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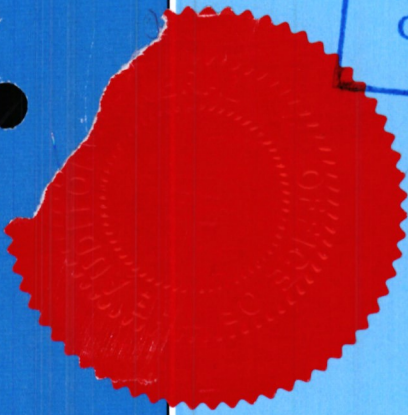


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REPORT

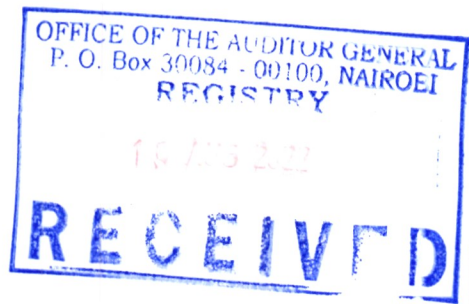
OF

THE AUDITOR-GENERAL

ON

KISII NATIONAL POLYTECHNIC

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



KISII NATIONAL POLYTECHNIC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30th June 2021

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

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

TABLE OF CONTENTS

1. KEY ENTITY INFORMATION AND MANAGEMENT	III
2. THE GOVERNING COUNCIL.....	VI
3. MANAGEMENT TEAM.....	IX
1. CHAIRMAN'S STATEMENT	XI
4. REPORT OF THE PRINCIPAL FOR THE PERIOD ENDED 30TH JUNE 2021	XII
5. STATEMENT OF KISII NATIONAL POLYTECHNIC'S PERFORMANCE AGAINST PREDETERMINED OBJECTIVES FOR FY 2020/2021	XV
6. MANAGEMENT DISCUSSION AND ANALYSIS.....	XX
7. CORPORATE GOVERNANCE STATEMENT	XXI
8. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY	XXII
REPORT OF THE COUNCIL	XXIII
9. STATEMENT OF GOVERNING COUNCIL MEMBERS' RESPONSIBILITIES.....	XXIV
10. REPORT OF THE INDEPENDENT AUDITOR ON KISII NATIONAL POLYTECHNIC.....	XXV
11. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2021	1
12. STATEMENT OF FINANCIAL POSITION AS AT 30 TH JUNE 2021	2
13. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 TH JUNE 2021	3
14. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2021	4
15. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR THE YEAR ENDED 30 TH JUNE 2021	5
16. NOTES TO THE FINANCIAL STATEMENTS	7
APPENDIX.....	21

1. KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

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

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

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

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

The Kisii National polytechnic currently offers various faculties namely Business studies, Computer Studies, Mechanical Engineering, Electrical and Electronics Engineering, Building and Civil Engineering, Communication and development, applied sciences, Health sciences and Agricultural and Environmental Sciences

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

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

(a) Principal Activities

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

Vision

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

Mission

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

Key Management

The Kisii National Polytechnic day-to-day management is under the following key organs:

- Governing council members
- Accounting officer/ Principal
- Management
- Heads of Departments

(b) Fiduciary Management

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

No.	Designation	Name
1.	Principal	Mr. David Mwangi
2.	Head of Finance	Ms Elizabeth Orwasa
3.	Head of Procurement	Mr Micah Ogaro

(c) Fiduciary Oversight Arrangements

Name of the Committee	Members
Finance and General Purpose Committee	1. Eng Andrew Ngeno-Chair person 2. Ms Esther Asati-Member 3. Mr. David Mwangi- Secretary 4. Mr Tom Olango. - Member
Audit and Risk Management Committee	1. Mr John Kimani – Chairperson 2. Evarastus Gichana – Secretary 3. Mr Nathan Orora - Member
Education and Research Committee	1. Dr Onyansi Nyakwara – Chairperson 2. Eng Andrew Ngeno- Member 3. Mr Tom Olango. – Member 4. Mr. David Mwangi– Secretary
Human Resource committee	1. Ms Esther Asati – Chairperson 2. Dr Onyansi Nyakwara – Member 3. Mr Tom Olango- Member 4. Mr David Mwangi - Secretary

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

(d) Entity Headquarters
KISII NATIONAL POLYTECHNIC
P.O. Box 222
KISII-KEROKA ROAD
KISII, KENYA

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

(f) Entity Bankers

Co-operative Bank of Kenya -Kisii Brach.

Kenya commercial Bank -Kisii Brach.

