

REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY
PAPERS LAID
DATE: 08 JUN 2023 DAY: Thursday
Tabled BY: OF Hon. Kimani Ichungwah, MP
Leader Majority Party
Anne shubuko
CLERK AT THE TABLE

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THE AUDITOR-GENERAL

ON

SIGALAGALA NATIONAL POLYTECHNIC

**FOR THE YEAR ENDED
30 JUNE, 2022**



THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 JUNE 2022

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I. KEY INFORMATION AND MANAGEMENT

(a) Background information

Sigalagala National Polytechnic (SNP) was founded in 1950 and has evolved within a span of over sixty-nine years to become a leading Polytechnic in Kenya under the Ministry of Education. It is the third oldest Technical and Vocational Training Institute in this country after the current Kabete National Polytechnic and Machakos Technical Training Institute.

SNP was started in 1950 as Nyanza Technical and Trade School on a 33-acre piece of land.

It inherited land and buildings from gold miners who had been operating there since 1930s.

It became a National Technical School in 1967 offering ordinary level technical competencies and programs including Kenya Certificate of Education (KCE) till when all such schools were turned into Technical Training Institutes (TTIs) in the late 80s.

The institution was made a National Polytechnic on May 30th, 2016 by the Cabinet Secretary for Education Science and Technology in exercising the powers conferred by section 26(2) of the TVET Act, 2013 through a legal notice No.90 known as Sigalagala National Polytechnic Order of 2016, and currently offers Competency Based Training (CBET) besides those of K nec and Kasneb. Other than the Main Campus the Polytechnic currently has other campuses; Kakamega Town Campus and Maturu Campus.

(b) Principal Activities

The mandates of the Polytechnic, as contained in the Sigalagala National Polytechnic Order of 2016 are to;

- Offer training to students in technical and business courses as per the industry needs which are examined by KNEC, KASNEB and CBET courses.
- Provide an excellent educational experience to attract and retain students who regardless of their background, will succeed at the Polytechnic and become graduates of influence.
- Continuously improve our research performance and through our research, deliver social dividends.
- Be a sustainable institution of TVET Training
- Enhance our engagement with the entire Republic of Kenya and to consolidate our reputation as one of the country's most engaged Polytechnic.
- Contribute to industrial and technological development of society in collaboration and partnership with industry and other organizations;
- Develop quality and relevant programmes for diplomas, certificates and Artisan.

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- Inculcate and promote a culture of innovation, critical inquiry and creativity in art, science, technology, engineering, and education, amongst staff, students, and society;
- Develop an institution of excellence in teaching, training, entrepreneurship, research, consultancy, community service, among other educational services and products, with emphasis on technology and its development, impact and application to society;
- Provide a multi-level system of education and training that is 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 educational levels.
- Provide high quality facilities for educational, research, residential, commercial, cultural, social, recreational, sporting, and other activities.
- Facilitate students' mobility between programmes of study at different Polytechnics.
- Participate in commercial ventures and activities that promote the objectives of the Polytechnic.
- Foster the general welfare of staff, students, and the community.
- Provide opportunities for development and further training for the staff of the institution.
- Develop and provide educational, cultural, professional, technical and vocational services to the community, and in particular foster corporate social responsibility.
- Facilitate the development, provision, and expansion of services, programmes, and other products in ways that are easily accessible and which reflect the principles of equity and social justice;
- Conduct examinations, and grant such academic awards as may be provided for in the Statutes, and to syndicate examinations for awards at other institutions as may be approved by KNEC.
- Determine who may teach, what may be taught, and how it may be taught in the Polytechnic.
- Promote social-economic development in line with the country's development agenda

Our Vision

A premier technical training, research and innovation institution relied upon by industry.

Our Mission

To provide innovative industry responsive technical skills training for sustainable development.

Our Motto

Skills to Transform Livelihoods.

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Core Values

Sigalagala National Polytechnic is guided by:

- **Integrity** – Committed to acting in an honest, accountable and transparent manner in all our undertakings.
- **Professionalism** – Committed to the highest levels of achievement obtainable through competence and critical skills.
- **Teamwork** -Embrace collaboration both within the Council and with all partners in the provision of services.
- **Efficiency** – Strive to achieve the highest value of benefit from the deployment of resources, particularly to the TVET graduates and industry.
- **Transparency**- Ensure timely disclosure and access of adequate information to allow for active public participation in the Council’s processes.
- **Good Governance**-Committed to the protection of stakeholders’ rights and the enforceability of contracts with service providers.
- **Accountability**- responsible for decisions and actions, including stewardship of public funds and performance through clarity of responsibilities and roles.
- **Equality and gender** _ committed to ensuring non-discrimination and fairness in all undertakings.

Our Strategic Direction

1. Quality training for sustainable development
2. Resource mobilization and management
3. Research, Innovation and Technology
4. Cooperate Governance, Partnerships and linkages for effective service delivery

(c) Key Management

The day-to-day management of the institution is under the following key organs:

- The Governing council
- Principal/Council Secretary
- Management Board
- Heads of Department

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(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Mr. Evans O. Bosire
2.	Deputy Principal Finance	Mr. Timothy Oluchiri
3.	Deputy Principal Academics	Mrs. Anne Mutsami
4.	Registrar	Mr. Manoah W. Jahonga
5.	Dean of Students	Mr. Godfrey Ondele
6.	Head of Finance	CPA. Christopher Oselu
7.	Head of Procurement	Mr. Theophilus Laboso
8.	Head of Human Resource	Mr. Solomon Assava
9.	Director Quality Assurance	Mr. Sammy Mwangi

(e) Fiduciary Oversight Arrangements

(i) Internal audit department

- Assessing the level of compliance with all legal requirements and practices within the polytechnic.
- Assisting in the investigation of suspected fraudulent activities as and when requested.
- Reviewing the means of safeguarding assets and, as appropriate, verifying the existence of assets
- Reviewing the implementation of the SNP corporate strategic plan and operational plans periodically
- Reviewing the efficiency and effectiveness of management processes;
- Preparing the internal audit strategic plan and budget for the Committee;
- Developing a flexible annual risk based audit plan reference that includes any risks or control concerns identified by management;
- Implementing the annual audit plan, including any special tasks or projects requested by management, the Audit and Risk management Committee and the Council;
- Regularly reporting on the status of the Internal Audit activity, including progress against the plan, to the Council Audit and Risk Committee

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(ii) Audit and Risk committee Activities

- Obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably.
- Oversee the implementation of developed policies, procedures and strategies that will promote effective and efficient management systems within the Polytechnic;
- Provide an independent review of the Polytechnic's reporting functions to ensure the integrity of the financial reports.
- Ensure the Polytechnic effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.
- Provide oversight of the implementation of accepted audit recommendations and consider reports on matters relating to audit.
- Provide strong and effective oversight of the Polytechnic's internal audit function.
- Report to Council regularly regarding matters considered in each of the committee's meetings.

(iii) Finance and Operations Committee Activities

- Oversee the development and administration of policies, procedures and strategies that will promote prudent financial management, high quality infrastructural development and acceptable resource mobilization practices including recruitment, reward, retention, motivation and development of the Polytechnic's staff.
- Oversee the Polytechnic's compliance with legal, statutory and regulatory requirements relating to finance, infrastructure and resource mobilization matters as well as compliance with ethical and quality standards adopted by the Polytechnic.
- Receive and consider proposals and reports on matters relating to finance, development projects and resource mobilization in the Polytechnic and its campuses.
- Oversee the development of policies and procedures to enhance effective and efficient utilization of all the resources of the Polytechnic.

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(iv) Academic and Research Committee Activities

- To oversee the preparation and regular review of the Polytechnic's academic policy; the research policy and the staff development and training policy and compliance to the provisions thereof.
- To receive and consider proposals for collaboration with other institutions of higher learning, research and technology institutions for the enhancement of technological, professional and scientific education.
- To receive, review and consider proposals for introduction of new or review of existing courses and subjects of study, institutes, departments, resource and research and innovation.
- To monitor and oversee institutional 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;
- To monitor and oversee provision of 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.
- To receive and consider proposals for development and further training of the academic staff of the Polytechnic.
- To oversee the management of scholarships, bursaries and prizes which may be provided for by the Academic Policy.
- To submit regular reports to the Council on all matters related to education, training and research.

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(v) Enterprise Committee Activities

- Oversee the implementation of initiated enterprise activities in order to generate revenue for the Polytechnic.
- Ensure the Polytechnic effectively monitors compliance requirements that promote an environment in which the Polytechnic can strategically invest resources with an aim of making profits.
- Provide oversight of the implementation of accepted income generating activities through production or manufacturing, consultancy, tailor-made short courses, part – time training programmes, hire of facilities and approved equipment, hospitality services to complement government grants and revenue from fees collection.
- Provide a strong and effective oversight and a coordination framework in the Polytechnic that will facilitate the creation of profitable business units across all departments.
- Provide an assurance to the Governing Council that the Polytechnic has adopted appropriate cost recovery strategies coupled with integrated modern technology, creativity, quality procedures and customer focus to offer products and services that meet the demand of the targeted market.
- Promote a vibrant and effective implementation of a Trainee work study program at the Polytechnic within the Polytechnics Income Generating activities.
- Report to Council regularly regarding matters considered in each of the committee’s meetings

(f) Polytechnic Location

Country: Kenya
County: Kakamega
Sub County: Shinyalu
Location: Khayega
Street: Kisumu/ Kakamega Road/Butere Road Junction.
P.O Box 2966- 50100 - Kakamega.

(g) Polytechnic Contacts

Telephone: 0725-663322

E-mail: info@sigalagalapoly.ac.ke , sigalagala@yahoo.com

Website: www.sigalagalapoly.ac.ke

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(h) Sigalagala National Polytechnic Bankers

	Bank Name	Bank Account Number	Branches
(i)	Absa Bank	8043543	Kakamega
(ii)	Absa Bank	8043551	Kakamega
(iii)	Absa Bank	8256911	Kakamega
(iv)	Kenya Commercial Bank	1234829517	Kakamega
(v)	Co-operative Bank	01120098473700	Kakamega
(vi)	Co-operative Bank	01139098473702	Kakamega
(vii)	Co-operative Bank	01139098473700	Kakamega
(viii)	National Bank	01037017738900	Kakamega
(ix)	National Bank	01021071653900	Kakamega
(x)	Equity Bank	0500277394606	Kakamega
(xi)	Mpesa	908008	Kakamega

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

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II. MEMBERS OF GOVERNING COUNCIL



Mrs. Catherine Muyeka Mumma - Council Chairperson

Joined as a Council chairperson in October 2016. Holds LLM, University of London (Queen Mary and Westfield's College) LLB (Hons), University of Nairobi, Diploma in Legal Studies - the Kenya School of Law. Mrs. Mumma is a Seasoned Human Rights practitioner with over 27 years of experience working with government, independent and constitutional organs, civil society and as an independent adviser. She served in the Public Service, in State Law Office for 9 years where she, among other things represented the Attorney General on various parastatal boards and is therefore well versed with the government policies on public service management including the *Mwongozo* guidelines and rules. She has also served as a commissioner on three constitutional commissions including the Commission for The Implementation of the Constitution (CIC), the Kenya National Commission on Human Rights (KNCHR) and the Independent Review Commission (IREC) on the 2007 elections that led to post election violence in Kenya. Catherine serves on various other international and private sector advisory committees and boards of management. She is involved in shaping policy and legislative frameworks on various issues including constitutional implementation, Devolved Governance, Inter-governmental relations, Public Policy, health rights, Gender and Inclusion, and other human rights.



CPA. Christopher Beti Atenya – Council Member

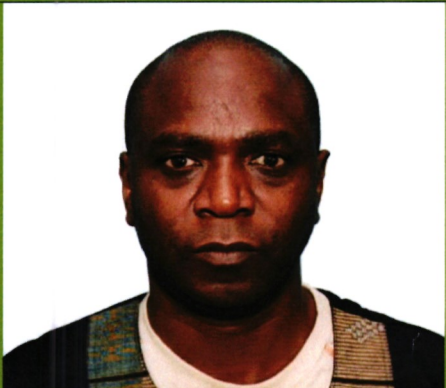
He is a practicing accountant professional who is a graduate from The University of Nairobi with a Bachelor of Commerce (Accounting Option) and holder of CPA (K) with a practicing certificate. He has a lot of experience in all phases of auditing, financial accounting and management including administration. He has held senior management positions in the service industry for over 26 years, and developed strong leadership and interpersonal skills and hence able to handle any leadership position or any assigned responsibility and add value to operations in the organization.

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M/s Simiyu Doreen Nanjala - Council Member

Doreen Joined as a council member in October 2016. She holds B.sc in Information Sciences-Library and Information Studies from Moi University. She is a professional librarian who works at the Catholic University of Eastern Africa. She has a vast knowledge in management and also an alumnus of the Polytechnic. She is a role model to students and always encourages them to work hard to achieve success in life.



Mr. Andrew Masese - Council Member

He is a human resource practitioner who has a Master's degree in Labour Welfare and a Bachelor's degree in Commerce (Marketing) He has a long career in Human Resources Management, Staff Welfare, Remuneration Administration, Recruitment and Staff Development; Human Resources Advisory, Training & Ethical Standards Audit and labour laws and industrial relations. He has over 27 years progressive experience in Human Resources Management in dynamic labour intensive and structured set ups. He is the pioneer chairman of Institute of Human Resource Management- Western Chapter Private Sector



Eng. Dr. Rehema Ndeda - Council Member

She is a Mechatronic Engineer, working as a lecturer at Jomo Kenyatta University of Agriculture & Technology. She has over 10 years' experience in teaching and research in her area of specialization. She holds a Ph.D. in Engineering from the University of Botswana and a M.Sc. in Mechatronic Engineering from Jomo Kenyatta University of Agriculture and Technology. She is the current managing editor for the Journal of Sustainable Research in Engineering and reviews manuscripts for several scientific journals. She is a graduate member of the Engineers Board of Kenya and the Institute of Engineers of Kenya. She serves as a board member in African Women in Science and Engineering and volunteers as a mentor for several other organizations.

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Mrs. Linnete Odondi - Council Member

She is a seasoned adult facilitator and lecturer (International Relations, Gender, associate Ell Jean Monnet Network, Fellow- institute of human resource management and Examiner Human Resource Management Professional Examiner Board). She has over 20 years' experience working in international development agencies. In the council she represents leadership and management as her key competency. She has diploma in agricultural education, BA – Public Administration, MA – International studies. She does volunteer work in peace and conflict management and is currently focussing on capacity building of religious organizations in Preventing/Countering Violent Extremism and terrorism.



Eng. John Mokaya Ombengi - Council Member

Eng. Ombengi is the director of Mokaya Ombengi Consulting Agencies. He holds Bsc. - Civil Engineering and is a registered consultant engineer No. E/103, specialized in civil and structural infrastructure for over 40 years. In the council he represents engineering as his key competency. He has experience in project design, project management and construction supervision for many projects in Kenya and Tanzania. He is a devoted Christian and serves in the church as an Elder.



Mr. Charles Wambua Ndambuki.

Mr. Ndambuki is an alternate member representing the PS National Treasury in the Council. He holds bachelor of Economics and Mathematics from the University of Nairobi. Mr. Ndambuki worked as a teacher for 2 years and 3 years in the banking sector. He has vast knowledge in economics having worked in several ministries as an economist for over 11 years. He Currently works as a senior economist at the National Treasury under public private partnerships, project management, feasibility analysis and policy analyst.

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M/s Stella Oimbo - Council Member

Stella is an alternate member representing the Principal Secretary, State Department for Vocational and Technical Training in the Ministry of Education. She holds a Bachelor of Arts Degree (Philosophy and Political Science) as well as a Master's Degree in Urban and Regional Planning, both from the University of Nairobi. She has served the Government of Kenya for 18 years now as an accomplished administrator, three of which are in the TVET sector. She also holds a Diploma in Public Administration. Currently she is the Under Secretary in the State Department for Vocational for Technical Training in the Ministry of Education.




Mr. Evans O. Bosire - Council Secretary




Mr Bosire is the Principal and serves as the Accounting Officer for the Institution and Secretary to the council. He holds Med. – Educational Planning and Bed. - Electrical and Electronics from Moi University Eldoret. He is a well-trained Electrical Engineer with vast management skills that have enabled him to transform various TVET institutions. He has over 17 years' experience as principal in TVET Institutions. His vision is to effectively and efficiently manage the Polytechnic both in terms of Competence Based Education and Training (CBET) as defined by TVET Act 2013 as well as The Sigalagala National Polytechnic Strategic plan.

