	4,823,274,029	403,916,571	54,301,215	5,289,210,314
Balance as at 1st JULY 2020	7,718,500	4,823,274,029	403,916,571	54,301,215	5,289,210,314
Surplus/(deficit) for the period	(107,547,474)	-	-	-	(107,547,474.40)
Prior year adjustment	-	-	-	-	-
Exchequer grant	-	-	-	-	-
Revaluation of Biological assets	-	1,431,700.0	-	-	1,431,700.0
donations and Grants	-	-	-	-	-
Revaluation of assets	-	-	-	-	-
Balance as at 30 JUNE 2021	(99,828,974)	4,824,705,729	403,916,571	54,301,215	5,183,094,540

XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2021

	Note No.	2020/2021 Ksh	2019/2020 Ksh
Surplus/Deficit for the year		(107,547,476)	34,090,695
Adjustments for non-cash income and expenses			
Prior year ledger adjustments		202,934	3,028,799
Adjustments for :-			
Realised income from revaluation of Biological Assets	31	1,431,700	
Depreciation	18	54,674,263	39,657,805
		(51,238,579)	76,777,299
CHANGES IN WORKING CAPITAL			
Changes in Inventories	29	(703,972)	(408,562)
Changes in biological assets	30	(1,431,700)	1,465,200
Changes in Accounts Receivable	27	135,177,013	102,777,436
Changes in Accounts Payable	34	(19,170,682)	(33,819,417)
Changes in refundable deposits from customers	35	(5,701,107)	2,553,753
Changes in Provisions	36	(6,710,743.26)	(4,424,284)
		101,458,808	68,144,125
Net Inflows/Outflows from Operating Activities		50,220,229	144,921,424
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Non-currents assets	31	(45,923,421)	(45,481,736)
Adjustment for Transfers (Projects Inter bank accounts)		-	-
Net cash flows from investing activities		(45,923,421)	(45,481,736)
CASH FLOWS FROM FINANCING ACTIVITIES			
Government Development Grants		-	7,641,750
Asset Financing Term loan (NBK)/Repayment		-	-
Net cash flows from financing activities		-	7,641,750
Net increase/decrease in cash and cash equivalents		4,296,808	107,081,438
Cash and cash equivalents at the beginning of the year	26	244,911,984	137,830,546
Bank overdraft at the beginning of the year		-	-
Cash and cash equivalents at the end of the year:	26	142,127,354	244,911,984

XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE, 2021

THE ELDORET NATIONAL POLYTECHNIC

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

		Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	Note	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
Revenue						
Exchequer operations grants	3	-		-		
Public contributions and donations	4			-		
Rendering of services-Tuition fees & other incomes	5	698,508,200		698,508,200	418,629,818	(279,878,383)
Sale of goods	6			-		
Finance income	7	-		-		-
Other income	8	8,621,800		8,621,800	4,219,561	(4,402,239)
Gain on disposal,rental income and agency fees.	9	1,870,000		1,870,000	811,760	(1,058,240)
Total income		709,000,000		709,000,000	423,661,139	(285,338,862)
Expenses						
Employee costs	10	232,286,688	-	232,286,688	188,897,123	43,389,565
Use of goods and services	11			-		-
Remuneration of Governing Council members	12	15,000,000	-	15,000,000	10,355,170	4,644,830
Grants and subsidies paid	13	-	-	-	-	-
Depreciation and amortization expense	14	55,000,000	-	55,000,000	54,674,263	325,737
Repairs and maintenance	15	46,751,932	-	46,751,932	27,016,398	19,735,534
Administration & Central service expenses	16	327,071,380	-	327,071,380	242,042,143	85,029,237
Rents	17	16,800,000	-	16,800,000	10,614,900	6,185,100
Marketing expenses	18	11,090,000	-	11,090,000	3,739,360	7,350,640
Provisions	19	5,000,000	-	5,000,000	(6,130,743)	11,130,743
Total expenditure		709,000,000	-	709,000,000	531,208,614	177,791,386
Surplus/Deficit for the period		-			(107,547,475)	(107,547,475)

XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Eldoret National Polytechnic is established by and derives its authority and accountability from TIVET Act of 2013, and the PFM Act 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya the entities principal activity is to produce human capital and advance technology through innovative training for a dynamic economy.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION – IPSAS 1

The Eldoret National Polytechnic's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Eldoret National Polytechnic and all values are rounded to the nearest shilling (Ksh0.00). The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. ADOPTION OF NEW AND REVISED STANDARDS.

- a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.
- b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment.
Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.
- c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets.
Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.
- d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).
Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.

The above changes did not impact on the preparation of the Financial Statements of the Eldoret National Polytechnic.

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

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.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

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 2020/2021 was approved by the Council or Board on 25th July, 2020. No subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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 a 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 under section of these financial statements.

c) Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where The Eldoret National Polytechnic operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions

The Eldoret National Polytechnic Annual Report & Financial Statements for the year ended 30th June, 2021
taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Sales tax/ Value added Tax

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

When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable

When receivables and payables are stated with the amount of sales tax included

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

d) Investment property

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

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition.

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

e) Property, plant and equipment

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

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 so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the 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 deficits on a straight-line basis over the lease term.

g) Intangible assets

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

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

h) Research and development costs

The Eldoret National Polytechnic expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when The Eldoret National Polytechnic 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.

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Eldoret National Polytechnic determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when The Eldoret National Polytechnic has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Eldoret National Polytechnic assesses at each reporting date whether there is objective evidence that a financial asset or a Polytechnic of financial assets is impaired. A financial asset or a Polytechnic or financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or Polytechnic financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

The major debtors or some of debtors are experiencing significant financial difficulty

Default or delinquency in interest or principal payments

The probability that debtors will enter bankruptcy or other financial reorganization

Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Eldoret National Polytechnic determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) 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 labor 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.

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 Eldoret National Polytechnic.

j) Provisions

Provisions are recognized when The Eldoret National Polytechnic has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Eldoret National Polytechnic expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any Reimbursement.

While preparing the financial statements, The Eldoret National Polytechnic provided 5% as a provision on uncollectible fees and was charged to performance. It is the policy of the polytechnic NOT to provide any provision on other debtors e.g. House Rent, Advances etc. as they are deemed to be collected at an arm's length.

Contingent liabilities

The Eldoret 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. No other contingent liability was probable in the recent year 2020/2021.