(g) Independent Auditors




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

(h) Principal Legal Adviser


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

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021



2. THE GOVERNING COUNCIL

 <p>PROF. KISILU KITAINGE CHAIRPERSON</p>	<p>PhD in Education (TVET)-Royal Melbourne Institute of Technology (RMIT University) Melbourne, Australia M. Phil and B.Ed –Technology Power Mechanics Technology) Moi University, Kenya.</p>
 <p>MR. JOHN KIMANI MEMBER</p>	<p>MBA Entrepreneurship- Assam Bosco University Bsc Computer science- Nairobi University CPA ACII (Associate of Chartered Insurance Institute)</p>
 <p>MR. NATHAN ORORA MEMBER</p>	<p>University of Nairobi –MBA Bsc Medical Microbiology - JKUAT</p>





Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

 <p>DR. SIMON NYAKWARA MEMBER</p>	<p>Phd in Human Resource Management (MKU) Master in B.A –Madurai University PGTE-Kenyatta University</p>
 <p>MS. ESTHER ASATI MEMBER</p>	<p>Post graduate diploma in law-Kenya school of Law Bachelors of Laws, LLB(Hons) University of Nairobi</p>
 <p>MR. TOM OLANGO REGIONAL TVET DIRECTOR</p>	<p>Regional Director of Technical and Vocational Education and Training (TVET) Master of Education in Curriculum Studies from Nairobi University</p>




Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

 <p>ENG. ANDREW NGENO MEMBER</p>	<p>B.Sc. Mechanical Engineering –University of Nairobi Certificate in Sugar cane Technology- Mauritius</p>
 <p>MR. DAVID MWANGI PRINCIPAL</p>	<p>MBA Supplies Management</p>

3. MANAGEMENT TEAM

 <p>MR. DAVID MWANGI PRINCIPAL</p>	<p>MBA Supplies Management</p>
 <p>MR. JOHN OMONDI DEPUTY PRINCIPAL - ACADEMICS</p>	<p>B.E.D(Technology)-Moi University Higher Diploma-Kenya Polytechnic.</p>
 <p>MRS. GRACE MAUTI DEPUTY PRINCIPAL ADMINISTRATION</p>	<p>Masters in Guidance and Counselling –Egerton University Bachelors in Education –Kenyatta University</p>
 <p>MR. NICODEMUS MIRIOBA DEAN OF STUDENT</p>	<p>Education: Degree Bachelor of Science Institution: Egerton University</p>

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

 <p>MR.ERIC OMUNDI REGISTRAR ADMINISTRATION</p>	<p>Bachelor of Education Arts Institution: Egerton University</p>
 <p>MS.BEATRICE NYAREKI REGISTRAR ACADEMICS</p>	<p>Education level: -Masters in Education with Guidance and Counselling</p>
 <p>MS. ELIZABETH N. ORWASA FINANCE OFFICER</p>	<p>Education level : CPAK, BCOM in Accounting Institution: - Kisii University</p>

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

I. CHAIRMAN'S STATEMENT

It is my honor to present the Annual Report and Financial Statement of the Kisii National Polytechnic for the financial year ended 30th June, 2021.

The Kisii National Polytechnic plays a pivotal role in developing highly qualified, globally competitive and innovative human resource by providing quality training, Applied Research and extension and entrepreneurship skills that are responsive to the ever changing, market demands. This goes a long way in skilling the youth for both industry demands and increasing youth self-employment.

The Kisii National Polytechnic takes cognizance of the global clarion call of sustainable development and our country's development agenda as defined in Vision 2030, Agenda 2063 - the Africa we want and specifically in the Big Four Agenda of the government of Kenya.


In the middle of this Financial Year, the Kisii National Polytechnic had to deal with the effects of COVID-19 which is a global pandemic. In addressing and mitigating the effects of COVID-19, the Kisii National Polytechnic took bold steps in renovating the polytechnic in instituting both WHO protocols and guidelines of the MOH. The facility of the polytechnic which inter alia was not envisaged has had enormous pecuniary implications.

The Polytechnic seeks linkages and collaborations with industry players and other higher learning institutions notable among this is the collaboration with Vancouver Island University of Canada and the Department of Building and Civil Engineering under the Kenya Education for Employment Project (KEFEP) through the collaboration, Kisii National Polytechnic received equipment for masonry, carpentry and plumbing Workshops. Other collaborations include, the Kenya Dairy Board with the Department of Agriculture and Environment among others. These linkages and collaborations enhance our mission in reaching our vision.

I wish to commend the government for capitation program and HELB that support trainees in paying their fees. This indeed has enabled many trainees who hitherto could not afford technical and Higher education and training to access the same. We appeal for further support from the private sector, non-governmental organizations and other players in industry to enable more trainees access the much needed training.