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III. MANAGEMENT TEAM

Name, Key Profession and Academic Qualifications	The Main Area of Responsibility
 <p>Mr. Evans Bosire Omwenga Med. – Educational Planning Bsc.– Electrical and Electronics</p>	<ul style="list-style-type: none"> • He is the principal and the accounting officer of the Polytechnic. • Head of the institution. • Oversee day to day running of the polytechnic
 <p>Mr. Timothy Oluchiri. Msc. Civil Engineering Bsc.– Civil Engineering Dip. - Architecture</p>	<ul style="list-style-type: none"> • Deputy Principal Administration. • In charge of administrative, Finance and Planning programmes. • He is member of Engineers Board of Kenya (EBK) and Institutional Engineers of Kenya (IEK)
 <p>Mrs. Anne Mutsami MSc. – Microbiology B. Ed - Sciences</p>	<ul style="list-style-type: none"> • Deputy Principal Academic. • Head of all academic programmes in the Polytechnic. • She is also in-charge trainee and trainers affairs.

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 <p>CPA. Christopher Oselu. MBA (Finance) B. Com (Finance) CPAK</p>	<ul style="list-style-type: none">• He is the Finance Manager• Head of Finance and Accounts• He is in charge of budgetary formulation and execution• Advisor to the principal on matters of finance operations and required regulations on financial management
 <p>Mr. Wilberforce M. Jahonga Med. Educational Planning B. Education</p>	<ul style="list-style-type: none">• He is the Polytechnic's Registrar• In charge of admission and career guidance• Oversee the management of examinations
 <p>Mr. Sammy Gachui Mwangi B. Education Dip - Project Management</p>	<ul style="list-style-type: none">• He is the director of quality assurance• He is in charge of all performance measurement including QMS, Academics. Production units' quality among others

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Mr. Geoffrey Ondele
B. Education

- He is the dean of students
- In charge of students' affairs
- Oversee functions at co-curricular and sports activities
- Oversee operations at the polytechnic kitchen



Mr. Solomon Assava
MBA - HRM
BA - in Government
HN Dip. – HRM

- He is the Human Resource Manager
- In charge of human resource management and staff development



Mr Theophilus Laboso
Msc.- Procurement & Logistics
Msc. Project Management
B.com-Management Science

- He is the Supply Chain Manager
- He is in charge procurement and supplies
- He is the polytechnic advisor on all matters pertaining procurement

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IV. CHAIRPERSON'S REPORT

The Sigalagala National Polytechnic (SNP) is one of the ten (10) National Polytechnic Institutions in Kenya under the State Department of Technical and Vocational Training (TVET) in Ministry of Education. The Governing Council was established pursuant to Section 28 (1) (c) of the TVET Act 2013. The council is mandated with, among others, the responsibility of steering the Polytechnic and overseeing its role in the conduct of education and training in accordance with the provisions of the TVET Act. The council is also expected to conduct fundraising, and oversee the accountability of the institutional use of the resources raised. The council has a statutory duty to prepare annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institution while taking care to ensure the prudent use of the institutional resources among others. The council is focused on steering the polytechnic forward to achieve its mission and vision through the strengthening of its operational frameworks, systems and processes.

During the financial year 2021/2022, the council put in place measures that ensured the enrolment of students increased from 10,651 students to 12,044 students. This was achieved due to serious marketing of the polytechnic and implementation of CBET courses aligned to the government policies that made it easy for students to be admitted at the polytechnic. This financial year came with the global challenge of the COVID-19 pandemic that has seen as slow-down in operations in all educational institutions worldwide. SNP was not an exception in this regard and our learning schedule was disrupted. In the spirit of pulling together we, nevertheless, joined the national effort and got our various departments to support different efforts including the sewing of masks, and calibration of wash-stations for use. We made the necessary adjustments to the college infrastructure to ensure compliance with the Ministry of health directives on the pandemic.

The governing council has also passed the key policies that will help to create a culture of good governance for the institution as envisaged by Article 10 of the Constitution of Kenya including the entrenchment of the principles of transparency and accountability. As at the end of this financial year, the policies passed by the council include *'The Academic Policy'*, *'The Finance Policy'*, *'The procurement policy'*, *'The Human Resource Career Progression policy'*, *'The Internal Audit Charter'*, *'The Information Communication Technology Policy'*, and *'The Environmental Sustainability Policy'*.

The Council has also developed *'The Council and Council Committee Charters'* to guide the conduct of its business. These include:-

- *'The Governing Council Charter'*.
- *'The Operations and finance committee Charter'*.
- *'The Education, training and research Charter'*.
- *'The Audit and risk management Charter'*.
- *'The Enterprise committee Charter'*.

During the year under review, the Council managed to enhance the functions of the Internal Audit department by employing an Internal Audit Assistant to assist the polytechnic in monitoring budget control, legal and policy compliance as well as risk identification and risk management as required under PFM act 2012.

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The Polytechnic continues to experience the challenge of inadequate infrastructure of classrooms, lecture halls and workshops for serving the continued increase in the student population. There is also an acute shortage of hostels for accommodating the students thus exposing some of them to living standards that may not be appropriate within surrounding communities. To mitigate this challenge, the governing council has developed a master plan to guide infrastructure development and has in this year commenced the construction of a Multi - Storey Tuition Complex Block that will accommodate 40 lecture halls and departmental offices to enable the Polytechnic accommodate the students and enable them learn in a conducive environment.

The Council, in collaboration with the County Government of Vihiga and the CDF Emuhaya Constituency, is also in the process of opening a campus at a newly acquired Ebunangwe campus in Vihiga County where we plan to commence Biotechnology and agricultural courses. This campus will train students in biomedical technology and agricultural courses to support communities within the western region of the country. The agricultural centre will impart new agricultural technologies to students and communities to guide the re-imagining of the food production processes in the region for the economic empowerment of these communities.

The council, noting the new normal with the COVID- 19 experience, is also putting a lot of emphasis on virtual learning by allocating substantial amount to acquisition of ICT equipment, the training of staff and students to assist the polytechnic in the implementation of virtual learning in a manner that will be equitable to all students.

The Polytechnic in collaboration with Canadian partners have constructed and equipped a lactation centre where students and staff who are lactating can leave their babies as they attend to classes and work and be able to breastfeed them during the day.

Catherine Muyeka Mumma
Chairperson

Signature.....

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V. REPORT OF THE PRINCIPAL

The Sigalagala National Polytechnic uses government of Kenya fiscal year as their financial year. The period under review was between 1st July 2021 to 30th June 2022. The presentation of the Financial Statement was done in accordance to provisions of IPSAS 1

Operational Results

The Polytechnic financial reporting is using IPSAS Accruals basis of accounting where total turnover includes arrears not yet recovered and all expenses include debts of suppliers which were not cleared by year end. The Polytechnic operated with a net surplus of Kshs. 41,450,356.

During the year, the government capitation increased from Kshs. 213,645,000 to Kshs. 221,370,000 which was received in three quarters, while quarter four capitation was not disbursed.

The Polytechnic revenues grew from Kshs. 402,425,844 in the year 2020/2021 to Kshs. 490,097,167 in the year ending 2021/2022 an indication that the Polytechnic was growing positively.

The Polytechnic expenses also grew from Kshs. 334,659,677 in the year 2020/2021 to Kshs. 448,646,811. in the year 2021/2022 due to expanded expenditure to match growth in operations.

Changes in equity

The polytechnic equity grew from Kshs. 1,121,075,670 in the year 2020/2021 to Kshs. 1,566,822,996 in the year 2021/2022 after conducting valuation of all non-current assets of the polytechnic that had realized again on revaluation of Kshs. 268,614,899.

This was a sign that the going-concern of the polytechnic was guaranteed and the polytechnic has a bright future in its operation.

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Student enrolment

The student population has been growing upwardly for the last three years as indicated in the table below;

		2019/2020	2020/2021	2021/2022
1.	Agriculture	396	371	400
2.	Building & civil engineering	2069	2686	2865
3.	Business studies	1990	1687	1866
4.	Electrical & electronic engineering	1211	1383	1562
5.	Fashion design & clothing	111	364	543
6.	Hair dressing & beauty therapy	142	309	488
7.	Information communication tech.	610	613	700
8.	Institutional management	1273	1194	1300
9.	Liberal & information Science	389	450	500
10.	Mechanical & automotive engineering	980	1059	1200
11.	Medical & Applied sciences	476	535	620
	Total	9,647	10,651	12,044

Debtors

As at the end of the financial year 2021/2022, the Sigalagala National Polytechnic had debtors amounting to Kshs. 264,243,226 which comprised of fees debtors and other institutional debtors.

The increase in arrears was due to various factors below;

- The fourth quarter capitation was not disbursed and the directive from the Principal Secretary for Technical Training was to charge the students the equivalent amount of that capitation on their fees as arrears.
- During the year, HELB disbursement dropped due to the fact that the portal was not opened for the new students.
- Effects of covid 19 pandemic especially loss of jobs was affecting most parents hence low fee payment.

The analysis of the Polytechnic debtors was as below;

	During the year	Other years	Total
Category	Kshs.	Kshs	Kshs.
Fees debtors	171,897,670	89,286,206	261,183,876
Other institution debtors	90,000	2,969,350	3,059,350
Total	171,987,670	92,255,556	264,243,226

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Projects.

During the year under review, the Polytechnic under took various projects like buildings, purchase of motor vehicle, machinery and equipment, Furniture as well as computers as summarized in the table below;

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1.	Tuition complex (40 classes)	111,741,210	68,959,927	100%	-	54,477,454	A-in-A
2.	Computers & Printers	20,000,000	16,393,608	82%	20,000,000	16,393,608	Gok
3.	Utility vehicle	13,000,000	12,780,600	98%	13,000,000	12,780,600	A-in-A
4.	Machinery & Equipment	25,000,000	16,736,002	67%	25,000,000	16,736,002	Gok
5.	Furniture & Fittings	10,000,000	6,429,800	64%	7,000,000	6,429,800	A-in-A
6.	Tuition complex (72 classes)	195,800,000	-	-	118,949,000	-	A-in-A

Lactation programme.

During the year under review, covid 19 pandemic effects was still felt among students where it was established that a number of students had babies due to long closing period witnessed during 2020/2021, this impacted negatively on their studies.

The Sigalagala National Polytechnic in conjunction with KEFEP programme under Canadian partners agreed to establish a lactation centre where young mothers will come with their kids, leave them there with the care taker attend to their studies and visit them regularly for breast-feeding. This is one unique development within the country and the polytechnic believes that it will make all the female students who drop out due to child care to be able to complete their courses in time

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Automation

The Polytechnic is undergoing a lot of automation by installing Abno Unisol ERP and expanding the internet bandwidth within the Polytechnic. During the year under review, the polytechnic managed to connect all the departments with internet connectivity to enhance operations. The Polytechnic also embraced the usage of the ERP and managed to automate functions of;

- Departmental requisition.
- Lpo/ Lso processing.
- Suppliers Quotation preparation and quotation evaluation.
- Financial processes
- Examination processes
- Payroll processes
- Student portal (to enhance communication)

The implementation of the ERP is as below:

	Modules	% Completion
1.	Finance module	95%
2.	Procurement and stores module	100%
3.	Human Resource and payroll module	100%
4.	Student management (registrar) module	100%
5.	Student Academic and Examination module	100%
6.	Accommodation module	100%
7.	Staff and student portal	90%
	Average completion rate	98%

Collaborations

The Polytechnic through the state department of TVET is still in collaboration with Hamburg College in Canada through a project called KEFEP. This programme is sponsored by Canadian government through the ministry of education to the Kenya National Polytechnics.

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Mentorship programme to other new colleges

The Sigalagala National Polytechnic was appointed by the ministry of education to mentor two new institutions;

- Luanda Tvc - Luanda constituency - Kshs. 10,000,000
- Eburnangwe Tvc - Emuhaya constituency - Kshs. 10,000,000

The mentorship includes building of these two colleges as per the ministry architectural plan and bill of quantities.

During the year under review, the polytechnic received funds for the above purpose but had not started the construction because of the delayed bills of quantities that were being reviewed.

In the case of Luanda Tvc, the total cost of the construction is estimated to cost Kshs. 76,609,114 where the CDF was to share the cost by contributing a total of Kshs. 10,000,000 while the ministry of education to take care of the balance.

For the case of Eburnangwe Tvc, the ministry of education was to take the cost of construction of the tuition block at a contract cost of Kshs. 29,500,000, while the Emuhaya CDF and the County Government of Vihiga were to share the cost of other infrastructural requirements like fencing, gate, electricity among others while the Sigalagala National Polytechnic was to provide all the technical support for the project.

Governance

The Sigalagala National Polytechnic through Governing Council executed their duties well during the year. Various policies were put in place to facilitate good governance. The meeting attendances were good as stated above under council profile. There were no conflicts of interest reported on them during the year under review. The Polytechnic had day to day management under management board which comprise of all top management staff and the heads of departments. During the year under review, the Management board also executed their roles well and there was no conflict of interest reported.


Evans Bosire
PRINCIPAL

Date... 12/9/2022

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VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government performance against predetermined objectives.

The Sigalagala National Polytechnic has strategic pillars /issues/ themes and objectives within current Strategic Plan for the FY 2018 FY 2023. These strategic pillars are as follows:

Strategic theme/ issue 1: Quality Training for Sustainable Development

Strategic theme/ issue 2: Resource Mobilization and Management

Strategic theme/ issue 3: Research, Innovation and Technology

Strategic theme/ issue 4: Corporate Governance, Partnerships and Linkages for Effective Service
Delivery

The Sigalagala National Polytechnic develops its annual work plans based on the above 4 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Sigalagala National Polytechnic achieved its performance targets set for the FY 2021/2022 period for its FY 2019 - FY 2023 strategic pillars, as indicated in the table below;

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SNo.	Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
1	Quality Training for Sustainable Development	To provide quality and inclusive education and technical training	Inventory report MOU document detailing collaboration arrangement No. of curricular developed Implementation and monitoring report	Identify areas of need for degree level training Identify suitable technical university and develop partnership Develop curriculum with university Jointly implement, monitor and evaluate degree programmes	Nil no Report Nil no MOU but negotiations are ongoing Nil no Curricular developed but the work is ongoing Nil not implemented since No MOU is ready
		To develop and implement CBET programmes	Availability of reports on industry skill needs Availability of CBET programmes Number of programmes Increased Net works Marketing and adverts and brochures	Conduct industry skill assessment Develop new relevant market driven CBET Evaluating the programmes and reviews if necessary. ICT integration and training Conduct media campaign	Done for CHR and DHR Developed two programs Two programs evaluated Increased connecting departmental office- Wifi Done

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		To provide a conducive environment for training and nature trainees talent	Participation in tournament and competitions Participation in cultural events	Promote trainee participation in sports and games Promote Trainee participation in cultural events	Done Participated at National and County Level
2.	Resource Mobilization and Management	To improve resource mobilization and fiscal management of the institution	Amount of funds sourced Amount of collection from PUs Support mechanism	Develop resource mobilization strategy sourcing funds as per council mandate Review the PU policy activities Establish mechanism to support needy students by financing their training	Proposal done to various Donors Policy reviewed In progress
3.	Research, Innovation and Technology	To continuously improve the institutional research and innovation capacities for alignment with industries	Collaborative initiatives with reputable research partners Number of funded proposals	To collaborate with reputable research bodies for enhancement of research capacity of SNP trainers Develop winning research proposal writing skills among the trainers and trainees	Collaboration with NACOSTI, KIPI None

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4.	Corporate Governance, Partnerships and Linkages for Effective Service Delivery		Availability of procedures and processes No of certificates issued No. of LMS installed and customized	Developing procedures and processes Training of staff and internal quality auditors Acquire and setup primary requirements for E-Learning	QMS developed as per ISO 9001-2015 35 internal auditors trained certified as per Iso 9001-2015 One LMS eLearning Sigalagalapoly.ac.ke
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VII. CORPORATE GOVERNANCE STATEMENT

The Sigalagala National Polytechnic believes in good corporate governance as an organization. The governing Council provides leadership through oversight, review and guidance whilst setting the strategic direction. The governing council is the primary decision-making body for all matters considered as material to the service.

The governing Council has the appropriate mix of skills, knowledge and experience to perform its oversight role effectively and efficiently.

Council meetings are held quarterly as per *Mwongozo* guidelines and the Polytechnic Order No. 90 of 2016 and they have formal schedules of matters specifically reserved for deliberation. The Polytechnic ensures that it provides the necessary resources and expertise to the governing council to assist the ministry in their decision-making and as such, they are regularly consulted on key policy matters.