Contingent assets

The Eldoret National Polytechnic 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 Polytechnic 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.

k) Nature and purpose of reserves

The Eldoret National Polytechnic creates and maintains reserves in terms of specific requirements. The Eldoret National Polytechnic to state the reserves maintained and appropriate policies adopted.

l) Changes in accounting policies and estimates

The Eldoret 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.

m) Employee benefits

Retirement benefit plans

The Eldoret National Polytechnic provides retirement benefits for its employees on gratuity basis. Defined contribution plans are post-employment benefit plans under which The Eldoret National Polytechnic pays fixed contributions into a separate The Eldoret National Polytechnic (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.

n) Foreign currency transactions

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

o) 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.

p) Related parties

The Eldoret National Polytechnic regards a related party as a person or an officer/member with the ability to exert control individually or jointly, or to exercise significant influence over The Eldoret National Polytechnic, or vice versa. Members of key management are regarded as related parties and comprise the Chairman, the Chief executive officer(principal), Governing Council members, top management members and any other officer working for the polytechnic.

q) Service concession arrangements

The Eldoret 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 Eldoret National Polytechnic 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 Eldoret National Polytechnic also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

r) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the 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 authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

s) Comparative figures

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

t) 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, 2021.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Eldoret National Polytechnic based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and

assumptions about future developments may change due to market changes or circumstances arising beyond the control of The Eldoret National Polytechnic. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

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

The condition of the asset based on the assessment of experts employed by The Eldoret 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. Additional disclosure of these estimates of provisions is included in Note 24.

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.

Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are rehabilitated over years and the assumption was made that the areas stay the same in size for a number of years.

Provision is made for the estimated cost to be incurred on the long-term environmental obligations, comprising expenditure on pollution control and closure over the estimated life of the landfill. The provision is based on the advice and judgment of qualified engineers.

The estimates are discounted at a pre-tax discount rate that reflects current market assessments of the time value of money.

The increase in the rehabilitation provision due to passage of time is recognized as finance cost in the statement of financial performance.

The cost of on-going programs to prevent and control pollution and rehabilitate the environment is recognized as an expense when incurred.

Fixed assets and depreciation –IPSAS 17

Fixed assets are stated at cost or valuation, less accumulated depreciation. Depreciation is calculated on the straight-line basis, at annual rates estimated to write off carrying values of the assets over their expected useful lives. Assets acquired during the year are depreciated from the date of acquisition.

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The annual depreciation rates of assets in use are as follows: -

Assets	Rate (p. a)
Buildings	2%
Furniture, plant and equipment	12.5%
Motor vehicles	25 %
Computers	33.3 %

Freehold land is not depreciated as it is deemed to have an infinite life.

v) Agriculture – IPSAS 27

Biological assets were dealt as per IPSAS 27 which outlines the accounting treatment for agricultural activity, the biological transformation and harvest of biological assets and conversion into agricultural produce. Biological assets were measured at fair value less costs to sell unless fair value measurement is unreliable. In regard to agricultural produce, we presumed that the fair value could be determined reliably by the Farm Manager who is also a member of Agricultural Society of Kenya as stated in basis of valuations given below.

In the fore-going the biological assets in the financial statements were dealt with in consideration of the following assumptions:

Agricultural activity means the management by the polytechnic of the biological transformation and harvest of biological assets

Conversion into agricultural produce or into additional biological assets for sale or for distribution at no charge or for a nominal charge.

Agricultural produce means the harvested product of the polytechnic's biological assets.

Biological asset means a living animal or plant.

Harvest means the detachment of produce from a biological asset or the cessation of a biological asset's life processes.

Costs to sell mean the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes.

Recognition

A biological asset or agriculture produce was recognized only when

The entity controls the asset as a result of past events

It is probable that future economic benefits will flow to the entity

The fair value or cost of the asset can be measured reliably

Basis for valuation

All farm biological assets are valued based on market rates by an expert from the Government of Kenya Department concerned with Agriculture & Livestock. Apart from market rates, valuation for all the farm biological assets is based on the following factors:

Dairy cows

All the cows were valued differently based on:

Age- Older cows in a higher lactation stage will have a lower value than a cow in its first lactation. An in-calf heifer that has never given but before will have the highest value than any cow in the herd. Younger cows also have a lower value.

Sex: Bull cows in the same age are valued differently from heifer cows in the same age.

Registration: All our female cows are registered with Kenya Stud Book and all have registration certificates. Registered cows are valued highly.

Pedigree: The institution cows have been bred and upgraded for many years using artificial insemination. Their pedigree information and records is well known through continued record keeping. They are superior breeds with high milk production. Pedigree cows have a higher value than other cows.

Pure breeds: These are cows whose ancestors or pedigree information is the same. The cows are pure Ayrshire's without any mix of other blood. This means their lineage is known therefore an added value.

Doper Sheep

The doper sheep are valued based on the following:

Sex: females have a higher value than the males

Age: Female sheep that have been weaned and have already been served or in lamb for the first time fetch the highest price than older or younger females.

Pure breeds: Sheep that have been bred selectively from pedigree rams will also be valued higher than those bred randomly.

Pigs (Large White)

Pigs are valued based on:

Age

Breed

Sex

Condition e.g., whether lactating, dry or in gilt (pregnant)

Live weight

Poultry

The poultry is valued based on the following:

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Age

Indigenous vs Hybrid: Hybrid chicken is valued higher than indigenous chicken.

Crops

Crops are valued based on the following:

Growth stage

Acreage planted

Inputs applied

10. RENDERING OF SERVICES	2020/2021	2019/2020
	Kshs.	Kshs.
Tuition fees	246,936,068	311,285,943
Application fees	2,088,450	1,992,430
Industrial Attachment fees	4,592,200	6,457,723
Registration fees	1,169,000	1,435,400
Maintenance	6,247,400	5,190,448
Electricity, Water & Conservancy	6,248,600	8,344,714
Local Travel & Transport	6,195,200	8,343,600
Library levy	6,256,830	8,440,575
Internet Levy	6,734,600	8,351,465
Hostel & Catering	5,099,875	4,079,379
Tender fees and other misc. incomes	280,550	-
Medical fees	15,407,000	20,891,050
Personal Emoluments	46,271,790	63,278,866
Graduation Income	6,000	1,990,040
Sports	30,784,500	41,807,000
Driving school income	1,334,955	945,985
Research and Development	168,000	1,500
Practicals fees	32,808,800	41,170,250
Total	418,629,818	534,006,369

11. SALE OF GOODS	2020/2021	2019/2020
	Kshs.	Kshs.
Sale of farm produce	2,475,476	3,499,008
Cafeteria	-	-
Total revenue from sale of goods	2,475,476	3,499,008

12. HIRE OF FACILITIES AND EQUIPMENT	2020/2021	2019/2020
	Kshs.	Kshs.
Hire of facilities and equipment	-	-
Contigent rentals -Staff quarters rent	811,760	979,566
Operating lease revenue	-	-
Total	811,760	979,566