The Governing Council would like to appeal to the government to enhance our recurrent and capital development grants to enable the Polytechnic meet its financial obligations and expand its physical facilities to accommodate surging enrollment.

Thank you and God bless you.

Signature  Date 7/3/2022

PROF. KISILU KITAINGE

CHAIR, GOVERNING COUNCIL

**Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021**

4. REPORT OF THE PRINCIPAL FOR THE PERIOD ENDED 30th June 2021

I am indeed pleased to present the Annual Report and Financial Statement of Kisii National Polytechnic (KNP) for the year ended 30th June, 2021.

NON-FINANCIAL INFORMATION

Background

The Kisii National Polytechnic is located within Kisii Municipality about 1.5 km south east of Kisii Township, Kisii County. The Institution was founded in 1971 as Gusii Institute of Technology to offer training in Technical Education and Business Studies. It was upgraded to a national polytechnic in 2016.

Departments and Courses

The institution currently offers 96 courses across 10 academic departments namely;

1. Computer studies,
2. Electrical and Electronics Engineering,
3. Mechanical and Automotive Engineering,
4. Building and Civil Engineering,
5. Communication and Development Studies,
6. Hospitality and Institutional Management Studies,
7. Health Sciences,
8. Applied Sciences,
9. Agricultural and Environmental Studies,
10. Business Studies

The courses are offered at four levels of Artisan, Craft, Diploma and Higher National Diploma.

Trainees and Staff

The present admission strength stands at 8,231 trainees who are served by 252 teaching and 151 non-teaching staff. The Institution has students and staff from all parts of the country. The population is expected to continue increasing rapidly due to the high demand for tertiary education in the country and the fact that the institution has a national appeal in its status as a national polytechnic.

Best Practice

Kisii National Polytechnic has embraced best practice in its service delivery by investing in a 5-year strategic plan. The vision of the Institution is *“To be the preferred training institution for Technical and Vocational skills development”*. This vision is well informed by its mission *“To develop highly qualified, globally competitive and innovative human resource by providing quality Training, Applied Research & Extension and Entrepreneurship skills that are responsive to market demands”*.

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

To ensure service delivery as envisaged in its vision and mission statements the institution uses performance contracting where targets are set by all departments and staff and are used to inform and measure performance. KNP also holds graduation ceremony annually to celebrate and confer awards to graduates of the institution. About 700 trainees graduated in October 2019.

The institution also carries out regular surveys on customer satisfaction, employee satisfaction, Training Needs Analysis among others to help inform on interventions that will ensure growth within the polytechnic.

The institution's service delivery is also informed by Quality Management System. The Kisii National Polytechnic is ISO 9008:2015 certified.

Co-Curricular and Extra-Curricular Activities

Kisii National Polytechnic has a vibrant co-curricular and extra-curricular system which enables the trainees to develop themselves in ways beyond the conventional curriculum. The institution has over the years defined its place in research and innovation by participating annually in the national science week, Kenya Association of Technical Training Institutions (KATTI) research conference and in the regional and national TVET fairs where the polytechnic has won accolades by taking podium positions. The polytechnic also participates in games and sports and music and drama which proffer the trainees with prowess in psychomotor skills.

INITIATIVES FOR FY2020/21

In the FY22021/2022 Kisii National Polytechnic will initiate the following projects to enable define its place in the community.

Perimeter wall: In the financial year 2021-2022 the institution is planning to construct to the perimeter wall measuring 900 meters which is an extension of the 200meters already. In the financial year 2021/2022 the college intends to extend the construction of the perimeter wall fence to enhance security of the institution.

Installation of Face recognition gadget: The Polytechnic plans to install face recognition at the gate to prevent unauthorized access to the Polytechnic's facilities.

Driving school: The Polytechnic is in the process of constructing driving school office, acquiring Agricultural tractor and a bus to enhance skills in driving to students.

Tuition complex: The polytechnic plans to construct a new Tuition complex to provide enough space for learning and adherence to MOH regulation due to COVID 19 pandemic

Polytechnic roads and walkways: The KNP shall in the current financial year also upgrade its roads and walkways by laying cabros and roofing to help enable easy movement and hygiene in the compound.