General Responsibilities

The Governing Council has a duty to the people of Kenya to ensure that the Sigalagala National Polytechnic achieves its objectives efficiently and effectively and in compliance with the requirements in the Constitution of Kenya 2010, PFM Act, 2012, TVET Act 2013, Polytechnic Order No. 90 of 2016 and all other relevant laws related to their duties

Statutory powers of the Polytechnic Governing Council include:

- To ensure that proper management structure is in place and the management maintain the corporate integrity, reputation and responsibility
- To monitor and evaluate the implementation of strategies, policies and management plans of the polytechnic
- To constantly review the viability and financial sustainability of the polytechnic.
- To ensure that polytechnic complies with all the relevant laws

Risk Management and Internal Controls

The Council has overall responsibility for the establishment and oversight of the Polytechnic's risk management frameworks. The risk Management Policies are established to identify and analyse the risks faced by the Polytechnic and to set appropriate risk limits and controls, and to monitor adherence to these limits. Risk Management policies and systems are reviewed regularly to reflect changes in operating conditions, legislation and services offered. Subsequently, the Polytechnic

Identifies and manages risk through in-house risk review enhanced by compliance, internal and

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External audits.

The Polytechnic has put in place a system of internal controls with defined procedures, financial and operational controls to ensure that resources are safeguarded; transactions authorised, validated and reported in line with International Public-Sector Accounting Standards and other treasury and ministry circulars and guidelines.

Conflicts of interest

All Council members are under a duty to avoid conflicts of interest. This entails not engaging, directly or indirectly in any business that competes or conflicts with the Polytechnic's business.

The Council has established a robust process requiring members to disclose their business interests for the polytechnic to know and have them in records.

Compliance

The Council confirms that it is satisfied that the Polytechnic has adequate resources to continue operating for the foreseeable future. For this reason, it continues to adopt the Going Concern basis when preparing the Financial Statements.

The Council is satisfied that the Polytechnic as to the best of their knowledge complied with all relevant laws and conducted its business affairs in accordance with the law in particular to the constitution of Kenya 2010, PFM Act 2012, TVET Act 2013 and Polytechnic Order No. 90 of 2016



Mrs. Catherine M. Mumma
Chairperson Council



Mr. Evans Bosire
Principal

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VIII. MANAGEMENT DISCUSSION AND ANALYSIS

The Polytechnic operational and Financial Performance

The Sigalagala National Polytechnic uses government of Kenya fiscal year as their financial year. The period under review was between 1st July 2021 to 30th June 2022. During the year under review, the financial reports were prepared using the latest Financial Reporting Template issued by the Public Sector Accounting Standard Board of Kenya (PSABK) dated 30th June 2022 which requires all public entities to use IPSAS Accrual basis in reporting.

The Financial Statement are presented in accordance with the requirement of IPSAS 1 standard. The Polytechnic operated with a net surplus of Kshs. 41,450,356. This was due to the following reasons;

- Austerity measures put in place as per the president’s office circular and stringent measures put in place that led to prudent expenditure management.
- Huge fees arrears of Kshs. 171,897,670 which was committed to expenditure as it would have led to huge pending bills for the polytechnic
- Strict compliance with the require laws that brought a lot of prudence

Revenue Movement

The revenue base from re-current income increased during the current year under review as opposed to the last financial year.

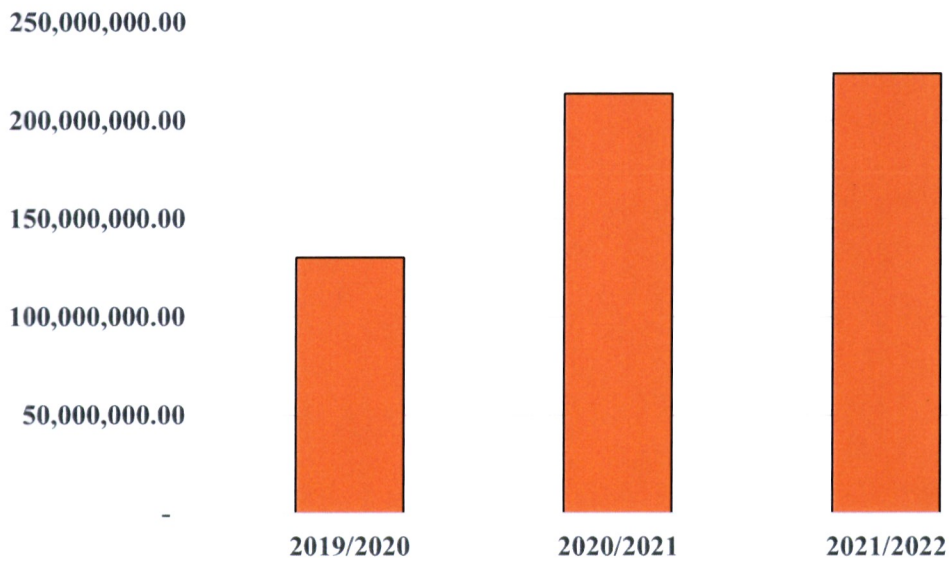
The revenue from non-exchange transaction which was mainly capitation also increased due to increase in student population.

S/n	Sources of Revenue	2021/2022	2020/2021	2019/2020
1.	Revenue from non-exchange transaction	223,829,800	213,645,000	130,281,929
2.	Revenue from exchange transaction	266,267,367	188,780,844	214,419,193
	Total	490,097,167	402,425,844	344,701,122

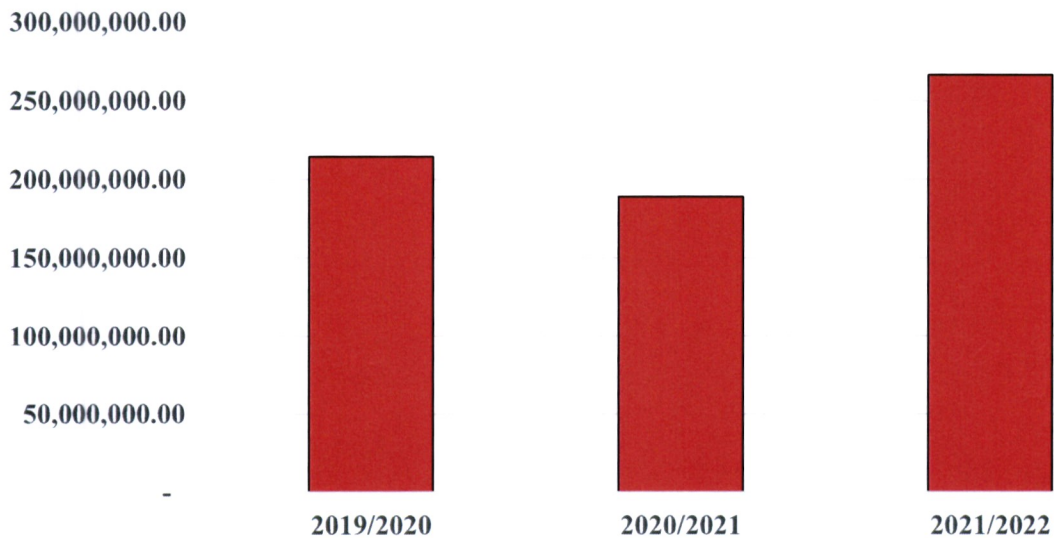
The bar graphs below explain the movement

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REVENUE FROM NON-EXCHANGE TRANSACTIONS



REVENUE FROM EXCHANGE TRANSACTIONS



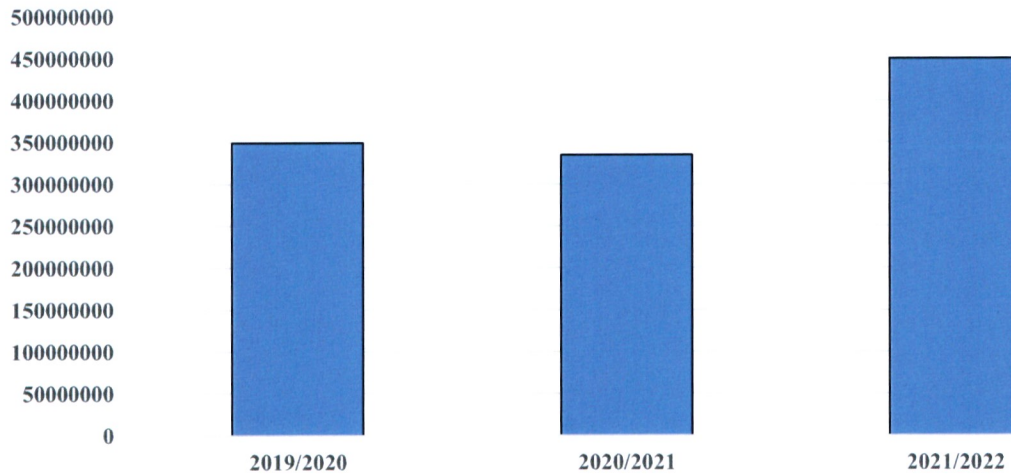
Expenses movement

The Polytechnic expense increased from Kshs. 334,659,677 to Kshs. 448,646,811.

The graph below represents the expenses movement within the last three years;

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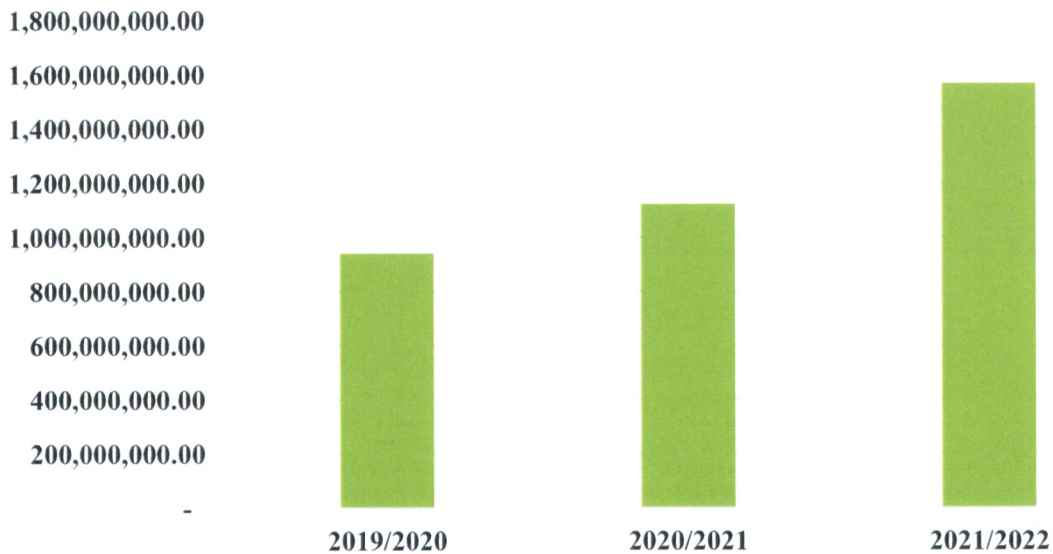
Expenditure



Changes in Net Assets

The net assets base of the Polytechnic also grew over the last two years. This is an indication that the Polytechnic is growing well and the going concern is guaranteed. The net worth of the polytechnic grew from Kshs. 1,121,075,670 to Kshs. 1,566,822,996 as represented in the bar graph below;

NET ASSESTS



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Compliance with Statutory Requirements

By the end of the year, the Sigalagala National Polytechnic had paid all its statutory requirements in terms of NSSF, NHIF, PAYE, Helb withholding and all withholding taxes from contractors and suppliers it was mandated to pay to KRA. The Polytechnic has been withholding 3% taxes on all payment made to contractors and remitting them to KRA when due. The Polytechnic was also registered as VAT withholding agent as at 1st July 2019 and has been withholding VAT on all its services and payments which were rendered to KRA on or before stipulated time.

During the year the VAT withholding remained at 2%.

The function of the polytechnic is also anchored on various law and statutes and other government regulations which the polytechnic operated under.

By the end of the year the Polytechnic did not have any issues with non-compliance to any legal and statutory requirements.

The Polytechnic is operating with legal frame works necessary under public sector requirement such as;

- The Constitution of Kenya, 2010
- The Sigalagala National Polytechnic Order No. 90 of 2016
- TVET Act, 2013
- PFM Act, 2012 and its regulations of 2016
- Procurement and Assets Disposal act, 2015 and its regulations of 2020
- IPSAS Accruals standards.
- Other relevant regulations and circulars released by the government from time to time.

All other relevant laws in its operation (Regular Circulars from Treasury and Ministry of Education)

The Polytechnic has Internal Policies in her operation. These policies are in line with all the relevant laws stated above and only direct the specific operations on how tasks are handled.

These policies are;

- Finance Policy
- Procurement Policy
- Academic Policy
- Human Resource Policy
- ICT Policy
- Environmental policy
- Production unit policy

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Key Projects the Polytechnic is Implementing

The projects undertaken during the year and their levels of completion are as stated below;

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1.	Tuition complex (40 classes)	111,741,210	68,959,927	100%	0	54,477,454	A-in-A
2.	Computers & Printers	20,000,000	16,393,608	82%	20,000,000	16,393,608	Gok
3.	Utility vehicle	13,000,000	12,780,600	98%	13,000,000	12,780,600	A-in-A
4.	Machinery & Equipment	25,000,000	16,736,002	67%	25,000,000	16,736,002	Gok
5.	Furniture & Fittings	10,000,000	6,429,800	64%	7,000,000	6,429,800	A-in-A
6.	Tuition complex (72 classes)	195,800,000	0	0	60,000,000	0	A-in-A

During year under review, the Polytechnic incurred an additional purchase of the following assets

- i. Tuition Complex (40 classes) Kshs. 54,477,454
- ii. Furniture and Fittings Kshs. 6,429,800
- iii. Machinery & Equipment Kshs. 16,736,002
- iv. Utility vehicle Kshs. 12,780,600
- v. Computers and Accessories of Ksh. 16,393,608
- vi. Tuition complex (72 classes) which was procured but construction had not started by the year end.

Major risks the Polytechnic is facing;

Operational Risk

The Polytechnic faces competition for resources including; students, staff and financial resources.

The Polytechnic financial assets are trade receivables as well as cash and short term deposits which arise directly from its operations. The Polytechnic has financial liabilities comprising trade and other payables. The Polytechnic has exposure to the following risks:

- i) Market risks
- ii) Liquidity risks
- iii) Credit risks

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The Council has overall responsibility for the establishment and oversight of the Polytechnic's risk management framework. The Polytechnic's risk management policy is established to identify and analyze the risks faced by the Polytechnic, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policy and systems are reviewed regularly to reflect changes in economic conditions and the organization's activities.

The Principal oversees how management monitors compliance with the Polytechnic's risk management policy and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Polytechnic.

Market Risk Management

Interest Rate Risk

The Polytechnic did not have loan from any financial institutions to warrant payment of interest

Foreign Currency Risk

The Polytechnic did not undertake transactions denominated in foreign currencies during the year 2021/2022 hence did not face any Foreign Currency Risk

Liquidity Risk

Liquidity risk is the risk that the Polytechnic will not be able to meet its financial obligations as they fall due. The Polytechnic's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Polytechnic's reputation. Typically, the Polytechnic ensures that it has sufficient cash on demand to meet her expected operational expenses for a period of 30 days. All liquidity policies and procedures are subject to review and approval by the Council. All capital developments are funded by the Government and internally generated funds.