13. FINANCE INCOME	2020/2021	2019/2020
	Kshs.	Kshs.
Cash investments and fixed deposits	-	-
Total	-	-

14. OTHER INCOMES	2020/2021	2019/2020
	Kshs.	Kshs.
Income from sale of tender	-	-
Graduation fees	-	-
Rental of physical facilities and services	905,517	3,125,634
Guest House & Conferences	800,268	2,020,524
Disposal of inserviceable/Obsolete assets	38,300	369,200
Total	1,744,085	5,515,359

15. USE OF GOODS AND SERVICES (Administrative and Central service costs)	2020/2021	2019/2020
	Ksh	Ksh
Medical Expenses	2,078,101	2,821,890
Travelling, Transport & Accom. Exp.	33,259,559	32,271,532
Telephone/Telecommunicatin Expenses	1,951,100	2,121,900
Electricity, Water & Conservancy	10,593,056	12,707,287
Graduation Expenses	710,880	5,296,311
Insurance Expenses(Assets covers)	1,896,842	3,639,089
Insurance Expenses(Student Life covers)	871,200	496,233
Postage	100,455	157,725
Bank Charges	237,022	244,488
Administrative costs	32,494,738	25,227,601
Fees, Commissions & Honoraria/ conference delegation	34,737,496	14,930,340
Staff Uniforms & other protective gear	1,665,765	-
Catering, Hostel and Conference Expenses	23,140,682	18,217,842
Attachment Expenses	2,894,275	2,564,750
Tuition and related Expenses	46,920,354	36,662,745
Sports	12,179,680	28,156,714
Rental and Hire of teaching Equipment and facilities	12,764,823	11,480,650
Subscription Charges- KUCCPS,	7,429,500	-
Advertising & Publicity	3,739,360	10,013,644
Fuel oil & lubricants	7,395,657	7,107,461
Licenses and permits	-	-
Driving school Expenses	167,810	84,350
Tivet Fairs, Research & Development	1,410,930	2,121,790
Performance, Evaluation & Monitoring	1,729,898	1,821,888
Contracted Professional & Consultancy services	-	3,589,363
Outsourced Legal fees	253,800	2,492,507
Revaluation loss for biological assets	-	1,492,900
Student union expenses	183,100	-
Farm expenses	6,474,048	13,500,317
Audit fees	-	-
Guest House & Conference expenses	1,571,181	-
Total	248,851,312	239,221,316

16. EMPLOYEE COSTS	2020/2021	2019/2020
	Kshs.	Kshs.
Basic Salary/ Salaries and wages	116,576,491	138,183,484
Other Allowances(Hse,leave & DIT Levy)	31,454,510	17,167,957
Gratuity Costs/Contribution to pensions	9,156,820	2,596,349
Commuter	14,656,266	9,785,293
Staff Training & Development	-	-
Medical allowances	2,918,298	1,922,829
Salary Arrears	80,161	58,424
Part time teaching claims(Facilitators)	12,835,577	27,284,084
Passage & Leave Allowance	1,219,000	40,000
Overtime payments	-	-
Total	188,897,123	197,038,420

17. REMUNERATION OF GOVERNING COUNCIL	2020/2021	2019/2020
	Kshs.	Kshs.
Directors emoluments/Governing Council Expenses	10,355,170	9,068,418
Other allowances	-	-
Total	10,355,170	9,068,418

18. DEPRECIATION AND AMORTIZATION EXPENSES	2020/2021	2019/2020
	Kshs.	Kshs.
Plant and equipment	13,806,007	13,599,772
Buildings	16,792,392	16,488,451
Computers, Printers and Copiers	4,349,197	3,547,702
Furniture and fittings	6,296,447	5,938,247
Motor vehicles	13,430,220	83,633
Intangible assets	-	-
Total	54,674,263	39,657,805

25. IMPAIRMENT LOSS	2020/2021	2019/2020
	Kshs.	Kshs.
Intangible assets.	-	-
Total	-	-

26. Cash and cash equivalents	2020/2021	2019/2020
	Kshs.	Kshs.
Cash-on-hand and in transit	2,568,520	433,748
Current account (Bank)	139,558,834	137,396,798
Total cash and cash equivalents	142,127,354	137,830,546

Detailed analysis of the cash and cash equivalents

26. (a) Banks

Name of the Bank	Bank Account Number	2020/2021	2019/2020
		Kshs.	Kshs.
National Bank of Kenya -Eldoret	01021027668101	11,536,204	78,178,006
National Bank of Kenya -Eldoret	01021027668102	7,321,167	589,252
National Bank of Kenya -Eldoret	01021027668103	1,521,172	508,881
National Bank of Kenya -Eldoret	01021027668104	967,693	1,405,126
National Bank of Kenya -Eldoret	01021027668105	13,287,696	1,377,220
National Bank of Kenya -Eldoret	01021027668106	5,731,732	15,498,637
National Bank of Kenya -Eldoret	0124027668100	93,907,978	39,398,482
Co-operative Bank of Kenya	01129441884400	5,285,192	441,194
Total		139,558,834	137,396,798

26.b) Cash on hand and in transit

Form of cash holding e.g liquid cash, Mpesa, Mobicash, e.t.c	2020/2021	2019/2020
	Ksh.	Kshs.
Hard Currency	22,057	27,873
Money Orders & cheques	-	-
M-Pesa (Pay Bill No. (304250)	1,565,831	295,971
M-Pesa (Pay Bill No. 632451)	980,632	109,904
Total	2,568,520	433,748

26. (C) Net Bank Balances

	2020/2021	2019/2020
	Kshs.	Kshs.
Total	142,127,354	137,830,546

27. (a) RECEIVABLES FROM EXCHANGE TRANSACTIONS	2020/2021	2019/2020
Current Receivables:	Kshs.	Kshs.
Students debtors	87,491,170	221,706,036
Sundry debtors	8,989,955	8,960,997
House Rent debtors	2,991,765	3,081,995
Staff P.U Advances	17,151,875	17,701,119
Staff salary advances	1,016,644	1,286,124
Staff Imprests	1,843,484	1,795,014
Sports	-	130,621
Rental facility deposit-Debtos	1,500,000	1,500,000
Total	120,984,893	256,161,905
27 (b) Long term Receivables from Exchange Transactions Non-Current Receivables:		
Refundable deposits		
Total	-	-
Current portion transferred to current receivables (Less)	-	-
Total non-current receivables	-	-
Total receivables	120,984,893	256,161,905

28. (a) RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	2020/2021	2019/2020
Current Receivables:	Kshs.	Kshs.
Capitation grant	-	-
Total current receivables	-	-