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

CHALLENGES

The challenges the institution is facing that are militating against intended growth initiatives include the following;

The institution having been an institute of technology and not a technical training institute has in the past experienced low growth in facilities as compared to student population. This therefore means that a number of necessary facilities and infrastructure are not sufficient. These include the following;

- Infrastructure including Classrooms, Workshops, Hostels all of which are insufficient in in number and state. Currently the institution can only house 600 trainees as borders. The few classrooms and workshops also mean that lessons have to go late into the evening.
- Fencing of the compound. Currently there is no permanent perimeter fence which exposes the institution to insecurity for the reason that the institution is only 1 km away from the CBD.
- Shortage of trainers. The high student population has also seriously challenged our staff sufficiency meaning that a large portion of our budget has to go to salaries of governing council employed staff. We request that we be allotted more funds as we await the ministry to increase recruitment of staff.

CONCLUSION

The foregoing elicits the place of KNP and its endeavors on growth and responsiveness to the community. It is not possible for the polytechnic to achieve the initiatives listed and the growth that it anticipates without partnership and support from the government, both national and county, the industry and other stakeholders.

It is our humble request to the government and other stakeholders to partner with us in this and many other initiatives to help propel the growth of this premier institution in the region in providing skill based training to our youth and inform growth and industrialization and employment opportunities for our region and our nation.

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

**5. STATEMENT OF KISII NATIONAL POLYTECHNIC'S PERFORMANCE AGAINST
PREDETERMINED OBJECTIVES FOR FY 2020/2021**

Kisii National Polytechnic has 9 strategic pillars/ themes/issues and objectives within the current Strategic Plan for the FY 2018/2019- FY 2022/2023. These strategic pillars/ themes/ issues are as follows:

- Pillar /theme/issue 1: Academic Programmes
- Pillar/theme/issue 2: Research, Innovation and Development
- Pillar/theme/issue 3: ICT Integration
- Pillar/theme/issue 4: Learning Environment
- Pillar/theme/issue 5: Human Capital Capacity
- Pillar/theme/issue 6: Resource Mobilization, Partnerships and Linkages
- Pillar/theme/issue 7: Polytechnic Governance
- Pillar/theme/issue 8: Monitoring and Evaluation
- Pillar/theme/issue 9: Corporate Social Responsibility

Kisii National Polytechnic develops its annual work plans based on the above 9 pillars/Themes/Issues. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Kisii National Polytechnic achieved its performance targets set for the FY 2020/2021 period for its 9 strategic pillars, as indicated in the diagram below:

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar/ theme/ issue 1: Academic Programmes	Provide market-oriented training programmes	-Labour market survey reports -curricula for market oriented courses -Annual staff training reports -Practical training schedules -IAC committees - Internal and external results analysis	-Conduct Labour market surveys -Capacity building of staff -Expose trainees to appropriate practical skills -collaborate with industry in training programs -Improving pass rates	-Conducted 4 labour market surveys -3 curricula for market oriented courses developed -50 staff trained in various short courses (internal audit, finance, human resource) - all trainees exposed to practical skills - IAC established in electrical - Exams analysed to determine pass rate
Pillar/ theme/ issue 2: Research Innovation and Development	Undertake applied research and develop innovations	-Applied research reports - Patents and property rights - Research collaboration reports -Conferences -Publications	- Participate in TVET fairs -Carry out innovations - Disseminate research findings -Do publications	- staff and trainees participated in regional TVET fair -6 innovations developed - One publication in collaboration with Kisii University done
Pillar/ theme/ issue 3: ICT Integration	Adopt ICT in teaching, learning, research and management	-Internet contract agreement	-Provide internet services	- Sufficient internet provided within the institution (100mbs) -Website updated

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

		<ul style="list-style-type: none"> -Portals in place -Up to date website -Biometric identification kits -ERP contract agreement -E-content 	<ul style="list-style-type: none"> -Update the website -Maintain student and staff portal -Adopt biometric identification -Implement ERP 	<ul style="list-style-type: none"> -Staff and student portal maintained - Facial recognition equipment installed at the gate -ERP implemented
Pillar/ theme/ issue 4: Learning Environment	Provide quality learning environment	<ul style="list-style-type: none"> -Workshop completion certificate -Tuition complex -Renovated hostels -Renovated tuition rooms -completion certificate for cabro laying -sheds for plumbing, masonry, Electrical, fashion design, mechanical 	<ul style="list-style-type: none"> -Construct clothing workshop -complete the tuition complex -renovate hostels -Renovate tuition rooms -Lay cabros -Construct sheds 	<ul style="list-style-type: none"> -Clothing workshop constructed -Tuition complex completed -hostels tiled, plastered and roof renovated - tuition rooms tiled and plastered -Polytechnic roads paved with cabros -Six shed constructed for plumbing, masonry, Electrical, fashion design, mechanical
Pillar/ theme/ issue 5: Human Capital Capacity	To enhance the human capital capacity base of KNP	<ul style="list-style-type: none"> - Signed contracts for council staff 	<ul style="list-style-type: none"> -Recruit staff in deficit areas 	<ul style="list-style-type: none"> - 63 council staff recruited in deficit areas