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Credit Risk

Credit risk is the risk of financial loss to the Polytechnic if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the organization's receivables from customers. The Polytechnic receives fees from students and government capitation which minimizes the credit risk exposure. During the year, the polytechnic fees was heavily affected by low disbursement of Helb loans and bursaries and lack of fourth quarter GOK capitation

Material Arrears and Financial Obligations

As at the end of the financial year 2021/2022, the Sigalagala National Polytechnic had debtors amounting to Kshs. 264,243,226 which comprised of fees debtors and other institutional debtors as shown below;

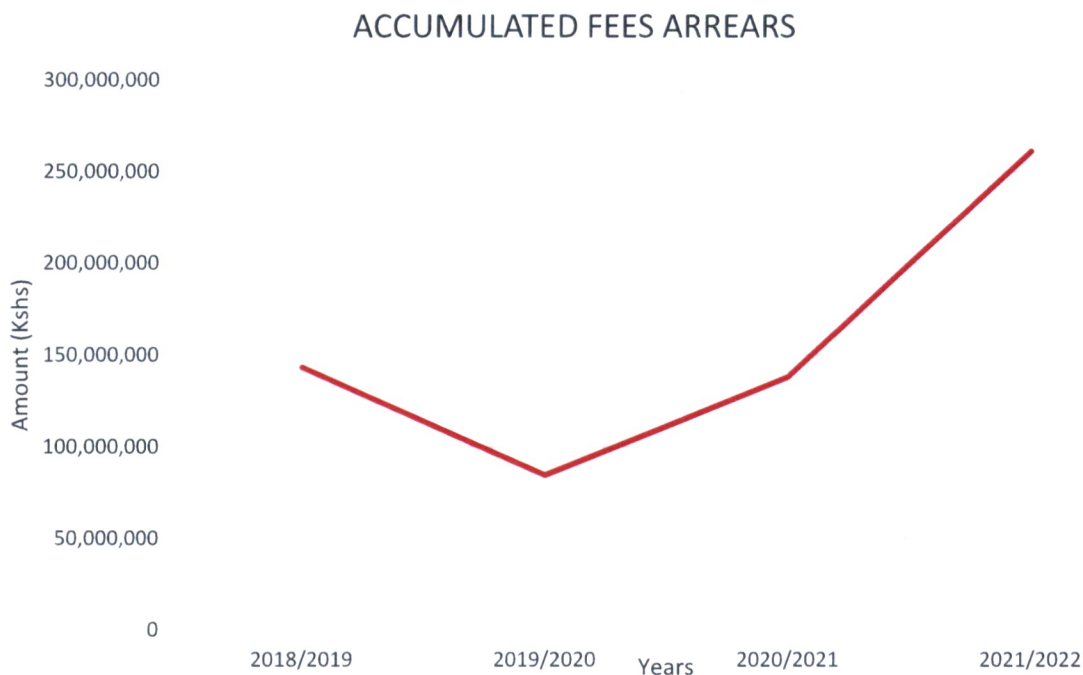
	During the year	Other years	Total
Category	Kshs.	Kshs	Kshs.
Fees debtors	171,897,670	89,286,206	261,183,876
Other institution debtors	90,000	2,969,350	3,059,350
Total	171,987,670	92,255,556	264,243,226

The Polytechnic had accumulated fees arrears totalling to Ksh. 261,183,876 which had not been received by the year end. The Polytechnic attributes this to effects of Covid-19 pandemic and lack of 4th quarter capitation which most students had relied on.

The Polytechnic has put up various measures to ensure that the arrears are reduced in the coming years by sensitizing all students to apply for Helb loan and CDF bursaries. The distribution of accumulated fees arrears for the last four years is as shown on the graph below;

- 2018/2019 - 143,391,144
- 2019/2020 - 84,646,556
- 2020/2021 - 138,159,442
- 2021/2022 - 261,183,876

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The Polytechnic Financial Probity and Governance Issues

The Polytechnic is governed by a Council appointed by the Cabinet Secretary for education, who are independent overseers of the running of the Polytechnic. They hold quarterly meetings to discuss management affairs of the Polytechnic. The full Council has sub-committees who also meet quarterly to oversee operations in their respective areas. The governing Council oversees the financial operations of the Sigalagala National Polytechnic through its Sub - Committee on Finance and Operation. The committee met and discussed the accounts for the financial year 2021/2022 on 30/8/2022. The committee noted that the financial report under review is the sixth to be presented under the new International Public Sector Accounting Standards Accruals basis. (IPSAS Accruals) using the most current template dated 30 June 2022 released by the National Treasury to all public tertiary institutions.

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Explanatory notes on budget Variances

i) Teaching and learning equipment

In the budget, there was approved figure of Kshs, 67,000,000 towards the purchase of equipment. The Polytechnic bought various equipment for learning but there were some medical equipment worth Kshs. 10,508,900 which were to be imported by the suppliers since they are unique medical equipment that are not locally available. By the end of the financial year, contract had been signed but deliveries were not yet done making the polytechnic to underspend under this vote head

ii) Staff Medical Insurance Scheme

In the approved budget for the year 2021/2022, there was approved budget line of Kshs. 10million towards the scheme but by the year end the procurement of the appropriate scheme had not concluded as the polytechnic hoped for the government scheme under enhanced National Hospital Insurance Fund. Communication and negotiations were still on by the year end.

iii) Council Expenses

This reduction of costs was due to most meeting being held virtually reducing the costs of transport and other subsistence for members.

iv) Legal Costs

The reduction in the approved expenses was due to deferment of the arbitration case where members were to travel to Nairobi with the advocates for the conclusion of this case.

v) Project

The polytechnic budgeted to complete the project by the year end but due to other factors the project had to be delayed with 2 months to help sort out some emerging issues on the project which had positive impact

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Un-paid Creditors.

By the end of the year 2021/2022, the Polytechnic had unpaid creditors total to Kshs. 2,370,234 which were not processed for payment by year end due to lack of necessary support for the payment. This was 0.6% of the total Polytechnic annual turnover.

By order of the council

Mr. Evans Bosire



Principal/Secretary to the Council

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IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING STATEMENT

Sustainability Strategy and Profile

The Sigalagala National Polytechnic is guided by the SNP Environmental Sustainability Policy in her environmental activities. The main objective of this policy is: ‘Better Quality of Life for Present and Future Generations through Sustainable Management of Sigalagala National Polytechnic’s Environmental and National Resources’. The polytechnic is also guided by other policy objectives as follows;

- Provide a framework for an integrated approach to planning and sustainable management of Sigalagala National Polytechnic’s environment and natural resources.
- Strengthen the legal and institutional framework for good governance, effective coordination and management of the environment and natural resources.
- Ensure sustainable management of the environment and natural resources such as unique terrestrial and aquatic ecosystems for national economic growth and improved livelihoods.
- Promote and support research and capacity development as well as use of innovative environmental management tools such as incentives, disincentives, total economic valuation, indicators of sustainable development, Strategic Environmental Audits (SEAs), Environmental Impact Assessments (EIA), Environmental Audits (EA), and Payment for Environmental Services (PES).
- Promote and enhance cooperation, collaboration, synergy, partnerships and participation in the protection, conservation, sustainable management of the environment and natural resources.
- Ensure inclusion of cross-cutting and emerging issues.

The polytechnic as an ISO certified institution, is committed to quality through technical training, research and innovation works fostering scientific and technological, culture that bridges theory and practice, producing holistic graduates prepare for the purpose, service and leadership.

The polytechnic is involved in various activities to enhance environmental sustainability;

- i. Management of Ecosystems and Sustainable use of Natural resources.
- ii. Environmental stewardship
- iii. Environmental quality and Health
- iv. Integration of Environmental concern in all policy, planning and Development process.
- v. Implementation framework
- vi. Research monitoring and evaluation.

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Environmental Performance

The Polytechnic has developed an environmental policy to guide on environmental performance and sustainability to ensure that the environment is well protected for lives.

As for efforts to manage biodiversity, wastes management are concerned, the Sigalagala National Polytechnic has put in place adequate systems of collecting solid, plastic and organic wastes by hiring a qualified and capable Kenma Homecare Services Ltd that does general cleanliness and disposes the wastes at proper dumping sites.

Employee Welfare

The Polytechnic has put in place policies guiding the recruitment and selection process as set out in the Human resources manual that is reviewed by the council from time to time. Stakeholder engagements are incorporated every time review of the policy document is undertaken. In order to increase the representation of women, an analysis of gender relations and ratio provides information on the different conditions those women and men face, and the different effects that policies and programs may have on them because of their situations. Such information creates opportunities of workplace diversity and improve specific college policies and programs, and is essential in ensuring that the different needs of both women and men are met. A specific policy on Gender and disability established a Gender and Disability Mainstreaming Committee with all college wide gender guidelines implemented.

Proper initiatives as per policy provide for equal employment policy, Sigalagala National Polytechnic promotion and Career progression policies, procedures, an elaborate and functional appraisal management system. The College has an established Safety and Health policy in compliance with the Occupational Safety and Health Act of 2007 (OSHA Act 2007)

Corporate Social Responsibility/Community Engagements

i) Tree planting

Sigalagala National Polytechnic undertook tree planting initiatives in collaboration with Kenya Forest Service (KFS) in several primary schools neighbouring it. About 1000 tree species were planted by pupils and teachers in those primary and secondary schools. Speeches emphasizing on the importance of environmental conservation were made. Sigalagala National Polytechnic also donated seven hand washing stations, five thousand washable face masks, three thousand litres of sanitizers and thirteen dust coats to the six neighbouring primary schools and business community.

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PC co-ordinator Mrs. Esther Muddy distributing tree seedlings to Shikondi primary school



SNP assisting Shikalakala primary school pupils in tree planting

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ii) Youth training

The polytechnic also trained 30 youths from the community on short saloon course in the areas below;

- Barbering
- Hand nail care / manicure



Graduands of the beauty & therapy department and SNP management staff



Deputy Principal Administration Mr. Timothy Oluchiri addressing the graduands

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iii) COVID Prevention

The Polytechnic supplied hand wash station, sanitizers and 800 masks to the neighbouring six school and neighbouring market as a covid prevention and mitigation strategy as shown below;



Principal, Mr. Evans Bosire donating Water stations made by snp to Shikondi Market in shinyallu sub county

iv) Training Neighbouring Schools pupils on Road Use

The Sigalagala Polytechnic is a registered school centre by National Road Safety Authority (NTSA) to train public in driving in all classes, road safety, defensive driving and all other safety requirement on the road use as stipulated by NTSA.

During the year, the polytechnic offered free training to local pupils on the road safety and road use to reduce the road accidents that always occurred around their schools

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SNP staff training local pupils on road safety



SNP staff training local pupils on how to cross busy road (Kisumu – Kakamega road)

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Market Place Practices

Responsible competition practice

Sigalagala National Polytechnic has put in place several strategies to ensure responsible competition practice as outlined below;

- Appointment of integrity assurance officers to sensitize its staff on integrity issues as well as setting a corruption prevention policy.
- Internal control system through coming up with Human resource, Finance and procurement manuals.
- Compliance with the public procurement and asset disposal act 2015 when it comes to its procurement activities. Giving preference to the marginalized by setting up aside 30% of the procurement opportunities for the women, youth and PWD.
- Set up a customer feedback mechanism by coming up with suggestion boxes and complain boxes where customer rates their satisfaction with the services offered.
- Set competition price. This is when it comes to products that supplier is able to offer on the market from its production units.

Responsible supply chain and supplier relations

Sigalagala National Polytechnic has maintained good business practices with its supplier by;

- Promoting clear and consistent communication on the basis of equal partnerships. Tenders are advertised on public forums where suppliers are able and can easily access information for instance on newspapers, websites etc.
- Use of technology for mutual benefit. The Polytechnic has embraced the use of modern technology which has made it easy to come up with procurement documents and also promoted faster communication through the use of emails. It's easier to update contracts information, submit invoices and respond to quotes. Helps also in creating an audit trail.
- Understanding and honouring contractual obligation. Clear contracts/orders spelling the terms and conditions coming up with an effective inspection and acceptance team has boosted confidence in contracts relationship with supplier.
- Timely/prompt payment. Suppliers are paid on time to enable them stay afloat and stable.
- Supplier appraisal regularly reviewing reviews performance of suppliers promoting vendor accountability, reducing loss and improving customer satisfaction.

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Responsible marketing and advertisement.

The following are efforts being undertaken to maintain ethical marketing practices;

- Being transparent by sharing the information on public platforms such as our websites.
- Protecting supplier data and privacy
- Responding meaningfully to our customer for instance through our able customer care staff.
- Carrying out corporate social responsibility with an intention to have a positive image and help force a stronger bond with immediate surrounding environment.
- Committing to sustainability and human rights.
- Being honest about our products and supply chain.



Snp staff engaging villagers on the benefit of tvet training

THE SIGALAGALA NATIONAL POLYTECHNIC
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Product stewardship

Sigalagala has outlined efforts to safeguard consumer rights and interest by;

- Setting up a Quality Assurance Officer to check on the standards of quality of products/services.
- Setting an Inspection and Acceptance Committee to verify on the goods/services being declined.
- Having a Safety Policy to ensure that their staffs are protected against risks such as accidents and hazardous substances.
- Providing quality services to its clients for as to be competitive on the job market

**THE SIGALAGALA NATIONAL POLYTECHNIC
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X. REPORT OF THE GOVERNING COUNCIL.

The Council members submit their report together with the audited financial statements for the year ended 30 June 2022 which show the state of the Sigalagala National Polytechnic affairs.

Principal activities

The Principal activities of the Sigalagala National Polytechnic is to offer training and research in technical fields.

Results

The results of the Polytechnic for the year ended 30 June 2022 are set out on page 1-9

Governing Council

The members of the Council who served during the year are shown on page x – xiii.

During the year, there was one new member who was appointed to join the council as stated below;

No.	Name	Date of appointment
1.	Stella Moraa Oimbo	8/8/2021

Auditors

The Office of the Auditor General is responsible for the statutory audit of the Sigalagala National Polytechnic in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Council



Secretary

THE SIGALAGALA NATIONAL POLYTECHNIC
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XI. STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

According to Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act, and section 29 of schedule 2 of the Technical and Vocational Education and Training Act 2013, the Sigalagala National Polytechnic has prepared Financial Statements that give a true view of the Polytechnic state of affairs as at the end of the financial year June 30 2022.

These responsibilities include;

- (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 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) Safe guarding the assets of the polytechnic;
- (v) Selecting and applying appropriate accounting policies;
- (vi) Making accounting estimates that are reasonable in the circumstances.

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

The Council members are of the opinion that the polytechnic's financial statements give a true and fair view of the state of polytechnic's transactions during the financial year ended 30 June, 2022 and of the polytechnic's financial position as at that date.

The Council members further confirm the completeness of the accounting records maintained for the polytechnic, which have been relied upon in the preparation of the 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 members to indicate that the polytechnic will not remain a going concern for at least the next twelve months from the date of this statement.

**THE SIGALAGALA NATIONAL POLYTECHNIC
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Approval of the Financial Statements

The Polytechnic's financial statements were approved by the full council on 12/9/2022 and signed on its behalf by:

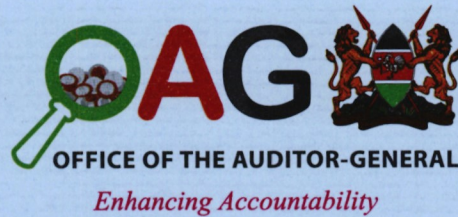

.....
Council Chairperson


.....
Council Secretary


.....
Council Member

REPUBLIC OF KENYA

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



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

REPORT OF THE AUDITOR-GENERAL ON SIGALAGALA NATIONAL POLYTECHNIC FOR THE YEAR ENDED 30 JUNE, 2022

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Sigalagala National Polytechnic set out on pages 1 to 61 which comprise of the statement of financial position as at

Report of the Auditor-General on Sigalagala National Polytechnic for the year ended 30 June, 2022

30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Sigalagala National Polytechnic as at 30 June, 2022, 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 (TVET) Act, 2013.

Basis for Qualified Opinion

Outstanding Receivables from Exchange Transactions

The statement of financial position reflects an accounts receivable balance of Kshs.264,243,226 comprising of current receivables from exchange transactions of Kshs.171,987,670 and long-term receivables from exchange transactions of Kshs.92,255,556 as disclosed in Note 27(a) and (b) respectively to the financial statements. However, review of the debtors ageing analysis revealed that receivables amounting to Kshs.91,857,156 have been outstanding for over one year, out of which Kshs.89,286,206 or 97% relate to fees debtors. Management did not provide strategies put in place to collect the outstanding fees.

In the circumstances, the accuracy and full recoverability of the outstanding receivables of Kshs.91,857,156 could not be confirmed.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of matters described in the Basis for Conclusion of 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. Outstanding Trade and Other Payables from Exchange Transactions

The statement of financial position reflects trade payables from exchange transactions balance of Kshs.15,952,706 which, as disclosed in Note 34 to the financial statements, includes Kshs.2,370,234 relating to trade payables. However, this balance includes payables amounting to Kshs.1,508,234 which have been outstanding for more than one year.

This is contrary to Section 3.4.9 of the Sigalagala National Polytechnic Finance Management Policy which requires that all payments be made within 90 days from the date of approval.

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

2. Staff Ethnic Diversity

Analysis of the payroll and staff listing provided for audit review indicated that during the year under review, the Polytechnic had 271 employees (both teaching and non-teaching). However, out of this number, 209 employees or 77% were from the dominant ethnic community in the County. This is contrary to Section 7(2) of the National Cohesion and Integration Commission Act, 2008 which requires 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.

3. Failure to Adhere to the One-third Rule on Salary Deductions

The statement of financial performance reflects an amount of Kshs.88,150,636 in respect of employee costs as disclosed in Note 16 to the financial statements. However, analysis of the Polytechnic's payroll for the year under review revealed that between July, 2021 to June, 2022, a total of eighty-two (82) members of staff earned net salaries that were less than a third of their basic salaries, contrary to the requirements of Section 19(3) of the Employment Act, 2007, which provides that total deductions from salaries of employees shall not exceed two-thirds of their respective basic salaries.