29 .a) INVENTORIES	2020/2021	2019/2020
	Kshs.	Kshs.
Inventory Central Stores(Stock)/Cnsumable stores	-	3,035,835
Consumables stores-Stationery	1,052,274	-
Maintenance stores	255,350	-
Health unit stores	-	-
Electrical stores/ Toners	967,000	-
Cleaning material stores	711,795	-
Catering stores	753,388	-
Total inventories at the lower of cost and net realizable value	3,739,807	3,035,835
30. INVESTMENTS	2020/2021	2019/2020
	Kshs.	Kshs.
Biological assets		
Maize in Field	-	-
Fodder in Field	-	-
Vegetables	30,000	30,000
Silage	1,050,000	900,000
Maize in store	-	-
livestock	6,836,600	5,839,000
Pigs	-	-
Poultry	107,400	89,700
Avocado Plants	18,400	28,000
Tissue Culture Bananas	276,000	-
Total	8,318,400	6,886,700

31. PROPERTY, PLANT AND EQUIPMENT MOVEMENT SCHEDULE FOR 2020-2021

	Land	Buildings	W.I.P	Plant and Equipment	Computers, Printers & Copiers	Furniture & Fittings	Motor Vehicles	Total
Depreciation Rate	-	0.02	-	0.125	0.333	0.125	0.25	
COST/VALUATION	KShs	KShs.	KShs.	KShs	KShs.	KShs.	KShs	KShs.
Bal as at 30 June,2019	4,290,816,000	747,410,089	75,701,885	72,643,726	54,242,224	32,648,472	22,704,091	5,296,166,487
Bal. as at 1st July,2019	4,290,816,000	747,410,089	75,701,885	72,643,726	54,242,224	32,648,472	22,704,091	5,296,166,487
Additions	-	-	24,802,480	2,567,006	3,254,747	14,857,503	-	45,481,736
Disposals	-	-	-	-	-	-	-	-
Donations	-	-	-	24,000,000	-	-	-	24,000,000
Transfer/adjustments	-	77,012,456	(89,628,702)	9,587,446	-	-	-	-
Revaluations during the year	-	-	-	-	-	-	-	-
Bal as at 30 June,2020	4,290,816,000	824,422,545	10,875,663	108,798,178	57,496,971	47,505,975	22,704,091	5,362,619,423
Bal. as at 1st July,2020	4,290,816,000	824,422,545	10,875,663	108,798,178	57,496,971	47,505,975	22,704,091	5,362,619,423
Additions	-	408,960	4,115,341	1,649,880	5,866,850	2,865,599	31,016,790	45,923,420
Disposals								
Donations								
Transfer/adjustments		14,788,071	(14,991,005)					(202,934)
Revaluations during the year								
Bal as at 30 June,2021	4,290,816,000	839,619,576	(1)	110,448,058	63,363,821	50,371,574	53,720,881	5,408,339,909
DEPRECIATION								
Accum. At 30June 2018	-	(55,166,321)	-	(49,716,970)	(41,998,206)	(14,313,155)	(22,166,786)	(183,361,437)
At 1st July 2018	-	(55,166,321)	-	(49,716,970)	(41,998,206)	(14,313,155)	(22,166,786)	(183,361,437)
Depreciation charged (18/19)	-	(14,948,202)	-	(9,080,466)	(1,311,706)	(4,081,059)	(83,633)	(29,505,065)
Impairment	-	-	-	-	-	-	-	-
Accum. As At 30June 2019	-	(70,114,523)	-	(58,797,436)	(43,309,911)	(18,394,214)	(22,250,419)	(212,866,502)
At 1st July 2019	-	(70,114,523)	-	(58,797,436)	(43,309,911)	(18,394,214)	(22,250,419)	(212,866,502)
Depreciation charged (19/20)	-	(16,488,451)	-	(13,599,772)	(3,547,702)	(5,938,247)	(83,633)	(39,657,805)
Impairment	-	-	-	-	-	-	-	-
Accum. As At 30June 2020	-	(86,602,974)	-	(72,397,208)	(46,857,613)	(24,332,460)	(22,334,052)	(252,524,307)
At 1st July 2020	-	(86,602,974)	-	(72,397,208)	(46,857,613)	(24,332,460)	(22,334,052)	(252,524,307)
Depreciation charged (20/21)	-	(16,792,392)	-	(13,806,007)	(4,349,197)	(6,296,447)	(13,430,220)	(54,674,263)
Impairment								
Accum. As At 30 June 2020	-	(103,395,365)	-	(86,203,215)	(51,206,811)	(30,628,907)	(35,764,272)	(307,198,570)
NBV At 30 June 2021	4,290,816,000	736,224,210	(1)	24,244,843	12,157,010	19,742,667	17,956,609	5,101,141,339
NBV At 30 June 2020	4,290,816,000	737,819,571	10,875,663	36,400,970	10,639,358	23,173,515	370,039	5,110,095,116

NB: Depreciation on computers was done on the additional computers for the financial years 2020/2021,2019/20, & 2018/2019.

32. Intangible assets-Software	2021	2020
At the beginning of the year		-
Additions		-
At the end of the year	-	-
Amortization and impairment		
At the beginning of the year	-	-
At the end of the year	-	-
NBV	-	-
33. INVESTMENT PROPERTY	2020/2021	2019/2020
	Kshs.	Kshs.
At the beginning of the year	-	-
	-	-
34. TRADE & OTHER PAYABLES FROM EXCHANGE TRANSACTIONS	2020/2021	2019/2020
Amounts falling due within one year:-	Kshs.	Kshs.
Trade Creditors	60,109,788	57,578,762
Staff P.U Creditors	13,170,928	13,423,748
Part Time Lecturers	-	-
Caution Money	-	-
Examination Fund	41,986,168	62,779,543
Miscellaneous students & other deposits	727,123	714,205
Endebess TTI Project management expenses	-	-
Unreceipted effects:		
CDF & other Bursaries	40,519,087	36,558,222
Unreceipted Bank deposits	26,675,387	16,670,884
CCTV Project payable(Solvit Security Solutions)	-	2,217,006
Retention accounts:		
Pako contractors	411,535	187,245
Nekims Merchants & contractors	-	3,823,343
Harmo Engineering & Building co. ltd	766,294	1,234,989
Eldo-Rotsa constr. Co. (Kitchen Annex)	-	-
Muga Electricals	123,873	106,321
Andimass Electr. Co ltd	46,421	46,421
Retentions Fabricated Lecture rooms payable(Bareu)	-	468,270
Retentions Fabricated Lecture Rooms (Soltrak)	-	619,296
Amounts falling due without one year:-		
Equity student smart card	1,316,535	5,053,535
MOE Grant Bomet	-	3,542,029
Total	185,853,138	205,023,820

35. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS	2020/2021 Kshs.	2019/2020 Kshs.
Consumer deposits	-	-
Student Union	674,345	5,162,745
Caution Money	6,118,189	8,499,089
E.A Regional Network of Excel. In Dairy Colleges & Institutes Canada (CICAN)-SITVES	1,101,213	-
	66,980	-
Total	7,960,727	13,661,834

36. (a) CURRENT PROVISIONS	2020/2021 Kshs.	2019/2020 Kshs.
Provision for accrued Audit fees during the year	580,000	580,000
Provision for uncollectible fees debtors (Reductin in the year)	(6,710,743)	(5,004,285)
Total	(6,130,743)	(4,424,285)

NB: Fees Debtors gross	87,491,170	221,706,036
5% Provision	4,374,559	11,085,302
<i>additional change to charge (4374559-11,085302)</i>	(6,710,743)	(5,004,285)

36. (b) Current Provisions for the year ended 30.6.2020	Fees & Audit Kshs.	Fees & Audit Kshs.
Balance at the beginning of the year	6,114,130	10,538,415
Additional provisions raised (Reduced)	(6,130,743)	(4,424,285)
Provision paid	(580,000)	-
Balance as at 30 June 2021	(596,613)	6,114,130

37. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

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

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

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

(ii) Liquidity risk management

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

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

(iii) Market risk

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

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

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

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

a) Foreign currency risk

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

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

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

Foreign currency sensitivity analysis

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

a) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point.

iv) Capital Risk Management

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

		2020/2021	2019/2020
Net assets		5,183,094,540	5,286,174,483
Revaluation Reserves	XV	4,824,705,729	4,823,274,029
Accumulated surplus/Deficit	XV	(99,828,975)	7,718,500
G.O.K Exchequer grants	XV	403,916,571	403,916,571
Donated Assets (MOEST)	XV	54,301,215	54,301,215
Total net assets and liabilities		5,183,094,540	5,289,210,314

38. 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. From the foregoing statement The Eldoret National Polytechnic did not have any.

APPENDICES

XIX. APPENDIX I: PROGRESS ON FOLLOW UP ON AUDIT RECOMMENDATIONS.

The follow up of the auditor's recommendations is on continuing progress as shown on the management letter response on prior year audit matters.

Reference no. On the external audit report	Issue/Observations from auditor	Management comments	Status	Timeframe-Date expected to resolve.
4.3	Prior year adjustment figure of Ksh 202,934 was not supported	Accrued tuition claims of Ksh 200,865 and Electricity bill of Ksh 2,069 paid up were not disclosed in previous year's creditors as evidenced by the attached payment vouchers on Audit response to the management letter (M.L). The same were expensed in the current statement of performance.	Resolved	
20 i.	Inaccuracies in financial statements			
a)	Misstatement of comparative balances	A wrong table was pasted on the Note No. 11 of the then Annual report and financial statements. The following table attached on the response to the M.L is the correct one. Similarly, the travelling, transport & accommodation figure of Kshs 34,309,971 and tuition and related expenses of Ksh 30,016,832 are correct as per the attached Note 11. Report on response to the M.L. The corrected report on note 11. On the M.L response indicates that marketing expense correctly stood at Kshs 14,600,182.	Resolved	
b)	Arithmetic Error in the Notes to the Financial Statements administration and central services	The Report on Note 11 as provided in section 20 (i) (a) response in the management letter is the correct note indicating a summation of Ksh. 290,580,162 instead of Ksh. 312,651,706. Hence the variance is redundant.	Resolved	

	variance of Kshs.8,769,470			
c)	Un explained prior year adjustment figure of Kshs.3,028,799	<p>The Ksh. 3,028,799, reflected as prior year adjustment on the cash flow statement, was an adjustment for;</p> <p>i). Accrued tuition claims of Ksh. 2,666,146 paid but was not included while disclosing previous year's creditors as per attached payment voucher, on the audit response to the M.L instead was expensed in the current statement of performance, hence added back to reconcile the current deficit.</p> <p>ii). Accrued tuition claims of Ksh. 294,735 paid but was not included while disclosing previous year's creditors as per attached payment voucher, instead was expensed in the current statement of performance, hence added back to reconcile the current deficit.</p> <p>iii). Accrued tuition claims of Ksh. 67,920.94 paid but was not included while disclosing previous year's creditors as per attached payment voucher on the M.L response, instead was expensed in the current statement of performance, hence added back to reconcile the current deficit.</p>	Resolved	
d)	Errors in the Statement of Comparison of Budget and Actual Amounts.	The total budget amount of Kshs. 592,057,837 comprised of Kshs. 592,057,837 for recurrent expenditure and the surplus variance of Kshs. 19,000,000 which was utilized for capital expenditure. As shown on the response to the management letter.	Resolved	
(ii)	Non-Maintenance Fixed Assets Register	We have developed a fixed asset register which is being updated from time to time shown by the attached evidence in query 16 and a soft copy provided for review.	Resolved	
(iii)	Unsupported Rental Revenue Failure to provide valuation reports and the lease agreements between the staff	The lease agreements between the individual staff on house allocation and the Management of the polytechnic together with a register of all rental housing units were attached for audit review on the responses to the management letter.	Resolved	

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	and the Management.			
(iv)	The accuracy of repairs and maintenance expenditure totalling to Kshs.29,347,932 for the year ended 30 June, 2020 could not be confirmed.	Copies of journal vouchers NO.668558, 668024, 667930,667940 & 651485 and relevant supporting documents were provided for your verification.	Resolved	
(v)	Unsupported Outstanding Advances. The accuracy of advances to production unit staff amounting to Kshs. 17,701,119 as at 30 June, 2020 could not be confirmed	Auditors recommendation has been adhered to, we now have an Ageing analysis as per the attached on the responses to the M.L. Issuance of demand letters have helped to recover Kshs 1,995,291.36 as shown by the attached transaction journal on the responses to the management letter.	Ongoing	December 2022
(vi)	Un-receipted Deposits and Transfers Consequently, the completeness and accuracy of the trade and other payables from exchange transactions figure of Kshs.205,023,820 as at 30 June, 2020 could not be confirmed.	The income had been receipted that is why it is reflected in the financial statements. The amount had not been posted to the respective student account because of the following reasons; (i)List of beneficiaries had not been received at the close of the financial year 2019/20 (ii) Inadequate student details i.e., Admission numbers, and incorrect names which have then been corrected.	Resolved	
(vii)	Budgetary Control and Performance. The underfunding and under expenditure may have affected the implementation of approved projects	The non-anticipated occurrence of the COVID 19 pandemic during the year under review interfered with the learning program which led to low intake of students in the year, this therefore led to low revenue collection of Kshs 544,000,302 as supposed to the expected budget of Kshs 592,057,837.	Resolved	