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

		- benchmarking reports -sensitization reports	-Carry out benchmarking -Carry out sensitization -Carry out trainings	-20 staff carried out benchmarking - 63 new staff sensitized on ISO and other college operations - 50 staff attended various trainings
Pillar/ theme/ issue 6: Resource Mobilization, Partnerships and Linkages	To enhance the financial sustainability of KNP	-Financial reports -Production units -MOU agreements	-Hire facilities -carry out internal maintenance of facilities and equipment -Use departments to carry out projects -Sign MOUs for collaboration	- Polytechnic halls and grounds hired out -Maintenance of facilities done internally -Building department engaged to construct the perimeter wall - Collaboration MOU signed with the Kisii County Government for maintenance of Capital round about and peoples park
Pillar/ theme/ issue 7: Polytechnic Governance	Enhance efficiency and effectiveness in polytechnic management	-Reviewed charter -QMS certification -ISMS certification -student union -Student constitution	-Review service charter -Implement QMS -Implement ISMS -Hold student election	-Service charter reviewed -QMS implemented -ISMS implemented -Student election held -Student constitution reviewed

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

			-Review student constitution	
Pillar/ theme/ issue 8: Monitoring and Evaluation	To enhance result-based performance evaluation and quality assurance	-M&E reports -Internal Audit reports -External Audit reports	-Carry out internal audits -Carry out external audits	-Monitoring carried out quarterly -2 internal audits carried out -1 external audit carried out
Pillar/ theme/ issue 9: Corporate Social Responsibility	To enhance the corporate social responsibility of KNP	-Budgets -worksheets -Register of alumni	-Maintain capital round about -Beatify Kisii County people's park -Donate masks -Visit children's home -Launch Alumni	-Capital round about maintained -Trees planted at the county people's park -9000 masks donated to the county government - Children's home visited and given donations -Alumni launched

The Kisii National Polytechnic also signs annual performance contracts with targets drawn from the strategic plan to ensure that they are in line with the strategic direction of the Polytechnic.

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

6. MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review the Institution was adversely affected by COVID 19 pandemic in its operational and financial performance.

The directive from the Government led to the closure of the Polytechnic on 20th March, 2020 and resumed operations on 5th October, 2020. Thus the financial performance of the Polytechnic was negatively affected since there was no revenue collection nor Government funding.

Projects for mentee Institutions were put on hold due to lack of funding from the Government.

Major renovations and new projects were initiated and approved by the Governing Council in order to conform to requirements of COVID 19 Protocols from the Ministry of Health and Ministry of education. The projects include; Perimeter wall, Cabro Laying, Installation of Hand washing points, Tiling of Hostels, Classrooms, dining hall & Kitchen, Painting and Renovations of washrooms.

During the period under review the Polytechnic complied with statutory and legal requirements such as NSSF, NHIF, KRA, HELB, WIBA, NITA...Submission of quarterly & annual financial and procurement reports were submitted to relevant authorities.

There were no substantial pending bills by the end of the financial year.

The Polytechnic's major risk in 2020/2021 FY was COVID 19 Pandemic which was unplanned for and led to increased levels of debt by trainees through unpaid fees and delayed Quarter 4 Capitation from the Government.

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

7. CORPORATE GOVERNANCE STATEMENT

The governing council of Kisii national polytechnic is responsible and accountable to the government of Kenya through the ministry of education, science, and technology for ensuring that the polytechnic complies with the TVET Act 2013.

The functions of the governing council;

- i) Manage the property and funds of the polytechnic in a manner and for purposes which shall promote the best interests of the polytechnic.
- ii) Receive on behalf of the polytechnic and the mentored institutions monies from the ministry.
- iii) Provide for the welfare of the staff and students of the polytechnic.
- iv) Enter into associations with other polytechnics, universities and Technical Training Institutions whether within or outside Kenya as the council may deem necessary and appropriate.

Induction and Training

In the financial year 2019/20 the governing council attended an induction workshop at the Kisii National Polytechnic.

8. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY

The polytechnic is committed in giving back to the society by responding to the immediate needs of the society. During the financial year 2020/2021 the polytechnic reached out to the community in the following ways;

- i) Visited and assisted the Kisii children's home with foodstuff and other supplies.
- ii) Assisted in cleaning Kisii town and its environs.



Report of the Council

The polytechnic operations are geared to offer the best services to its customers in line with the strategic plan and the core mandate.