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

4 Lack of staff Medical Scheme

Review of the records provided for audit revealed that the Polytechnic made a budgetary allocation of Kshs10,000,000 for review staff medical insurance scheme. However, no evidence was provided to show that the Scheme was implemented.

In the circumstances, the welfare of the staff was jeopardized although there was a budget establishing the Scheme.

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 the Governing Council

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

In preparing the financial statements, Management is responsible for assessing the Polytechnic's ability to sustain its services, disclosing, as applicable, matters related to sustainability of its services and using the applicable basis of accounting unless

Management is aware of the intention to terminate the Polytechnic or to cease its operations.

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal control, 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 controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in

which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the Polytechnic's 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 controls.
- 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 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 sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Polytechnic to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to 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 Gathungu, CBS
AUDITOR-GENERAL

Nairobi

14 April, 2023


**THE SIGALAGALA NATIONAL POLYTECHNIC
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**XIII. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2022**

Description	Notes	2021-2022	2020-2021
Revenue from Non-Exchange transactions		Kshs	Kshs
Transfers from other National Government entities	6	223,829,800	213,645,000
Grants from donors and Development Partners	7	-	-
Transfers from other levels of government	8	-	-
Public contributions and donations	9	-	-
Revenue from Exchange transactions			
Rendering of services- Fees from students	10	232,891,711	140,878,028
Sale of goods	11	32,668,634	45,154,665
Rental Revenue from Facilities and Equipment	12	698,460	2,516,180
Finance Income	13	8,562	17,981
Other Income	14	-	213,990
Revenue from Exchange Transactions		266,267,367	188,780,844
Total Revenue		490,097,167	402,425,844
Expenses			
Use of goods and Services	15	244,025,799	155,483,371
Employee Costs	16	88,150,636	80,967,085
Board /Council Expenses	17	7,421,249	6,571,222
Depreciation and Amortization Expense	18	58,832,241	57,651,383
Repairs and Maintenance	19	25,114,958	17,783,290
Contracted Services	20	16,086,388	16,114,545
M&E	21	2,436,600	-
Finance Costs	22	-	88,781
Revaluation Loss	31	6,578,940	
Total Expenses		448,646,811	334,659,677
Net surplus for the year		41,450,356	67,766,167

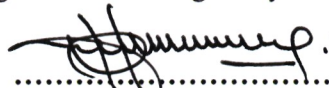
(The notes set out on pages 10 to 56 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 9 were signed by:


.....

Chairperson of Council

Date 12/9/2022


.....

Finance Manager

ICPAK No. 15907

Date 12/9/2022


.....

Principal

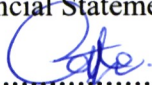
Date 12/9/2022

THE SIGALAGALA NATIONAL POLYTECHNIC
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XIV. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

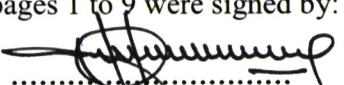
Description	Notes	2021-2022	2020-2021
Assets		Kshs	Kshs
Current Assets			
Cash and Cash Equivalents	26	286,343,780	294,130,148
Current Portion of Receivables from Exch. Transactions	27(a)	171,987,670	105,892,462
Inventories	29	13,137,884	10,151,551
		471,469,334	410,174,161
Non-Current Assets			
Long term Receivables from Exchange Transactions	27(b)	92,255,556	36,204,130
Property, Plant, and Equipment	31	1,052,211,759	742,595,577
Intangible Assets	32	9,545,419	9,545,419
Biological Assets	33	700,000	295,000
		1,154,712,734	788,640,126
Total Assets		1,626,182,068	1,198,814,287
Liabilities			
Current Liabilities			
Trade Payables from Exchange Transactions	34	15,952,706	31,622,242
Refundable Deposits from Customers	35	42,322,886	45,032,895
		58,275,592	76,655,137
Non-Current Liabilities			
Non-Current Provisions	40	1,083,480	1,083,480
Total Liabilities		59,359,072	77,738,617
Net Assets			
Capital Reserves		748,695,243	748,695,243
Revaluation Reserve		268,614,899	
Accumulated Surplus		138,453,697	97,003,341
Mentorship funds		20,000,000	-
Capital Fund		391,059,157	275,377,086
Total Net Assets		1,566,822,996	1,121,075,670
Total Net Assets and Liabilities		1,626,182,068	1,198,814,287

The Financial Statements set out on pages 1 to 9 were signed by:



Chairperson Council

Date 12/9/2022



Finance Manager

ICPAK No 15907
 Date 12/9/2022



Principal

Date 12/9/2022

THE SIGALAGALA NATIONAL POLYTECHNIC
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FOR THE YEAR ENDED 30 JUNE 2022

XV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2022

Description	Capital Reserve	Mentorship funds	Revaluation Reserve	Retained Earnings	Development Grants/Fund	Total
At July 1, 2020	748,695,243	-	-	28,907,174	164,095,373	941,697,790
Prior years adjustments	-	-	-	330,000	-	330,000
Revaluation gain	-	-	-	-	-	-
Fair value adjustment on quoted invest.	-	-	-	-	-	-
Total comprehensive income	-	-	-	67,766,167	-	67,766,167
Capital grants received during the year	-	-	-	-	111,281,713	111,281,713
Transfer of Depreciation from capital fund to Retained earnings	-	-	-	-	-	-
At June 30, 2021	748,695,243	-	-	97,003,341	275,377,086	1,121,075,670
At July 1, 2021	748,695,243	-	-	97,003,341	275,377,086	1,121,075,670
Revaluation gain	-	-	268,614,899	-	-	268,614,899
Fair value adjustment on quoted invest.	-	-	-	-	-	-
Total comprehensive income	-	-	-	41,450,356	-	41,450,356
Capital grants received during the year	-	20,000,000	-	-	115,682,071	135,682,071
Transfer of Depreciation from capital fund to Retained earnings	-	-	-	-	-	-
At June 30, 2022	748,695,243	20,000,000	268,614,899	138,453,697	391,059,157	1,566,822,996

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XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

Description	Note	2021-2022	2020-2021
Cash Flows from Operating Activities		Kshs	Kshs
Receipts			
Transfers from other Government Entities	6	223,829,800	213,645,000
Rendering of services- Fees from Students	10	232,891,711	140,878,028
Sale of goods	11	32,668,634	45,154,665
Rental revenue from Facilities and Equipment	12	698,460	2,516,180
Finance income	13	8,562	17,981
Other income	14	-	213,990
Total Receipts		490,097,167	402,425,844
Payments			
Use of Goods and Services	15	(244,025,799)	(155,483,371)
Compensation of Employees	16	(88,150,636)	(80,967,085)
Council Costs	17	(7,421,249)	(6,571,222)
Repairs and Maintenance	19	(25,114,958)	(17,783,290)
Contracted Services	20	(16,086,388)	(16,114,545)
Monitoring & Evaluation	21	(2,436,600)	-
Finance cost	22	-	(88,781)
Total Payments		(383,235,630)	(277,008,294)
Net Cash Flows from Operating Activities		106,861,537	125,417,550
Cash flows from Investing Activities			
Purchase of Property, Plant & Equipment	31	(106,817,464)	(40,180,718)
Purchase of Intangible Assets		-	(3,545,419)
Net cash flows used in Investing Activities		(106,817,464)	(43,726,137)
Cash flows from Financing Activities			
Development fees	25	115,682,071	111,281,713
Repayment of Borrowings		-	(1,664,630)
Funds for Mentorship projects	25	20,000,000	-
Net cash flows used in financing activities		135,682,071	109,617,083

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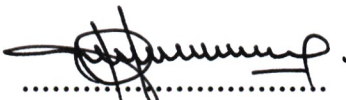
Changes in Current Assets/ liabilities			
Decrease in Receivables from Exchange Transactions	27	(122,146,634)	(55,824,783)
Decrease in Trade payables from Exchange Transactions	34	(15,669,536)	(46,390,564)
Decrease in Refundable Deposits from customers	35	(2,710,009)	(35,476,413)
Increase in Inventories	29	(2,986,333)	(7,359,719)
Net changes in Working Capital		(143,512,512)	(145,051,479)
Net Increase/(Decrease) in Cash and Cash Equivalents		(7,786,368)	46,257,017
Cash and Cash equivalents at 1 July 2021		294,130,148	247,873,131
Cash and Cash equivalents at 30 JUNE 2022		286,343,780	294,130,148

The Financial Statements set out on pages 1 to 9 were signed by:



Chairperson of Council

Date... 12/9/2022



Finance Manager

ICPAK No.15907

Date... 12/9/2022



Principal

Date ... 12/9/2022

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XVII. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization Difference
Items Description						
1 Tuition fee Revenue (A-in-A)	103,040,000	155,160,000	258,200,000	266,267,367	8,067,367	3%
2 Tuition fees - (Capitation)	117,960,000	105,869,000	223,829,000	223,829,000	-	-
3 Government Re-current Grant	50,000,000	-50,000,000	-	-	-	-
4 Government Development Grant	-	-	-	-	-	-
5 Internally Development funds.	60,000,000	40,000,000	100,000,000	115,682,071	15,682,071	16%
6 Total Recurrent Revenues	331,000,000	251,029,000	582,029,000	605,778,438	23,749,438	4%
Operating Expenses						
7 Personnel Emoluments	74,058,000	15,942,000	90,000,000	88,150,636	1,849,364	2%
8 Board/Council Expenses	6,310,000	1,690,000	8,000,000	7,421,249	578,751	7%
Contracted Services						
i) Legal Services	-	500,000	500,000	458,900	41,100	8%
ii) Consultancies	1,942,000	1,058,000	3,000,000	3,098,550	98,550	3%
iii) Security & Cleaning Services	9,000,000	3,000,000	12,000,000	11,497,599	502,401	4%
iv) Students Medical costs	2,000,000	1,000,000	3,000,000	2,967,684	32,316	1%
v) Staff Medical Insurances scheme	-	10,000,000	10,000,000	-	10,000,000	100%
vi) Assets Insurance	1,494,000	(494,000)	1,000,000	1,031,339	31,339	3%
Sub Total	14,436,000	15,064,000	29,500,000	19,054,072	10,445,928	
10 Expenses on Operations Relating to core Mandates						
i) Teaching and Learning Materials	51,023,000	15,977,000	67,000,000	57,491,025	9,508,975	14%
ii) Library Books & E-library	3,688,000	5,312,000	9,000,000	8,528,854	471,146	5%
iii) Research & Innovations	8,000,000	-	8,000,000	8,067,913	67,913	1%

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	iv) Co-Curricular Activities	10,044,000	8,956,000	19,000,000	18,654,517	345,483	2%
	v) Performance Contract	8,000,000	1,000,000	9,000,000	8,785,764	214,236	2%
	vi) Practical	15,000,000	15,500,000	30,500,000	30,440,695	59,305	0
	vii) Curriculum Development	1,500,000	3,500,000	5,000,000	5,204,150	204,150	4%
	viii) Staff Development & Academic trips	3,000,000	2,100,000	5,100,000	5,092,600	7,400	0
	ix) Attachment & Internships	7,000,000	4,000,000	11,000,000	10,512,400	487,600	4%
	x) Computer & Accessories	8,190,000	16,810,000	25,000,000	24,848,212	151,788	1%
	Sub Total	115,445,000	73,155,000	188,600,000	177,626,130	10,973,870	
11	Administrative Expenses						
	i) Travel and Accommodation	2,000,000	3,000,000	5,000,000	5,076,200	(76,200)	2%
	ii) Office Stationery, Printing etc	8,000,000	4,000,000	12,000,000	11,626,790	373,210.00	3%
	iii) General Adm & Hospitality	4,000,000	22,500,000	26,500,000	26,485,909	14,091.00	0
	iv) EWC	8,751,000	249,000	9,000,000	8,866,629	33,371.00	1%
	v) Team Building	4,000,000	1,000,000	5,000,000	5,033,900	(3,900)	1%
	vi) Marketing & Publicity	2,000,000	1,800,000	3,800,000	3,732,362	7,638.00	2%
	vii) Automation	5,000,000	-5,000,000	-	-	-	
	viii) Graduation Expenses	4,000,000	1,000,000	5,000,000	4,956,569	43,431	1%
	ix) ISO Implementation	2,000,000	-600,000	1,400,000	1,408,000	(8,000)	1%
	x) Telephone & Postage	2,000,000	-1,500,000	500,000	505,130	(5,130)	1%
	xi) Covid 19 Protocols' & Mitigations	-	4,500,000	4,500,000	4,511,028	(1,028)	0
	Sub Total	41,751,000	30,949,000	72,700,000	72,202,517	497,483	1%
12	Repairs and Maintenance						
	i) Buildings	8,000,000	3000,000	11,000,000	10,534,825	465,175	4%
	ii) Motor Vehicles Expenses	4,000,000	10,000,000	14,000,000	13,233,633	766,367	5%
	iii) Computers & Accessories	1,000,000	-	1,000,000	1,040,520	(40,520)	4%
	iv) Furniture & Equipment	6,000,000	-5,700,000	300,000	305,980	(5,980)	2%
	Sub Total	19,000,000	7,300,000	26,300,000	25,114,958	1,185,042	5%

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13	Production unit expenses	-	34,338,000	34,338,000	33,225,479	1,122,521	3%
14	Project (Tuition Block)	60,000,000	-	60,000,000	54,477,454	5,522,546	9%
15	Purchase of Utility Vehicle	-	13,000,000	13,000,000	12,780,600	219,400	2%
16	Depreciation	-	59,591,000	59,591,000	58,832,240	758,760	1%
17	Total Operating Expenses	331,000,000	251,029,000	582,029,000	548,885,335	33,143,665	

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BUDGET VARIANCE ANALYSIS NOTES

1. Explanatory notes on budget analysis

i) Teaching and learning equipment

In the budget, there was approved figure of Kshs, 67,000,000 towards the purchase of equipment. The polytechnic bought various equipment for learning but there were some medical equipment worth Kshs. 10,508,900 which were to be imported by the suppliers since they are unique medical equipment that are not locally available. By the end of the financial year, contract had been signed but deliveries were not yet done making the polytechnic to underspend under this vote head

ii) Staff medical insurance scheme

In the approved supplementary budget for the year 2021/2022, there was approved budget line of Kshs. 10million towards the scheme but by the year end the procurement of the appropriate scheme had not concluded as the polytechnic hoped for the government scheme under enhanced National Hospital Insurance Fund. Communication and negotiations were still on by the year end.

iii) Council expenses

This reduction of costs was due to most meeting being held virtually reducing the costs of transport and other subsistence for members.

iv) Legal costs

The reduction in the approved expenses was due to deferment of the arbitration case where members were to travel to Nairobi with the advocates for the conclusion of this case.

v) Project

The polytechnic budgeted to complete the project by the year end but due to other factors the project had to be delayed with 2 months to help sort out some emerging issues on the project which had positive impact

Variance analysis between original and final budget

The changes in the budget were as a result of the supplementary budget that was submitted to the ministry on 7th December 2021 and approval granted on 7th April 2022

Expenses reconciliation statement with statement of performance

Details	Kshs.
Total actual as per budget analysis above	548,885,335
Add: Revaluation loss during the year	6,578,940
Less: Non-Current Assets acquired during the year	
Costs of Computers	- 16,393,608
Cost of Furniture and Equipment	- 6,429,800
Cost of Plant and Machinery	- 16,736,002
Cost of Motor-Vehicle	- 12,780,600
Cost of Buildings	- 54,477,454
Total actual as per statement of performance	- <u>448,646,811</u>

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XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Sigalagala National Polytechnic is established by and derives its authority and accountability from The Sigalagala National Polytechnic Order No. 90 of 2016 and the TVET Act of 2013. The Polytechnic is wholly owned by the Government of Kenya and is domiciled in Kenya within Kakamega County. The Polytechnic principal activity is to offer training and skills in science and technology

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Sigalagala National Polytechnic accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Sigalagala National Polytechnic.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, The Sigalagala National Polytechnic Order No. 90 of 2016 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2022.