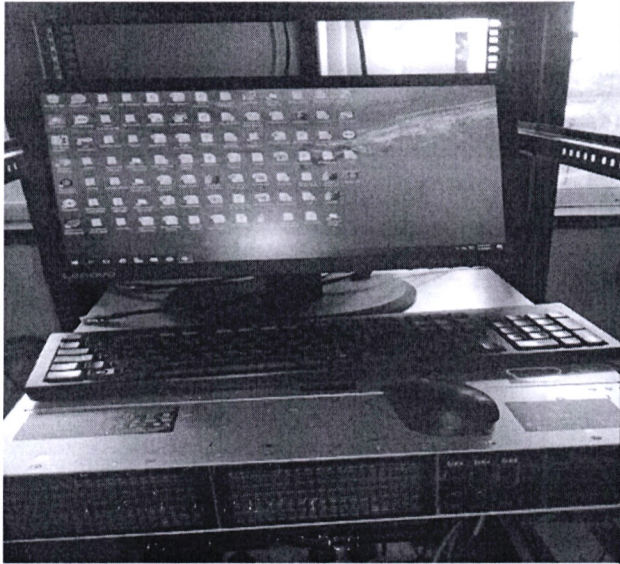
The Eldoret National Polytechnic Annual Report & Financial Statements for the year ended 30th June, 2021

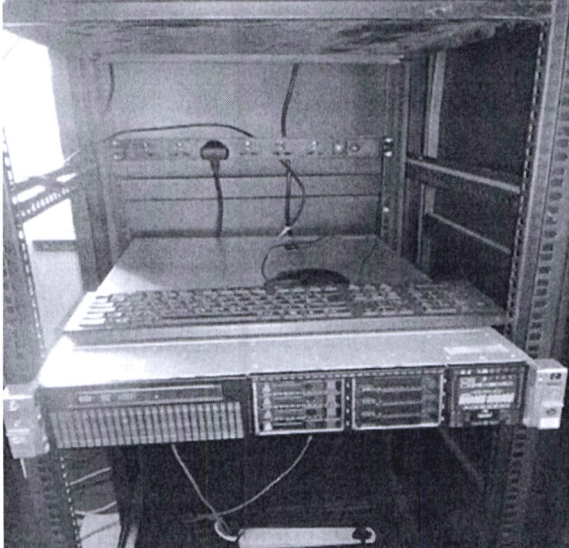
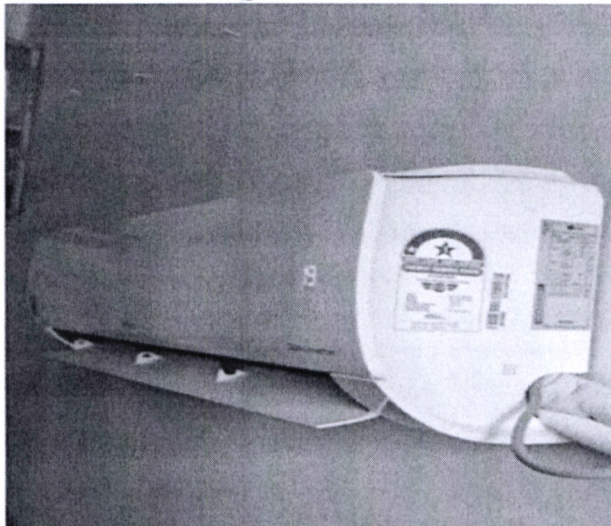
	or programmes and therefore denies the intended beneficiaries the benefits accruing from completed project.	Consequently, approved expenditure budget of Kshs.623, 014,337 which comprised of development vote budget of Kshs. 49,956,500 and recurrent vote budget of Kshs. 573,057,637. However, the Polytechnic expended a total of Kshs.555, 391,341 resulting to an under expenditure amounting to Kshs.67, 622,996 or 11% of the budget. This budget was amended to reflect our corrected budget with an approved expenditure budget of Kshs 592,057,837 comprising of development vote budget of Kshs 19,000,000 and recurrent vote budget of Kshs 573,057,837as shown on the management letter response attached copy.		
(ix) (i)	Non-Compliance with the Financial Reporting Template	The Auditors recommendations was adhered to and the management of the Eldoret national polytechnic has adopted the new revised standards in their financial statements evidenced in our amended financial statements for the year ending 30th June 2021. Statement of adoption of new revised standards has been included in the financial statements.	Resolved	
(ii)	Financial risk management and related party transactions have not been included in the financial statements.	We have included in the notes the financial risk management and related party transactions in the amended financial statements.	Resolved	
(iii)	The following annexes are not included in the financial statements: progress on follow up on audit recommendations, project implementation status, inter entity transfers and reconciliation of transfers from other entities.	We have included in the financial statements: progress on follow up on audit recommendations, project implementation status, inter entity transfers and reconciliation of transfers from other entities as annexes in the financial statements.	Resolved	


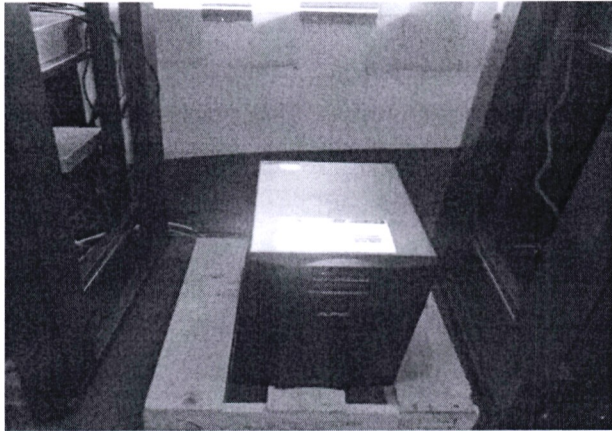
The Eldoret National Polytechnic Annual Report & Financial Statements for the year ended 30th June, 2021

(iv)	iv. The report of the governing council erroneously indicates that the results of Institution are shown on Pages 1-5 instead of Pages 21-25.	We have corrected the page numbering.	Resolved	
(v)	Corresponding notes in respect of revaluation note XIII was not included in the notes to the financial statements. Consequently, the financial statements were not prepared in accordance with approved TVET financial reporting template.	There is no provision as guided by the template to capture note XIII which is currently Note XV in respect of revaluation reserves, accumulated surplus, GOK exchequer grants and donated non-current assets in the notes. However, the same has been captured in the statement of changes in equity. Consequently, we have aligned our amended financial statements and report to reflect the approved TIVET financial reporting template.	Resolved	
(x)	Employees with Net Earnings of Less than a Third of Basic Salaries	The HRO has ensured that no loan application to financial institutions is approved if the 1/3 rule is breached. The issue has been addressed by creating awareness through memos to the employees and discussion of the same during staff general meetings. (memo and minutes attached) on response to the management letter.	Resolved	
(xi)	Failure to Observe One Third Rule on Staff Composition	The issue of majority employees being from one community in the college is historical; Management has put in place measures of addressing this issue by externally advertising vacancies, so as to draw applicants from other communities in Kenya. We are confident that with time, we will be able to address this issue as required. Copies of external job adverts are hereby attached for verification.	Ongoing	30.6.2024