Review of the strategic plan

The polytechnic initiated the process of reviewing its strategic plan to cover the period 2018-2022. This has given the polytechnic a noble opportunity to align all its objectives and plans in order to remain relevant in the field of training. Among areas under review includes; academic programmes, infrastructure, human capacity, customer satisfaction, the big 4 agenda initiative and resource mobilization.

Student Enrolment

The polytechnic has experienced high student enrolment of recent years. During the year under review the polytechnic has attained growth in population of 8,231 from 7700 during the period 2020/2021. The polytechnic is looking for ways of expanding its facilities in order to cater for the experienced increase in enrolment of trainees.

Training programmes

The polytechnic has initiated development of new curricula geared towards introduction of CBET training which is in line with job market demand. The polytechnic has initiated more than five collaborations with industries to help the trainees gain experience while on training.

Principal activities

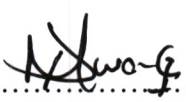
The principal activities of the entity are Ref Page iii

Governing Council

The members of the Governing Council who served during the year are shown on page Vi-Viii

Auditors

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

Sign..........

By Order of the Governing Council

DAVID MWANGI
PRINCIPAL

9. STATEMENT OF GOVERNING COUNCIL MEMBERS' RESPONSIBILITIES.

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 - (entities should quote the applicable legislation under which they are regulated)*) require the council members to prepare financial statements in respect of that *KNP*, which give a true and fair view of the state of affairs of the *KNP* at the end of the financial year/period and the operating results of the *KNP* for that year/period. The council members are also required to ensure that the *KNP* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *KNP*. The council members are also responsible for safeguarding the assets of the *KNP*.

The council members are responsible for the preparation and presentation of the financial statements of Kisii National Polytechnic, which give a true and fair view of the state of affairs of the Kisii National Polytechnic as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Kisii National Polytechnic; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The council members accept responsibility for the Kisii National Polytechnic financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The council members are of the opinion that the Kisii National Polytechnic financial statements give a true and fair view of the state of transactions during the financial quarter for the period ended 30th June 2021, and the financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the Kisii National Polytechnic which have been relied upon in the preparation of the Kisii National Polytechnic 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 Kisii National Polytechnic will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The financial statements were approved by the Council on _____ 2021 and signed on its behalf by:



Council Member
MR. NATHAN ORORRA



Council Member
DR. ONYANSI NYAKWARA



Council Member
MR. JOHN KIMANI

REPUBLIC OF KENYA

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

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

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for intended purpose.
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, the risk management environment, and the internal controls developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kisii National Polytechnic set out on pages 1 to 24, which comprise of the statement of financial position as at 30 June, 2021, and the statement of financial performance, statement of cash flows,

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

In my opinion, except for the 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 the Kisii National Polytechnic as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012.

Basis for Qualified Opinion

Recoverability of Receivables from Exchange Transactions

The statement of financial position reflects a balance of Kshs.59,877,584 in respect of receivables from exchange transactions as disclosed in Note 12 to the financial statements. The receivables include student fee debtors and other debtors of Kshs.56,323,210 and Kshs.3,554,374, respectively. However, review of aging analysis revealed that these debts have been outstanding for more than five (5) years with no proper explanation from the Management on the strategies put in place to recover the amounts.

In the circumstances, recoverability of the receivables from exchange transactions balance of Kshs.59,877,584 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amount reflects amounts of Kshs.853,522,000 and Kshs.444,877,949 in respect of the budgeted revenue and actual revenue respectively translating to an overall under-realization of Kshs.408,644,051 or 48% of the budget. Similarly, the statement reflects amounts of Kshs.853,522,000 and

Kshs.445,183,926 in respect of the budgeted and actual expenditure respectively resulting in an under-expenditure of Kshs.408,338,074 or 48% of the budget.

The shortfall in revenue realized and the under-expenditure affected the planned activities and may have impacted negatively on service delivery to the public.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Staff Ethnic Composition

Analysis of the payroll records revealed that the Polytechnic had a workforce of two hundred and seventy-seven (277) employees, out of which two hundred and forty-six (246) are members of the dominant community. This represents 89% of the total workforce contravening Section 7(1) and (2) of the National Cohesion and Integration Act, 2008, which states that, all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and no public establishment should have more than one third of its staff from the same ethnic community.

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

2. Non Adherence to a Third of Basic Salary Rule

Review of the Polytechnic payroll revealed that fifteen (15) employees earned less than a third of their basic salary. This is contrary to Section 3.10 of the Kisii National Polytechnic Human Resource Policy Manual which requires public officers not to over-commit their salaries beyond two-thirds of their basic salaries and mandates the Head of Human Resource Unit to ensure compliance.