IPSASB deferred the application date of standards from 1st January 2022 owing to covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Sigalagala National Polytechnic's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Sigalagala National Polytechnic's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>The Sigalagala National Polytechnic does not deal with the financial instruments hence not affected by this clause</i></p>

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Standard	Effective date and impact:
IPSAS 42: Social Benefits	Applicable: 1st January 2023 The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Sigalagala National Polytechnic provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess: (a) The nature of such social benefits provided by the Sigalagala National Polytechnic; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Sigalagala National Polytechnic's financial performance, financial position and cash flows. <i>The Sigalagala National Polytechnic is not registered with any social benefits other than the NSSF hence not affected with the clause</i>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Applicable: 1st January 2023: a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. Sigalagala National Polytechnic has been reporting financial statements for more than 3 years hence not affected with the clauses in IPSAS 33
IPSAS 43	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Sigalagala National Polytechnic. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>The Sigalagala National Polytechnic does not deal with lease instruments hence not affected by this clause</i>

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Standard	Effective date and impact:
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>The Sigalagala National Polytechnic does not deal with asserts classified for sales hence not affected by this clause</i></p>

iii. Early adoption of standards

The Sigalagala National Polytechnic did not adopt any new or amended standards during the year 2021/2022

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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 polytechnic 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
During the year capitation received from the ministry of education for students' fees subsidy amounted to **Kshs. 221,370,000**.

The polytechnic did not receive any development funds from the government during the year.

ii) Revenue from exchange transactions

Rendering of services

The Polytechnic recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. During the year under review, the Sigalagala National Polytechnic received fees from students for exchange of tuition services rendered to them amounting to **Kshs. 232,891,711**

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 Polytechnic.
During the year, Sigalagala National Polytechnic received revenue from sale of goods on production unit programmes it runs amounting to **Kshs. 32,668,634**

Interest on savings account

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.
During the year Sigalagala National Polytechnic received interest income from the savings account it holds at Absa Bank account of **Kshs. 8,562**.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

During the year Sigalagala National Polytechnic received rental income from the staff houses and hire of free assets amounting to **Kshs. 698,460**

b) Budget Information

Presentation of the budget information in the Financial Statements was done in accordance to IPSAS 24. The original budgets for year 2021/2022 was approved by the Council on 27/1/2021. The Polytechnic's budget was prepared on same basis to the actual income and expenditure disclosed in the financial statements. The financial statements were prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance. 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.

c) Taxes

Current Income Tax

The Polytechnic is exempted from paying corporation taxes as per income tax Act. But it assists KRA in revenue collections by withholding taxes such as PAYE, VAT, Withholding taxes on contractors, professional and consultancies as per KRA regulations in place.

Value Added Tax

Sigalagala National Polytechnic is registered as VAT withholding agent, such that anytime they are paying suppliers who deal with vat-able goods and services, a certain percentage agreeable with KRA is retained and surrendered to Kenya Revenue Authority.

During the year 2021/2022, the VAT withholding was 2%.

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 period of years. 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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 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.

The Sigalagala National Polytechnic uses **Straight Line Depreciation Method** on its Non-current assets. The depreciation rates as per the Finance Policy on non-current Assets are as below;

Description	Rate	Amount
Buildings	2%	11,087,312
Machinery & Equipment	12.5%	14,333,171
Furniture & Fittings	12.5%	7,175,353
Motor vehicle	25%	7,280,000
Computers	33.3%	13,576,690
Loose tools	50%	5,379,715
Total		58,832,241

(f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Polytechnic. 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 Polytechnic 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 Polytechnic 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.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

(g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. The useful life of the intangible assets is assessed as either finite or indefinite.

During the year under review, the Sigalagala National Polytechnic acquired more modules on their ERP to boost efficiency in its operation. As below;

Modules	% completion
Finance module	95%
Procurement and stores module	100%
Human Resource and payroll module	100%
Student management (registrar) module	100%
Student Academic and Examination module	100%
Accommodation module	100%
Staff and student portal	90%
Average completion rate	98%

h) Research and Development Costs

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

i) Financial instruments

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 Polytechnic does not deal with this category of assets

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.

During the financial year 2021/2022, the Sigalagala National Polytechnic did not have any loans under this clause

j) Inventories

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

By the end of the year the Sigalagala National Polytechnic had inventories as below;

Description	2021/2022	2020/2021
	Kshs	Kshs
Central stores (Consumable)	3,155,169	3,240,545
Maintenance stores	1,759,328	250,855
Health Unit stores	643,057	778,067
Electrical stores	2,416,901	2,914,005
Cleaning materials stores	-	794,255
Catering stores	1,880,580	1,109,973
Bakery stores	36,460	435,909
Food & Beverage stores	327,423	627,942
Academic stores	2,918,966	-
	<u>13,137,884</u>	<u>10,151,551</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

j) Provisions

Provisions are recognized when the 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 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.

During the year 2021/2022, the Sigalagala National Polytechnic had a provision of Kshs. 1,083,480 to take care of litigation case in court where former employee is seeking injury compensation.

k) Nature and purpose of Reserves

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

The Sigalagala National Polytechnic does not have a reserve created for specific function but the reserves it has, represent the value of its assets as shown in the statement of changes in net assets as below:

Capital Reserve	Retained Earnings	Capital/Dev. Grants	Mentorship Reserve	Revaluation Reserve
748,695,243	138,453,697	391,059,157	20,000,000	268,614,899
This represents the value of all assets that the polytechnic had before accruals accounting was adopted	This represents accumulated surplus over the years	This represents funds received for the purpose of development and growth	This represents funds received from the government for the purpose of construction of other new institutions in other constituencies	This represents gain on revaluation of assets done as at 30 June,2022.

l) Changes in Accounting Policies and Estimates

The Sigalagala 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. During the financial year 2021/2022 there were no changes in accounting policies within the Polytechnic to affect the status of accounts

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

m) Employee Benefits

Retirement Benefit Plans

The Sigalagala National Polytechnic does not have retirement benefits plan currently but operates NSSF as the sole retirement plan for her workers besides service gratuity it offers at the end of the contract for her staff.

The polytechnic is in the process of complying with the treasury guideline on running a contributory pension scheme in future.

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.

During the financial year 2021/2022, the polytechnic did not have any foreign dealing that would result in foreign currency

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. During the financial year 2021/2022, the polytechnic did not have any borrowing that would result in borrowing cost

p) Related Parties

The Polytechnic regards a related party as a person or a polytechnic with the ability to exert control individually or jointly, or to exercise significant influence over the Polytechnic, or vice versa.

The polytechnic is wholly owned by the government of Kenya hence has no related party transaction

q) Service Concession Arrangements

The 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 Polytechnic recognizes that asset when, and only when, it controls or regulates the services.

During the year, the polytechnic did not have any service concession arrangement with any party

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

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 Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

The Sigalagala National Polytechnic closed the year with cash and cash equivalent figure amounting to **Kshs. 286,343,780**.

s) Comparative Figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in new presentation dated 30 June 2021.

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, 2022.

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5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Polytechnic's financial statements in conformity with IPSAS Accruals 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 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 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 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 40

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Transfers from other National Government entities

Description	2021-2022	2020-2021
	Kshs	Kshs
Unconditional Grants		
1 st Capitation Grants	71,460,000	52,755,000
2 nd Capitation Grants	71,460,000	50,025,000
3 rd Capitation Grants	78,450,000	48,645,000
4 th Capitation Grants	-	62,220,000
	221,370,000	213,645,000
Conditional Grants		
Library Grant	-	-
Hostels Grant	-	-
Administration Block Grant	-	-
Laboratory Grant	-	-
Monitoring & Evaluation grant	2,459,800	-
Other Organizational Grants	-	-
Total Government Grants and Subsidies	223,829,800	213,645,000

(a) Transfers from other Government entities (Categorized)

Name Of The Sigalagala National Polytechnic Sending The Grant	Amount recognized to Statement of Comprehensive Income Kshs	Amount deferred under deferred income Kshs	Amount recognised in capital fund. Kshs	Total grant income during the year Kshs	2020-2021 Kshs
State Department of TVET	71,460,000	-	-	71,460,000	52,755,000
State Department of TVET	71,460,000	-	-	71,460,000	50,025,000
State Department of TVET	78,450,000	-	-	78,450,000	48,645,000
State Department of TVET	2,459,800	-	-	2,459,800	62,220,000
Total	223,829,800	-	-	223,829,800	213,645,000

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. Grants from Donors and Development Partners

Description	2021-2022	2020-2021
	Kshs	Kshs
JICA- Research Grant	-	-
World Bank Grants	-	-
In-Kind Donations	-	-
Other Grants	-	-
Total Grants from Development Partners	-	-

Reconciliations of grants from donors and development partners

Description	2021-2022	2020-2021
	Kshs	Kshs
Balance unspent at beginning of year	-	-
Current year receipts	-	-
Conditions Met - Transferred to Revenue	-	-
Conditions yet to be met - Remain Liabilities	-	-

8. Transfers from Other Levels of Government

Description	2021-2022	2020-2021
	Kshs	Kshs
	-	-
Transfer from any County	-	-
Transfer from any University	-	-
Transfer from any Institute	-	-
Total Transfers	-	-

9. Public Contributions and Donations

Description	2021-2022	2020-2021
	Kshs	Kshs
Public Donations	-	-
Donations from Local Leadership	-	-
Donations from Religious Institutions	-	-
Donations from Alumni	-	-
Other Donations	-	-
Total Donations and Contributions	-	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. Rendering of Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Activity Fees	18,457,700	11,578,455
Tuition Fees	58,267,855	38,771,569
Administrative fees	20,583,254	11,671,067
ICT Levy	9,732,576	4,476,483
RMI	18,513,045	12,947,913
EWC	15,746,846	11,301,512
L.T&T	15,425,034	11,290,113
Library	14,430,755	5,647,853
Medical	66,540	4,500
Personal Emolument	35,477,273	20,378,263
Council Trainers	14,346,397	732,750
Practicals	11,844,436	12,077,550
Total Revenue from The Rendering of Services	232,891,711	140,878,028

The revenue under this category is mainly fees from students for the exchange of tuition services offered to them as per the fees structure and Government guidelines of TVET fees.

11. Sale of Goods

Description	2021-2022	2020-2021
	Kshs	Kshs
Driving School	1,764,400	839,755
P.U training	976,532	5,244,594
P.U food & Beverage	4,267,970	5,580,505
PU-Others	1,769,171	4,038,755
Farm Revenues	475,125	509,505
Guest House Revenue	227,000	285,450
Research Funds	-	401,508
Graduation Fees	1,975,522	-
Pay As you Eat Services	18,541,331	22,114,164
Hostel Services	2,671,583	6,140,429
Total Revenue from Sale of Goods	32,668,634	45,154,665

This category of revenue is due to non-academic activities the polytechnic is engaged into, to raise its revenue base other than fees from student and capitation from the government

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. Rental revenue from facilities and equipment

Description	2021-2022	2020-2021
	Kshs	Kshs
Kise programme	-	1,771,200
Staff houses rent income	472,900	597,900
Bus hire	225,560	147,080
Total	698,460	2,516,180

This includes hire of idle facilities like halls, buses and rent from staff who stay in polytechnic houses.

13. Finance Income

Description	2021-2022	2020-2021
	Kshs	Kshs
Savings Deposit interest	8,562	17,981
Earnings on Exchange rate	-	-
Total finance income	8,562	17,981

This are revenues from interest earned from the polytechnic saving account at ABSA bank

14. Other Income

Description	2021-2022	2020-2021
	Kshs	Kshs
Income from sale of tender	-	-
Skills/Curriculum development levy	-	-
Income from disposal of asset	-	213,990
Total other income	-	213,990

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15. Use of Goods and Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition expenses	31,561,537	18,422,723
Activity	18,654,517	4,748,361
Administration expenses	26,485,909	23,583,346
Ict expenses	8,454,604	3,787,045
LT&T	5,076,200	2,880,565
Library	8,528,854	2,554,138
Electricity & water	8,866,629	5,074,091
Medical	2,967,684	1,460,143
Covid 19 protocols	4,511,028	34,269,001
Advertising & marketing	3,732,362	237,018
Driving school expenses	1,026,864	295,500
PU training	435,212	3,251,601
Hostel	3,847,647	3,155,878
Kise	-	268,000
Pay As You Eat	18,643,121	11,288,794
PU others	2,542,167	3,278,948
Farm Expenditure	211,224	407,653
Practicals	30,440,695	17,006,503
Seminars and Workshops	5,033,900	2,249,100
Performance Contract	8,785,764	4,745,400
Food & Beverage PU expenses	5,381,992	1,982,019
Curriculum Development	5,204,150	3,610,680
Graduation	4,956,569	-
Attachment	10,512,400	4,198,640
Research and innovations	8,067,913	2,213,036
PU-Baking	1,137,250	115,620
Bank charge on current accounts.	255,987	399,568
Postage	505,130	-
ISO management	1,479,100	-
Stationery and General office expense	11,626,790	-
Staff development	5,092,600	-
Total good and services	244,025,799	155,483,371

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries to Non-academic staff	51,106,954	48,683,370
Salaries to academic staff	34,161,929	30,703,798
Casual wages	-	386,700
Pension and service gratuity	1,257,153	123,717
Staff welfare	1,624,600	1,069,500
Employee Costs	88,150,636	80,967,085

17. Council Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
Chairman's Honoraria	960,000	960,000
Other Board/Council Expenses	6,461,249	5,611,222
Total	7,421,249	6,571,222

18. Depreciation and Amortization expense

Description	2021-2022	2020-2021
	Kshs	Kshs
Buildings	11,087,312	10,893,101
Machinery & Equipment	14,333,171	18,043,837
Furniture & fittings	7,175,353	9,964,019
Motor vehicle	7,280,000	6,377,150
computers	13,576,690	12,373,276
Loose tools	5,379,715	-
Total depreciation and amortization	58,832,241	57,651,383

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. Repairs and Maintenance

Description	2021-2022	2020-2021
	Kshs	Kshs
Buildings	10,534,825	9,457,348
Furniture and fittings	305,980	191,300
Computers and accessories	1,040,520	666,798
Motor vehicles	13,233,633	7,467,844
Total Repairs and Maintenance	25,114,958	17,783,290

20. Contracted Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Security services	7,040,000	6,545,402
Cleaning services	4,457,599	6,079,440
Insurances of assets	1,031,339	424,488
Consultancy services/valuation	3,098,550	2,638,379
Legal services	458,900	426,836
Total contracted services	16,086,388	16,114,545

21. Monitoring and Evaluation

Description	2021-2022	2020-2021
	Kshs	Kshs
Community Development	-	-
Education Initiatives and Programs	-	-
Social Development	-	-
Monitoring and Evaluation	2,436,600	-
Sporting Bodies	-	-
Total Grants and Subsidies	2,436,600	-

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22. Finance Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Interest on Loans from Commercial Banks	-	88,781
Total Finance Costs	-	88,781

23. Gain On Sale of Assets

	2021-2022	2020-2021
	Kshs	Kshs
Property, Plant and Equipment	-	-
Intangible Assets	-	-
Other Assets not capitalised	-	-
Total Gain on Sale of Assets	-	-

24. Unrealized Gain on Fair Value Investments

Description	2021-2022	2020-2021
	Kshs	Kshs
Investments at Fair Value	-	-
Total Gain	-	-

25. Development funds

Description	2021-2022	2020-2021
	Kshs	Kshs
Internally Generated funds for development	115,682,071	111,281,713
Gok Development funds	-	-
Mentorship funds	20,000,000	-
Total Development funds	135,682,071	111,281,713

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. Cash and Cash Equivalents

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Account	285,621,820	293,417,468
On- Call Deposits/savings account	718,276	710,998
Fixed Deposits Account	-	-
Staff Car Loan/ Mortgage	-	-
Cash at hand	3,684	1,682
Total Cash and Cash Equivalents	286,343,780	294,130,148

26 (a) Detailed Analysis of Cash and Cash Equivalent

Description	2021-2022	2020-2021
a) Current Account	Kshs	Kshs
Absa Bank A/c No.8043551	8,288,135	91,894,667
Absa Bank A/c No.8042543	48,224,896	35,294,021
Absa Bank A/c No.8256911	718,276	710,998
Co-operative Bank A/c No. 01139098473702	6,680,673	3,538,012
Co-operative Bank A/c No. 01139098473700	2,145,546	1,540,337
Co-operative Bank A/c No. 01120098473700	3,698,542	2,358,852
National Bank A/c No. 01037017738900	20,275,594	287,174
National Bank A/c No. 01021071653900	28,526,499	8,164,525
Kenya Commercial Bank A/c No. 1234829517	102,224,369	96,718,084
Equity Bank A/c No. 0500277394606	65,557,566	53,621,796
Sub-Total	286,340,096	294,128,466
b) On-Call Deposits	-	-
c) Fixed Deposits Account	-	-
d) Staff Car Loan/Mortgage	-	-
e) Others (specify)	-	-
Cash in transit	-	-
Cash in hand	3,684	1,682
M-pesa (908008)	-	-
Sub-Total	3,684	1,682
Grand Total	286,343,780	294,130,148

(The amount stated have been reconciled with the bank statement figures.)