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(xii)	Non-Submission of Monthly Financial and Non-Financial Budgetary Report	The polytechnic has so far managed to prepare and submit quarterly and annual financial and non-financial budgetary reports to the National Treasury with copies to the Controller of Budget However; the implementation of the monthly submission is still in progress.	Continuous	30.6.2024
(xiii)	Failure to Open a Project Bank Account	At the time of audit, the Eldoret Polytechnic had accomplished its mandate of mentoring Bomet TTI the project had been completed all payments including the balance of Kshs 3,542,029 as at 30th June 2020 being made therefore an account could not be opened at the time of project completion. Now going forward any assignment by the Ministry regarding Mentoring of an institution the Law will be followed and a project account will be opened before commencement of the work.	Resolved	
(xiv)	Lack of Inventory Management Policy	The polytechnic is dependent on the international public sector accounting standards regulations number 12 on inventory as a guideline on inventory management.	ongoing	30.06.2023
(xv) (i)	Data Centre Environment and Outdated Student Management System Server	<p>The outdated server has been replaced by a newly acquired one and is being used by the institution for training purposes as pictured below.</p> 	Resolved	
(ii)	Lack of back-up server on standby to mitigate against	The institution has a backup server as shown below	Resolved	

	<p>hardware failure of the student management system server.</p>			
<p>(iii)</p>	<p>The ICT Data Centre room lacks: access control system to restrict and monitor access to the server room, a backup air conditioning equipment, an environmental monitoring system to monitor the humidity and temperature in the Data Centre.</p>	<p>The institution has one air conditioner for the server room that is sufficient to control the temperatures within the room as shown by the attached below image of the air conditioner.</p>  <p>For the environmental monitoring system, we have designed a form to be filled by any person being authorized to access the server room and should be authorized by the accounting officer, we have attached a sample of the form on the M.L response which was being used by the KEBS auditors in accessing the data room.</p>	<p>Resolved</p>	
<p>(iv)</p>	<p>The existing closed-circuit television (CCTV) system has also not</p>	<p>The CCTV system/camera has been installed at the corridor where it can capture any activity at the entry point (door) of the server room as per the attached evidence of the camera.</p>	<p>Resolved</p>	

	been extended to the Data Centre.			
(v)	A backup uninterruptible power supply (UPS) device exists in the Data Centre but has not been installed and connected to the server cabinets.	<p>The backup uninterruptible power supply has been installed and is now functional as shown below.</p> 	Resolved	
(xvi)	Non-Adoption of Valuation Report on Property, Plant and Equipment	The valuation report reference No. LANDS/GEN/SW/1803 is being adopted and updated on regular basis upon acquisition of new assets before final valuation report is developed and adopted.	ongoing	
(xvii)	Lack of an Approved Policy on Income Generating Activities	The draft copy of IGU policy is in place but is yet to be deliberated upon by the governing council before approval and implementation thereafter.	ongoing	

XX. APPENDIX II: PROJECTS IMPLIMENTED BY THE ENTITY

In the financial year 2020/2021 the Eldoret National polytechnic never received any development grant hence there was no project undertaken by the institution during the year of audit.

XXI. APPENDIX III: INTER-ENTITY TRANSFERS

During the year of audit ending 30th June 2021 the polytechnic received no development grants from the ministry and recurrent grants were neither received the only amount remitted from the ministry were the student capitation this therefore led to no inter-entity transfers during the year under review except for student capitation.

Student capitations were the only inter-entity transfers within the year received from the Ministry of Education as shown by the attached schedule below.

SNO	F/Y-PURPOSE	DATE BANKED	AMOUNT	F/Y it relates
a	Student Capitation	6 th November 2020	99,967,500.00	2020/2021-Quarter 1
b	Student Capitation	26 th February 2021	99,712,500.00	2020/2020-Quarter 2
c	Student Capitation	30 th March 2021	113,512,500.00	2020/2021-Quarter 3
TOTAL			313,192,500.00	

XXII. APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES.

In the year under review The Eldoret national Polytechnic did not attract any transfers from other government entities neither did it externally transfer to other government entities.

Mr. Josphat K. Sawe



Accounting Officer,
Secretary, Governing Council


Date: 30th September, 2021.

XXIII. APPENDIX V: Council Members Information at the National Treasury Budget Portal

Eldoret National Polytechnic

Council Members															
Constitution of the board as per the Enabling Legislation and Governing Laws	Nominating Body/Agency	Appointing Authority	Title	ID NO	Name	Date of Birth	Gender	County	Ethnicity	Specialisation Name	Term	Appointment date	Contract Period (years)	Contract end date	Exit reason
Chairman	Chairman State Department - Vocational and Technical Training	CS - Ministry of Education	Substantive Director	0714449	Scott Simiyu Stanley	19/1983	Male	Vakwango	Luhya	Electrical Engineering	Second Term	3/9/2017	3/9/2024		
The National Treasury	Chairman The National Treasury and Planning	CS - The National Treasury and Planning	Alternate Director	21934436	Mugo Patrick N/A	11/1980	Male	Embu	Embu	Economics	First Term	1/7/2020	3/1/2023		
PS Law Ministry	State Department - Vocational and Technical Training	CS - Ministry of Education	Alternate Director	9999950	Munide Anthony Barasa	9/9/1969	Male	Bungoma	Luhya	Accounting	First Term	8/5/2021	3/8/5/2024		
Independent Directors	Institute of Certified Public Accountants Kenya	CS - Ministry of Education	Substantive Director	21761291	Tennis Christine Apohochi	11/1979	Female	Elgeyo Marakwet	Kalenjin	Commerce	First Term	7/29/2022	3/7/29/2025		
	Institute of Engineers Kenya	CS - Ministry of Education	Substantive Director	11083449	Oduho Onodh Samuel	4/1/1972	Male	Homa Bay	Luo	Building and Construction	First Term	2/9/2022	3/2/9/2025		
	Kenya Private Sector Alliance		Substantive Director	871576	Margot Paul Kamtai	11/5/1965	Male	Uasin Gishu	Kalenjin	Business Studies	Second Term	7/29/2022	3/7/29/2025		
	Kenya National Chamber of Commerce and Industry	CS - Ministry of Education	Substantive Director	22330734	David Antonio Mayoka	11/1981	Male	Kilifi	Kamba	Agronomy	First Term	2/9/2022	3/2/9/2025		
		CS - Ministry of Education	Substantive Director	2079999	Wangari Veronica	11/1990	Female	Uasin Gishu	Kisumu	Computer Technology	First Term	2/9/2022	3/2/9/2025		
Co-opted Members	Co-opted Member State Department - Vocational and Technical Training	CS - Ministry of Education	Substantive Director	1274404	Koch Charles Kipkiri	11/1974	Male	Kericho	Kalenjin	Mechanical and Production Engineering	First Term	2/9/2022	3/2/9/2025		