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

3. Slow Implementation of Projects

The statement of financial position reflects property, plant and equipment balance of Kshs.1,583,627,512 which as disclosed under Note 21 of the financial statements, includes Kshs.187,687,660 and Kshs.41,171,151 for mentee projects and Kisii National Polytechnic capital work in progress respectively. However, the following unsatisfactory matters were noted:

3.1. Construction of Tuition Classrooms, Workshops and Office Block

As previously reported, review of records revealed that the National Polytechnic awarded a contract to a firm on 6 November, 2014 and later to another firm for construction of tuition classrooms, workshops and office block at an amount of Kshs.56,687,833 for a period of 52 weeks. A total of Kshs.52,812,268 had been cumulatively paid as at 30 June, 2021.

Physical verification of the project on 26 January, 2022 revealed that the project was approximately 97% complete with the following works still outstanding; firefighting equipment installation; site leveling and clearance of construction debris and; installation of transformer and completion of electrical wiring in the building. The septic tank was about 95% full of underground water thus of little benefit to the institution.

3.2. Construction of Classrooms, Workshops and Office Block at South Mugirango Technical and Vocational Centre

Included in the mentee projects balance of Kshs.187,687,660 is an amount of Kshs.35,936,297 with respect to construction of South Mugirango Technical and Vocational Centre. As previously reported, the National Polytechnic awarded a contract to a local contractor for the construction of classrooms, workshops and office block for a contract sum of Kshs.55,000,000 on 2 May, 2019. The construction period was 52 weeks with an expected completion date of 24 April, 2021.

Physical verification of the works in January, 2022 revealed that the superstructure, electrical, plumbing and mechanical works had not been completed. Review of records revealed that the project was approximately 61% complete and behind schedule.

3.3. Construction of Tuition Classrooms, Workshops and Office Block at Kiamwasi Technical and Vocational Centre

The mentee projects balance of Kshs.187,687,660 also includes an amount of Kshs.2,912,756 paid to a local contractor in the year under review for the construction of tuition classrooms, workshops and office block at Kiamwasi Technical and Vocational Centre.

As previously reported, the contract was awarded at a contract sum of Kshs.57,053,885. The contract site was handed over on 24 April, 2019 and construction period was 52 weeks. However, physical verification of the works in January, 2022 revealed that the project was approximately 86% complete and behind schedule. Electrical wiring, painting, ceiling finishes, provision of power, mechanical fittings and fixing door frames had not been done. A total of Kshs.36,491,075 had been cumulatively paid to the contractor as at 30 June, 2021.

As a result of delay in completing the above projects, the benefits expected have been delayed and may not be realized.

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 procedures performed, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

1. Weak Access Controls

There was no access control or register to record those accessing the server room and the purpose for the access. In addition, the door to the server room was not burglar proof.

In the circumstances, the safety and security of the organization data could be confirmed.

2. Lack of Air Conditioner and Fire Suppression Systems

Physical verification of the server room revealed lack of air conditioner and fire suppression systems including fire extinguishers.

In the circumstances, the recoverability of the server and the data therein in the event of a fire outbreak could not be confirmed.

3. Use of Unregistered ICT Software

It was observed that Microsoft products including the operating system and Microsoft Office software used by the entity had not been activated.

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

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

Responsibilities of Management and those Charged with Governance

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

In preparing the financial statements, Management is responsible for assessing the Polytechnic's ability to sustain services, disclosing, as applicable, matters related to

sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Polytechnic or to cease operations. Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

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

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

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal controls that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.


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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the company's 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 continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Polytechnic to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Polytechnic to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

07 September, 2022

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

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

	Notes	2020/2021	2019/2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government – grants/ gifts in kind	1	155,140,000	253,181,783
Total Revenue from non-exchange transactions		155,140,000	253,181,783
Revenue from exchange transactions			
Rendering of services	2	231,795,914	311,760,979
Other income	3	22,844,373	52,261,433
Revenue from exchange transactions		254,640,287	364,022,412
Total revenue		409,780,287	617,204,195
Expenses			
Use of goods and services	4	166,575,014	222,434,498
Employee costs	5	109,713,313	95,011,091
Governing Council	7	11,617,650	7,005,124
Depreciation expense & Amortization expense	8	38,777,834	39,745,187
Grants and subsidies	9	24,376,962	41,529,449
Finance costs	10	601,683	114,600
Total expenses		351,662,456	405,839,948
Net Surplus for the year		58,117,831	211,364,247

The notes set out on pages 7 to 24 form an integral part of these Financial Statements.