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27. Receivables from Exchange transactions

27(a) Current Receivables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Student Debtors	171,897,670	103,528,685
Rent Debtors	-	-
Consultancy Debtors	-	-
Other Exchange Debtors	90,000	2,363,777
Less: Impairment Allowance	-	-
Total Current Receivables	171,987,670	105,892,462

27(b) Long- term Receivables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Non-Current Receivables		
Student Debtors	89,286,206	34,630,757
Sabatia TVC	493,490	493,490
Alumni Association	163,280	163,280
Teaching staff association b/f	35,870	35,870
Advance Payments	1 025,133	880,733
Other customers	1 251,577	-
Less: Impairment Allowance	-	-
Total	92,255,556	36,204,130
Current Portion Transferred to Current Receivables	-	-
Total Non-Current Receivables	92,255,556	36,204,130
Total Receivables	264,243,226	142,096,592

27 (c) Reconciliation for impairment Allowance on Receivables from Exchange Transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
At the beginning of the year	142,096,592	86,271,809
Provisions during the year	171,987,670	105,892,462
Recovered during the year	(49,841,036)	(50,067,679)
Write offs during the year	-	-
At the end of the year	264,243,226	142,096,592

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28. Receivables from Non-Exchange Transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Capitation Grants	-	-
Transfers from Other Govt. entities	-	-
Undisbursed Donor Funds	-	-
Other Debtors (Non-Exchange Transactions)	-	-
Less: Impairment Allowance	-	-
Total Current Receivables	-	-

28 (b) Reconciliation for Impairment Allowance on Receivables from Non-Exchange Transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
At the beginning of the year	-	-
Additional provisions during the year	-	-
Recovered during the year	-	-
Written off during the year	-	-
At the end of the year	-	-

29. Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable stores	3,155,169	3,240,545
Maintenance stores	1,759,328	250,855
Health Unit stores	643,057	778,067
Electrical stores	2,416,901	2,914,005
Cleaning Materials stores	-	794,255
Catering stores	1,880,580	1,109,973
Bakery stores	36,460	435,909
Food & Beverage stores	327,423	627,942
Academic stores	2,918,966	-
Total Inventories at lower of Cost and Net Realizable Value	13,137,884	10,151,551

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. Investments

Description	2021-2022	2020-2021
	Kshs	Kshs
a) Investment in Treasury Bills and Bonds		
Financial Institution		
CBK	-	-
CBK	-	-
Sub- Total	-	-
b) Investment with Financial Institutions/ Banks		
Any Bank	-	-
Any Bank	-	-
Sub- Total	-	-
c) Equity Investments (Specify)		
Equity/ Shares in any Company	-	-
Sub- Total	-	-
Grand Total	-	-

d) Shareholding in other entities

The polytechnic did not own any share or holding in any of the above institutions as indicated below;

Name of institution Investment is Held	No of Shares			Nominal Value of Shares	Fair Value of Shares	
	Direct Shareholding	Indirect Shareholding	Effective Shareholding		Current Year	Prior Year
	%	%	%		Kshs	Kshs
Sigalagala National Polytechnic A	-	-	-	-	-	-
Sigalagala National Polytechnic B	-	-	-	-	-	-

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31. Property, Plant and Equipment

Cost	Land Kshs	Buildings Kshs	Motor vehicles Kshs	Furniture and fittings Kshs	Computers Kshs	Loose Tools Kshs	Plant and equipment Kshs	WIP Kshs	Total Kshs
At 1 July 2020	54,000,000	528,639,961	22,086,000	76,965,940	33,996,713	25,387,653	143,666,640		884,742,907
Additions	-	16,015,108	3,092,600	2,746,214	3,160,271	-	684,052	14,482,473	40,180,718
Disposals	-	-	-	-	-	-	-	-	-
Prior year adjustments	-	-	330,000	-	-	-	-	-	330,000
Revaluation	-	-	-	-	-	-	-	-	-
Cost as at 30 June 2021	54,000,000	544,655,069	25,508,600	79,712,154	37,156,984	25,387,653	144,350,692	14,482,473	925,253,625
NBV as at 1 July 2021	54,000,000	512,931,352	8,088,450	53,188,649	6,977,484	-	92,927,169	14,482,473	742,595,577
Additions	-	-	12,780,600	6,429,800	16,393,608	-	16,736,002	54,477,454	106,817,464
Disposals	-	-	-	-	-	-	-	-	-
Prior year adjustments	-	-	-	-	-	-	-	-	-
Revaluation	181,000,000	41,434,261	8,250,950	(2,215,626)	17,399,747	10,759,429	5,002,198	-	261,630,959
At 30 June 2022	235,000,000	623,325,540	29,120,000	57,402,823	40,770,840	10,759,429	114,665,368	68,959,927	1,111,044,000
Depreciation & Impairment		0.020	0.250	0.125	0.333	0.500	0.125	-	-
At 1 July 2021	-	-	-	-	-	-	-	-	-
Depreciation	-	11,087,312	7,280,000	7,175,353	13,576,690	5,379,715	14,333,171	-	58,832,241
Disposals	-	-	-	-	-	-	-	-	-
impairment	-	-	-	-	-	-	-	-	-

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Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Loose Tools	Plant and equipment	WIP	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Transfers/adjustments	-	-	-	-	-	-	-	-	-
As at 30 June 2022	-	11,087,312	7,280,000	7,175,353	13,576,689	5,379,715	14,333,171		58,832,240
Net Book Values									
As At 30 June 2021	54,000,000	527,413,825	8,088,450	53,188,649	6,977,484	-	92,927,169		742,595,577
As At 30 June 2022	235,000,000	543,278,301	21,840,000	50,227,470	27,194,150	5,379,714	100,332,197	68,959,927	1,052,211,759

The presentation above was done in accordance to IPSAS 17 – Presentation of Property Plant and Equipment

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Valuation

The Sigalagala National Polytechnic contracted Advent Valuers Ltd to conduct assets valuations exercise for its Non-Current Assets as at 30 June 2022 to ascertain the actual cost of these assets some of which had nil or very low Net Book Values

The result of the exercise has been incorporated in the books of accounts as summarized below;

Revaluation of assets acquired during the previous years

Description	NBV B/D	Revaluation cost	Gain/Loss on Re-valuation
	Kshs	Kshs	Kshs
Land	54,000,000	235,000,000	181,000,000.00
Buildings	512,931,352	554,365,613	41,434,261.00
Plant And Machinery	92,927,169	100,722,753	7,795,584.00
Motor Vehicles /Motorcycles	8,088,450	17,120,000	9,031,550.00
Computers and Related Equipment	6,977,484	26,417,715	19,440,231.00
Furniture and Fittings	53,188,649	51,937,493	- 1,251,156.00
Loose tools	-	10,759,429	10,759,429.00
WIP	14,482,473	14,482,473	-
Total	742,595,577	1,010,805,476	268,209,899.00

Revaluation of assets acquired during the year 2021/2022

Description	Additions during the year	Revaluation cost	Gain/Loss on Re-valuation
	Kshs	Kshs	Kshs
Land	-	-	-
Buildings	-	-	-
Plant And Machinery	16,736,002	13,942,615	2,793,387
Motor Vehicles / Motorcycles	12,780,600	12,000,000	780,600.00
Computers and Related Equipment	16,393,608	14,353,125	2,040,483
Furniture and Fittings	6,429,800	5,465,330	964,470.00
WIP	54,477,454	54,477,454	-
Total	106,817,464	100,238,524	6,578,940

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Consolidated Revaluation of Total Assets as at 30 June 2022

Description	Total current costs Kshs	Revaluation cost Kshs	Gain/Loss on Re-valuation Kshs	Dep Rate Kshs	Dep Kshs	NBV Kshs
Land	54,000,000	235,000,000	181,000,000	-	-	235,000,000
Buildings	512,931,352	554,365,613	41,434,261	0.02	11,087,312	543,278,301
Plant And Machinery	109,663,171	114,665,368	5,002,197	0.125	14,333,171	100,332,197
Motor Vehicles/ Motorcycles	20,869,050	29,120,000	8,250,950	0.25	7,280,000	21,840,000
Computers & Related Equipment	23,371,092	40,770,840	17,399,748	0.333	13,576,690	27,194,150
Furniture and Fittings	59,618,449	57,402,823	-2,215,626	0.125	7,175,353	50,227,470
Loose tools	-	10,759,429	10,759,429	0.5	5,379,715	5,379,714
WIP	68,959,927	68,959,927	-	-	-	68,959,927
Total	849,413,041	1,111,044,000	261,630,959	-	58,832,241	1,052,211,759

31 (b) Property, Plant and Equipment at Cost

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

Asset type	Revalued Cost Kshs
Land	235,000,000
Buildings	554,365,613
Plant And Machinery	114,665,368
Motor Vehicles including Motorcycles	29,120,000
Computers and Related Equipment	40,770,840
Office Equipment, Furniture, And Fittings	57,402,823
Loose tools	10,759,429
WIP	68,959,927
Total	1,111,044,000

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32. Intangible Assets

Description	2021-2022	2020-2021
Cost	Kshs	Kshs
At beginning of the year	9,545,419	6,000,000
Additions	-	3,545,419
At end of the year	9,545,419	9,545,419
Additions–internal development	-	-
At end of the year	9,545,419	9,545,419
Amortization and impairment		
At beginning of the year	-	-
Amortization	-	-
At end of the year	-	-
Impairment loss	-	-
At end of the year		
NBV	9,545,419	9,545,419

33. Biological Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
At beginning of the year	295,000	295,000
Additions	-	-
Disposal during the year	-	-
Revaluation(gain)	405,000	-
Impairment	-	-
At end of the year	700,000	295,000

34. Trade and Other Payables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade payables	2,370,234	3,092,684
Fees paid in advance	13,582,472	28,983,327
Maturu campus	-	62,655
Chanzeywe Tvc	-	(516,424)
Total Trade and Other Payables	15,952,706	31,622,242

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35. Refundable Deposits from Customers/Students

Description	2021-2022	2020-2021
	Kshs	Kshs
Caution money	8,823,851	8,825,351
Bursaries	1,930,819	16,680,151
HELB Loan	785,800	11,735,873
Student council	1,370,925	1,743,926
Examination	28,823,858	4,931,568
Mumias TVC	587,633	1,116,026
Total Deposits	42,322,886	45,032,895

36. Current Provisions

Description	Leave provision	Bonus provision	Gratuity Provisions	Other provision	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance at The Beginning of The Year	-	-	-	-	-
Additional Provisions	-	-	-	-	-
Provision Utilised	-	-	-	-	-
Change Due to Discount and Time Value for Money	-	-	-	-	-
Transfers From Non -Current Provisions	-	-	-	-	-
Total Provisions	-	-	-	-	-

37. Finance Lease Obligation

Description	2021-2022	2020-2021
	Kshs	Kshs
At the start of the year	-	-
Discount interest on Lease Liability	-	-
Paid during the year	-	-
At end of the year	-	-

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Maturity Analysis

Period	Amount
	Kshs
Year 1	-
Year 2	-
Year 3	-
Year 4	-
Year 5 and Onwards	-
Less: Unearned Interest	-
	-

Analysed as:

Description	Amount
	Kshs
Current	-
Non- Current	-
Total	-

38. Deferred Income

Description	2021-2022	2020-2021
	Kshs	Kshs
National Government	-	-
International Funding Bodies	-	-
Public Contributions and Donations	-	-
Total Deferred Income	-	-

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The deferred income movement is as follows:

Description	National Government	International Funders/ Donors	Public Contributions & Donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance brought forward	-	-	-	-
Additions during the year	-	-	-	-
Transfers to capital fund	-	-	-	-
Transfers to income statement	-	-	-	-
Other transfers	-	-	-	-
Balance carried forward	-	-	-	-

Analysed as:

Description	Amount
	Kshs
Current	-
Non- Current	-
Total	-

39. Employee Benefit Obligations

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	2021-2022	2020-2021
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Benefit Obligation	-	-	-	-	-
Non-Current Benefit Obligation	-	-	-	-	-
Total Employee Benefits Obligation	-	-	-	-	-

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Retirement benefit Asset/ Liability

The Sigalagala National Polytechnic did not operate a defined benefit scheme for all full-time employees from July 1, 2021.

An actuarial valuation to fulfil the financial reporting disclosure requirements of IPSAS 39 was not carried out as at 30th June 2022 since the polytechnic does not operate any retirement benefit scheme other than NSSF

Description	2021-2022	2020-2021
	Kshs	Kshs
Discount Rates	-	-
Future Salary Increases	-	-
Future Pension Increases	-	-
Mortality (Pre- Retirement)	-	-
Mortality (Post- Retirement)	-	-
Withdrawals	-	-
Ill Health	-	-
Retirement	-	-

Recognition of Retirement Benefit Asset/ Liability

- a) Amounts recognised under other gains/ Losses in the statement of Financial Performance:

Description	2021-2022	2020-2021
	Kshs	Kshs
The return on defined plan assets	-	-
Actuarial gains/ losses arising from changes in demographic assumptions	-	-
Actuarial Gains/ Losses Arising From change in Financial Assumptions	-	-
Actuarial gains and losses arising from experience adjustments	-	-
Others (<i>specify</i>)	-	-
Adjustments for restrictions on the defined benefit asset	-	-
Remeasurement of the net defined benefit liability (asset)	-	-

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b) Amounts recognised in the Statement of Financial Position

Description	2021-2022 Kshs	2020-2021 Kshs
Present value of defined benefit obligations(a)	-	-
Fair value of plan assets(b)	-	-
Funded status(=a-b)	-	-
Restrictions on asset recognised	-	-
Others	-	-
Net asset or liability arising from defined benefit obligation	-	-

The Sigalagala National Polytechnic contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The Sigalagala National Polytechnic's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.2160 per employee per month. Other than NSSF the Polytechnic does not have a defined contribution scheme.

40. Non-Current Provisions

Description	Long service leave Kshs.	Bonus Provision Kshs.	Gratuity Kshs.	Other Provisions Kshs.	Total Kshs.
Balance at the beginning of the year	-	-	-	1,083,480	1,083,480
Additional Provisions	-	-	-	-	-
Provision utilised	-	-	-	-	-
Change due to discount and time value for money	-	-	-	-	-
Less: Current portion	-	-	-	-	-
Total deferred income	-	-	-	1,083,480	1,083,480

41. Borrowings

Description	2021-2022 Kshs	2020-2021 Kshs
Balance at beginning of the year	-	1,664,630
External borrowings during the year	-	-
Domestic borrowings during the year	-	-
Repayments of external borrowings during the year	-	-
Repayments of domestic borrowings during the year	-	(1,664,630)

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Balance at end of the year	-	-
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

41 a) Analysis of External and Domestic Borrowings

Description	2021-2022	2020-2021
	Kshs	Kshs
External borrowings	-	-
Dollar denominated loan from other organization	-	-
Sterling pound denominated loan from other organization'	-	-
Euro denominated loan from other organization	-	-
Domestic borrowings	-	--
Kenya shilling loan	-	--
Total balance at end of the year	-	-

41 b) Breakdown of Long and Short-Term Borrowings

Description	2021-2022	2020-2021
	Kshs	Kshs
Short Term Borrowings (Current Portion)	-	-
Long Term Borrowings	-	-
Total	-	-

42. Service Concession Arrangements

Description	2021-2022	2020-2021
	Kshs	Kshs
Fair value of service concession assets recognized under PPE	-	-
Accumulated depreciation to date	-	-
Net carrying amount	-	-
Service concession liability at beginning of the year	-	-
Service concession revenue recognized	-	-
Service concession liability at end of the year	-	-

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43. Cash generated from operations

	2021-2022	2020-2021
	Kshs	Kshs
Surplus for the year before tax	40,071,159	67,766,167
Adjusted for:		
Depreciation	60,211,439	57,651,383
Non-Cash grants received	-	-
Contributed assets	-	-
Impairment	-	-
Gains and Losses on Disposal of Assets	-	-
Contribution to provisions	-	-
Contribution to impairment allowance	-	-
Finance Income	-	-
Finance Cost	-	-
Working Capital Adjustments		
Increase in Inventory	(2,986,333)	(7,359,719)
Increase in Receivables	(122,146,634)	(55,824,783)
Increase in Deferred Income	-	-
Increase in Payables	(18,379,545)	(81,866,977)
Increase in Payments received in advance	-	-
Net Cash Flow from Operating Activities	(43,229,914)	(19,633,929)

44. Financial Risk Management

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

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(i) Credit risk

The Polytechnic's 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 Polytechnic'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 Sigalagala National Polytechnic's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2021				
Receivables from exchange transactions	142,096,592	105,892,462	36,204,130	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	294,130,148	294,130,148	-	-
Total	436,226,740	400,022,610	36,204,130	-
At 30 June 2022				
Receivables from exchange transactions	264,243,226	171,987,670	92,255,556	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	286,343,780	286,343,780	-	-
Total	550,587,006	458,331,450	92,255,556	-

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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 Governing Council 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 polytechnic's directors, who have built an appropriate liquidity risk management framework for the management of the Sigalagala National Polytechnic's short, medium and long-term funding and liquidity management requirements. The polytechnic's manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

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

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2021				
Trade Payables	-	1,615,534	1,477,149	3,092,683
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	1,083,480	1,083,480
Deferred Income	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	1,615,534	2,560,629	4,176,163
At 30 June 2022				
Trade Payables	-	862,100	1,508,134	2,370,234
Current Portion of Borrowings	-	-	-	-
Provisions	-	-	1,083,480	1,083,480
Deferred Income	-	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	-	862,100	2,591,614	3,453,714

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(iii) Market risk

The polytechnic has put in place an internal audit function to assist it in assessing the risk faced by the Sigalagala National Polytechnic 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 Sigalagala National Polytechnic'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 polytechnic 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 polytechnic's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The Sigalagala National Polytechnic 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 Sigalagala National Polytechnic's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial Assets (Investments, Cash, Debtors)	-	-	-
Liabilities	-	-	-
Trade and Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

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

	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2022			
Financial Assets (Investments, Cash, Debtors)	-	-	-
Liabilities	-	-	-
Trade and Other Payables	-	-	-
Borrowings	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

a) Foreign currency sensitivity analysis

The following table demonstrates the effect on the polytechnic'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.