XXIV. APPENDIX VI: Approved fees structure



MINISTRY OF EDUCATION
State Department of Vocational and Technical Training
Office of the Principal Secretary

Telephone: +254-020-3318281
Email: qa@education.go.ke / qv@2018@moest.com
Website: www.education.go.ke
When replying please quote

JOGOO HOUSE "B"
HARAMBEE AVENUE
P.O. Box 9583 - 00200
NAIROBI

Ref. No. MOEST/VTT/2/12 Vol. II(6) 21st June, 2018

All Principals:

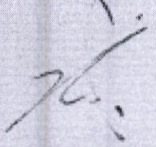
- National Polytechnics
- Technical Training Institutes
- Institutes of Technology
- Technical Vocational Colleges

DIRECTIVE ON THE TRAINING FEES LEVIED IN ALL PUBLIC TVET INSTITUTIONS

The Ministry of Education-State Department for Vocational and Technical Training is currently implementing reforms that are aimed at increasing access and equity in TVET training across the country. In view of the foregoing the Ministry has developed the following fees guidelines:

1. The total fees chargeable in all public TVET institutions shall not exceed *Kenya shillings fifty six thousand, four hundred and twenty only (Ksh. 56,420)* per trainee per year. The breakdown of this amount is as follows:
 - (a) *Kenya shillings thirty thousand only (Ksh. 30,000)* portion shall be disbursed directly to the institution as capitation by the Ministry.
 - (b) *Kenya shillings twenty six thousands four hundred and twenty (Ksh. 26,420)* portion shall be paid directly by the parents to the institution, or HELB if the student is eligible for the loan.
2. The following trainees in public TVET institutions **shall not** benefit from the Ksh. 30,000 capitation by the Ministry:
 - (a) Trainees who have completed paying school fees

- (b) Trainees in public TVET who are on sponsorship from NYS, AIDB (disengaged youth), County Governments, CDF and any other sponsorship.
- (c) Trainees whose names will not have been forwarded to the Ministry through Kenya Universities and Colleges Central Placement Services (KUCCPS).
3. All new and continuing trainees who are on HELB loans and those who have challenges in paying fees shall benefit from capitation.
 4. Principals of all public TVET institutions should ensure all trainees in No. 3 above are registered through KUCCPS with a copy to the Ministry for information and record keeping.
 5. KUCCPS will then forward the lists of registered trainees of individual institutions to the Ministry to be used in disbursement of the Capitation Funds.
 6. These fees guidelines shall apply with effect from 1st of July, 2018.

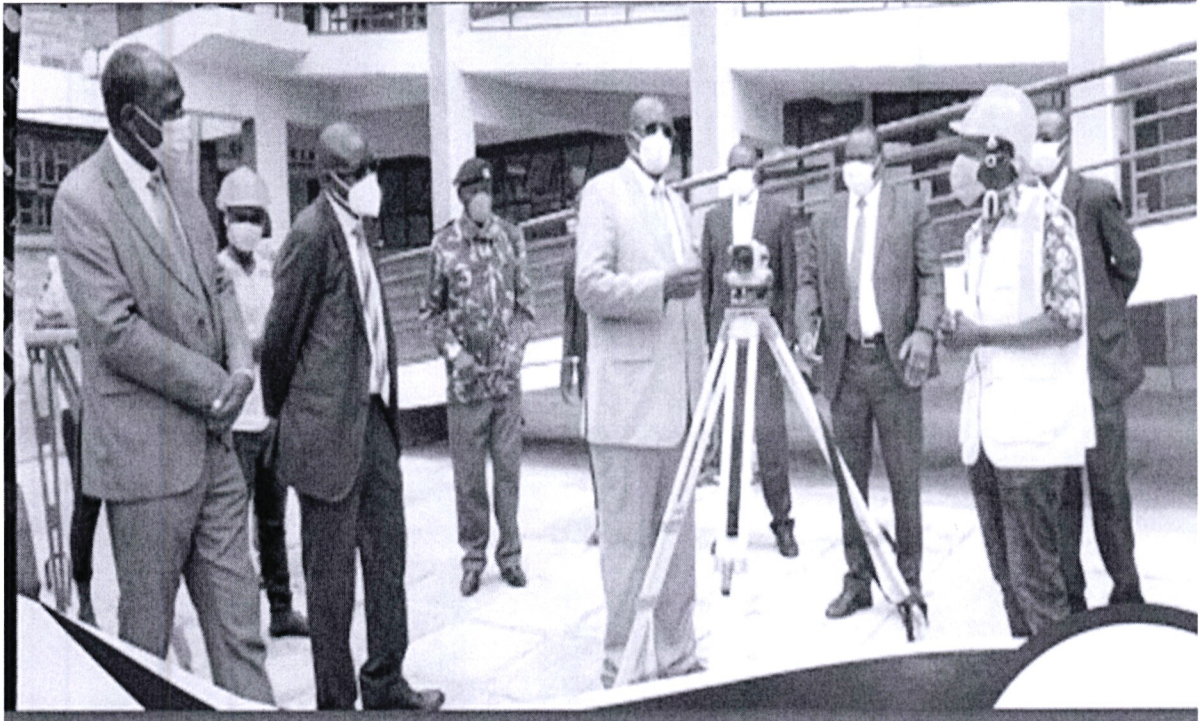

Kevit Desai, PhD, MBS
PRINCIPAL SECRETARY

XXV. **APPENDIX VII: The Cabinet Secretary Ministry of Education**

Prof. George A. O. Magoa, CBS Inspecting Mechanical Equipment at The Polytechnic



XXVI. **APPENDIX VIII: The Cabinet Secretary Ministry of Education** **Prof. George A. O. Magoha, CBS Inspecting Survey & Mapping Equipment at The Polytechnic**



XXVII. APPENDIX IX: Hon. Peter Gatirau Munya the Cabinet Secretary, Ministry of Agriculture, Livestock, Fisheries and Cooperative presenting a trophy to the Chief Principal Mr. Josphat K. Sawe for emerging the best institution breeding Aysher cows at the ASK Show at Eldoret .