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	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2021			
Euro	-	-	-
Ussd	-	-	-
2022			
Euro	-	-	-
Usd	-	-	-

b) Interest rate risk

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

By the end of the year, the sensitivity analysis did not indicate any impact on the statement of comprehensive income.

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iv) Capital Risk Management

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Capital Reserve	748,695,243	748,695,243
Retained Earnings	138,453,697	97,003,341
Development Reserve	391,059,157	275,377,086
Mentorship funds	20,000,000	-
Revaluation reserve	268,614,899	-
Total Funds	1,566,822,996	1,121,075,670
Total Borrowings	-	-
Less: Cash and Bank Balances	286,343,780	294,130,148
Net Debt/(Excess Cash and Cash Equivalents)	286,343,780	294,130,148
Gearing	-	-

45. Related Party Balances

Nature of related party relationships

The Sigalagala National Polytechnic wholly owned by the Government of Kenya. Related party transactions, if any is between the Polytechnic and state department for TVET.

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) The Governing Council
- iv) Key management staff

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Transactions with Related Parties		
a) Sales to related parties		
Sales of electricity to govt agencies	-	-
Rent income from govt. agencies	-	-
Water sales to govt. agencies	-	-
Others (<i>specify</i>)	-	-
Total	-	-
B) Purchases from related parties		
Purchases of electricity from kplc	-	-
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. agencies	-	-
Others (<i>specify</i>)	-	-
Total	-	-
b) Grants /Transfers from the Government		
Grants from National Govt (capitation)	221,370,000	213,645,000
Grants from County Government	-	
Donations in Kind/ Monitoring & Evaluation	2,459,800	
Total	223,829,800	213,645,000
c) Expenses incurred on behalf of related parties		
Payments of Salaries and Wages for xx Employees	-	-
Payments for Monitoring & Evaluation on behalf of the state Department TVET	-	-
Total	-	-
d) Key Management Compensation		
Payment for Council Allowances	7,421,249	-
Compensation to Key Management	-	-
Total	7,421,249	-

46. Segment Information

The Sigalagala National Polytechnic does not operate in different geographical regions or in departments hence do not maintain IPSAS 18 on segmental Reporting.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

47. Contingent Assets and Contingent Liabilities

Contingent Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Contingent Assets	-	-
Insurance Reimbursements	-	-
Assets arising from determination of Court Cases	-	-
Reimbursable Indemnities and Guarantees	-	-
Others (<i>Specify</i>)	-	-
Total	-	-

Contingent Liabilities

Description	2021-2022	2020-2021
	Kshs	Kshs
Contingent Liabilities		
Court Case no. 07 of 2020 against (the Sigalagala National Polytechnic Vs M/s Ramagon Construction company ltd	25,218,825	-
Bank guarantees in favour of subsidiary	-	-
Contingent liabilities arising from Contracts including PPPs	-	-
Others (<i>Specify</i>)	-	-
Total	25,218,825	

Ramagon Construction Company Ltd was contracted to build a Tuition Block in the year 2010 vide contract no STT/TB/001/ 2010-2011. They have taken the polytechnic to court on ground that the final account was not paid to a tune of Kshs. 25,218,825.

This matter has been referred for arbitration which is ongoing

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48. Capital Commitments

Capital Commitments	2021-2022	2020-2021
	Kshs	Kshs
Authorised for purchase of medical Lab Equipment	10,508,900	34,315,948
Authorised for purchase of 30 Core i 5 computers	2,978,010	9,839,729
Geotechnical services	750,000	
Authorised and contracted for construction of 72 Tuition classes complex	195,902,010	97,258,737
Total	210,138,920	218,668,200

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the Sigalagala National Polytechnic but at the end of the year had not been contracted or those already contracted for and ongoing)

49. Deferred Tax Liability

Deferred tax is calculated on all temporary differences under the liability method using the enacted tax rate, currently 30%. The net deferred tax liability at year end is attributable to the following items:

Description	2021-2022	2020-2021
	Kshs	Kshs
Accelerated Capital Allowances	-	-
Unrealised Exchange Gains/(Losses)	-	-
Revaluation Surplus	-	-
Tax Losses carried forward	-	-
Provisions for Liabilities and Charges	-	-
Net Deferred Tax Liability/(Asset)		
The movement on the deferred tax account is as follows:		
Balance at beginning of the year	-	-
Credit to revaluation reserve	-	-
Under provision in prior year	-	-
Income statement charge/(credit)	-	-
Balance at end of the year	-	-

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50. Events After the Reporting Period

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

51. Ultimate and Holding Sigalagala National Polytechnic

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

52. Mentorship programme to other new Technical and Vocational Colleges

The Sigalagala National Polytechnic was appointed by the ministry of education to mentor two new institution;

- Luanda Tvc - Luanda constituency - Kshs. 10,000,000
- Ebungangwe Tvc - Emuhaya constituency - Kshs. 10,000,000

The mentorship includes building of these two colleges as per the ministry architectural plan and bill of quantity.

During the year under review, the polytechnic received funds for the above purpose but had not started the construction because of the delayed bills of quantities that were being reviewed.

In the case of Luanda Tvc, the Luanda CDF was to share the cost by contributing a total of Kshs. 10,000,000 while the ministry of education to take care of the balance.

For the case of Ebungangwe Tvc, the ministry of education, the Emuhaya CDF and the County Government of Vihiga were to share the cost of construction while the Sigalagala National Polytechnic was to provide all the technical support for the project.

53. Currency

The financial statements are presented in Kenya Shillings (Kshs).

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XIX. APPENDICES

APPENDIX 1: IMPLEMENTATION STATUS OF AUDITOR-GENERAL RECOMMENDATIONS

Ref. No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>Cash and Cash Equivalents</p> <p>The statement of financial position reflects a cash and cash equivalents balance of Kshs.294,130,148 as at 30 June 2021 which, as detailed under Note 26, comprises bank balances in 10 bank accounts totaling Kshs.294,128,466 and a cash on hand balance of Kshs.1,682. However, a bank reconciliation statement provided for audit reflects an amount of Kshs.2,817,383 in the bank statements not in the cash book. In addition, amounts totaling Kshs.1,340,968 were returned unpaid (return to drawer) but had not been reversed in the cash book as at 30 June 2021. Consequently, the accuracy of the cash and cash equivalents balance of Kshs.294,130,148 reflected in the statement of financial position as at 30 June, 2021 could not be confirmed.</p>	<p>When sponsorship cheque is paid to the Polytechnic, the sponsor's account is credited and when allocation is done on the student, the sponsor account is debited and the student account is credited and the transaction is declared complete.</p> <p>In the event that a cheque bounces, the student's account is debited and the sponsor's account is credited with the returned cheque until he makes good the cheque.</p> <p>With the above transaction, the Polytechnic doesn't lose any money if a cheque is returned because the student concerned is debited and advised to look for other sources of payment of fees.</p> <p>The burden to replace the returned cheques lies with the sponsor, not the Polytechnic. Since the sponsor always wishes to replace the cheque, the account of the sponsor at the Polytechnic is kept as a hanging debtor and an account is created for the returned cheque such that when replacement is done the account is cleared.</p> <p>When the sponsor completely fails to replace the returned cheque for a period of one year then these are written back in the cash book and the account is closed.</p>	Not Resolved	30/6/2023

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Ref. No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>Budgetary Control and Performance The statement of comparison of budget and actual amounts indicates that the Polytechnic had a final approved revenue budget of Kshs.256,200,000 from tuition fee but realized only Kshs.188,780,844 under that revenue stream. No explanation was provided for the shortfall in revenue collection by Kshs.67,419,156 (or about 26%) In addition, the statement of comparison of budget and actual amounts indicates that the Polytechnic had a total final approved budget of Kshs.518,645,000 out of which actual receipts amounted to Kshs.513,707,557. However, out of the actual receipts of Kshs.513,707,557, the Polytechnic realized actual expenditure of Kshs.322,399,061 (or about 63%). No explanation was provided for the gross under-expenditure of Kshs.191.308,496. Consequently, it is apparent that the approved budget of the Polytechnic was not realistic.</p>	<p>Reasons for shortfall of revenue collection The first quarter of the year July – September the Polytechnic was closed and there was no intake in September 2020 where the Polytechnic normally receives the highest intake of students. However due to the disruption caused by COVID 19 pandemic this didn't materialize hence affecting negatively our revenue collection. Due to COVID 19 pandemic, most parents/guardians lost their sources of income which caused low turn-out on the February 2021 intake hence causing tremendous reduction of revenue collection. Most students who were on attachment did not report back in college the following term since they were unable to raise tuition fees hence leading to low revenue collection</p> <p>Reasons for under -expenditure Most of the activities that required face to face interactions such as sports and others, were put on halt due to COVID – 19 suspension of all activities regarding co-curricular activities. Face to face meetings were put on halt due to restriction of movement as per the MoH guidelines on COVID-19. These include Governing Council meetings, exhibitions and trade fairs, marketing and academic trips, bench marking amongst others. Since most students were not in session for a whole year, purchases that are directly related to students' presence like teaching and learning materials, practical's, monthly utilities among others were minimal leading to low expenditure.</p>	Not Resolved	30/6/2023

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Ref. No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		<p>The only major project that was to cost the Polytechnic Kshs.111,000,000 was put on halt as per the National Treasury Circular No 16/2019 and was approved late in March, 2021 making the progress to be only 13% by the end of the year though funds were budgeted for and set aside for its completion during the year.</p>		
	<p>Trade Payables The statement of financial position reflects a balance of Kshs.31,622,242 under trade payables from exchange transactions which includes, as shown under Note 34, a balance of Kshs.3,092,684 relating to trade payables. However, the balance of Kshs.3,092,684 includes a balance of Kshs.1,477,149 relating to five suppliers which have not been settled since 2017. No plausible explanation was provided for the failure to settle debts as and when they fall due. Failure to settle creditors as and when the debts fall due adversely affects the creditworthiness of the Polytechnic.</p>	<p>The suppliers mentioned above were not paid on time for failure to submit all the required documents to be used for payments. The Polytechnic has contacted them and all the missing documents that were required are being worked on so that these cases are closed within the financial year. Attached is a matrix showing why each case was not handled in time and the steps taken to solve.</p>	Not Resolved	30/6/2023

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Ref. No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
	<p>Staff Ethnic Diversity</p> <p>Analysis of the payroll and staff list provided for audit indicate that the Polytechnic had 238 members of staff (both teaching and non-teaching). However, out of the 238 members of staff, 182 (or about 76%) were from the dominant local community. This is contrary to the provisions of Section 7(2) of the National Cohesion and Integration Act, 2008, which provides that no public establishment shall have more than one third of its staff from the same ethnic community.</p> <p>Consequently, the polytechnic was in breach of the law</p>	<ul style="list-style-type: none"> It is true ethnic representation in the Polytechnic is skewed in favor of one dominant ethnic group. The ethnic representation for workers at Sigalagala is historical and the figure of 182 comprises various Luhya sub ethnic groups, majority of whom were recruited when Sigalagala was still a Technical Training Institute, drawing its workforce from the local ethnic Luhya sub tribes. Some of the workers were later absorbed into permanent establishment and hence the current demographics. Further to that the salaries have been generally low attracting mostly the locals who perceived the institute as community school. However, after elevation to a National Polytechnic status about 5 years ago, vide legal notice No.90 of 30th May 2016, the situation has changed and advertisements for employment are usually placed in daily newspapers with a national circulation and the website based on our HR 	Not Resolved	30/6/2023

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Ref. No.	Issue / Observations from Auditor	Management comments	Status:	Timeframe:
		<p>Policy Manual section 2.6 and in accordance with article 27 of the constitution 2010. SNP promotes equality in employment and all communities in Kenya in their diversity are granted equal opportunity in employment without discrimination on basis of race, sex, ethnic or social origin etc. A look at senior positions from job group “N” reveals that skilled jobs at this level attract people from different ethnic groups and one can discern diversity. We have 2 Luhyas, 1Luo and 1 Kalenjin.</p>		

Accounting Officer



Sigalagala National Polytechnic

Date :

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APPENDIX II: PROJECTS IMPLEMENTED BY THE SIGALAGALA NATIONAL POLYTECHNIC

Projects

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

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

Status of Projects completion

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

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1						
2						
3						

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APPENDIX III- INTER-SIGALAGALA NATIONAL POLYTECHNIC CONFIRMATION LETTER**

[Insert your Letterhead]

*[Insert name of beneficiary Sigalagala National Polytechnic]
[Insert Address]*

The *[insert SC/SAGA/Fund name here]* wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by Insert name of beneficiary Sigalagala National Polytechnic as at 30th June 2022						
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 2022			Amount Received by Kshs. as at 30 th June 2021(E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)		
Total						

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

Head of Accountants department of beneficiary Sigalagala National Polytechnic:

Name **Sign** **Date**

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APPENDIX IV: REPORTING OF CLIMATE RELEVANT EXPENDITURES

Project Name	Project Description	Project Objectives	Project Activities	Reporting Quarters				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
1	Tree Nursery project	A seed bed containing 400 ornamental seedlings	To give proper landscaping and beautification of the new tuition block	Relocation of seed beds and tree nursery from triangle garden to the swampy area around the old building workshop.				Internal funds	SNP club
2.	Tree planting	Planting 200 eucalyptus trees at the Itando mission hospital	To assist the surrounding community to improve the environmental conservation	Using seedlings from SNP tree nursery to donate to the neighbouring mission hospital				Internal funds	<ul style="list-style-type: none"> • SNP Environmental club • Staff of the hospital
3.	Humber park project	Fixing 15 benches and beautification	To create a conducive environment for student use during free time	Land scaping and fixing of benches and shades to be used by students during their free time				Internal funds	<ul style="list-style-type: none"> • SNP Environmental club • Humber college canada

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APPENDIX V: DISASTER EXPENDITURE REPORTING TEMPLATE

Year: 2021/2022 Financial Year						
Name of Institution: SIGALAGALA NATIONAL POLYTECHNIC						
Name of reporting officer: EVANS OMWENGA BOSIRE						
Contact details of the reporting officer:						
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme.	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
Health care	Diseases surveillance.	Natural epidemics	Provision of healthcare and awareness to both staff and students			In progress
	Provision for PPE's for staff	Natural epidemics	Provision of personal protective equipment's e.g gloves, masks, goggle and safety boots.			In progress
Environmental	Environmental degradation.	Climatological	Training of staff on effects of Environmental degradation			Good progress
			Provision of disposal units that can cause accidents, pollutions and hazardous effects.			Good progress
Safety	Emergency First Aid supplies.	Geophysical/Fires.	Provision of fire extinguishers			Good progress
	Repair of vital services.	Natural	Provision of flash lights and extra batteries			Good progress
	Policy formation.	Natural/Man made.	Re-building of infrastructure			Good progress
	Stress management.	Natural/Man made.	Developing of policies and practices to mitigate similar situations that might occur			On-going
			Evaluate staff for signs of fatigue and stress			On-going