Prof. Kitange KM
 Chairman, Governing Council

David M Mwangi
 Principal

Elizabeth N Orwasa
 Finance Officer:
 ICPAK NO. 23070

Date..... 7/3/2022.....

Date..... 7/3/2022.....

Date..... 7/3/2022.....

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

12. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2021

	Notes	2020/2021	2019/2020
Assets		Kshs	Kshs
Current assets			
Cash and cash equivalents	11	141,697,014	247,965,498
Receivables from exchange transactions	12	59,877,584	31,997,209
Receivables from non-exchange transactions	13	75,173,331	27,948,791
Inventories	14	2,951,877	5,705,976
Total Current Assets		279,699,806	313,617,474
Non-current assets			
Property, plant and equipment	21	1,583,627,512	1,542,756,321
Intangible assets		24,588,449	
Total Non-current Assets		1,608,215,961	1,542,756,321
Total assets		1,887,915,767	1,856,373,795
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	16	51,692,629	94,092,623
Refundable Deposits	17	-	38,052,806
Deferred income	18	30,410,279	-
Total Current Liabilities		82,102,908	132,145,429
Total liabilities		82,102,908	132,145,429
Net Assets			
Reserves		1,238,961,632	1,238,961,632
Accumulated surplus		486,989,693	428,871,862
Capital Fund		79,861,534	56,394,872
Total Net Assets		1,805,812,859	1,724,228,366
Total Net Assets and Liabilities		1,887,915,767	1,856,373,795

Prof. Kitange KM

Chairman Governing Council

Date..... 7/13/2022

David M Mwangi

Principal

Date..... 7/13/2022

Elizabeth N Orwasa

Finance Officer: ICPAK NO. 23070

Date..... 7/13/2022

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

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

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/	Total
				Development Grants/Fund	
Balance b/d as at 1 July 2019	1,231,900,267		217,507,615	13,648,936	1,463,056,818
Revaluation gain	-	-	-	-	-
Prior Year adjustment on reserves	7,061,365	-	-	-	7,061,365
Total comprehensive income	-	-	211,364,247	-	211,364,247
Capital/Development grants received during the year	-	-	-	42,745,936	42,745,936
Transfer of depreciation/amortization from capital fund to retained earnings	-	-	-	-	-
Balance c/d as at 30 June 2020	1,238,961,632	-	428,871,862	56,394,872	1,724,228,366
Balance b/d as at 1 July 2020	1,238,961,632		428,871,862	56,394,872	1,724,228,366
Revaluation gain	-	-	-	-	-
Prior Year adjustment on reserves		-	-	-	
Total comprehensive income	-	-	58,117,831	-	58,117,831
Capital/Development grants received during the year	-	-	-	23,466,662	23,466,662
Transfer of depreciation/amortization from capital fund to retained earnings	-	-	-	-	-
Balance c/d as at June 30, 2021	1,238,961,632	-	486,989,693	79,861,534	1,805,812,859

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

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

		2020/2021	2019/2020
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	1	155,140,000	253,181,783
Rendering of services	2	104,897,062	279,763,770
Other income	3	22,844,373	52,261,433
Total Receipts		282,881,435	585,206,986
Payments			
Use of goods and services	4	166,575,014	222,434,498
Compensation of employees	5	109,713,313	95,011,091
Governing Council	7	11,617,650	7,005,124
Grants and subsidies paid	9	24,376,962	41,529,449
Finance cost	10	601,683	114,600
Total Payments		(312,884,622)	(366,094,762)
Deferred Income	18	30,410,279	-
Net cash flows from operating activities		407,092	219,112,224
Cash flows from investing activities			
Purchase of Property, Plant and Equipment and Intangible assets	6	(130,142,238)	(166,162,524)
Proceeds from sale of property, plant and Equipment		-	-
Decrease in non-current receivables		-	(14,815,343)
Increase in investments		-	-
Net cash flows used in investing activities		(130,142,238)	(180,977,867)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Increase in capital funds		23,466,662	-
Net cash flows used in financing activities		23,466,662	-
Net increase/(decrease) in cash and cash equivalents		(106,268,484)	38,134,357
Cash and cash equivalents at 1 July 2020	11	247,965,498	209,831,141
Cash and cash equivalents at 30 June 2021	11	141,697,014	247,965,498

Prof. Kitange KM

Chairman Governing Council

Date: 7/3/2022

David M Mwangi

Principal

Date: 7/3/2022

Elizabeth N Orwasa

Finance Officer: ICPAK NO. 23070

Date: 7/3/2022

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

15. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNT FOR THE YEAR ENDED 30TH JUNE 2021

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% Variance
	2020-2021 Kshs	2020-2021 Kshs	2020-2021 Kshs	2020-2021 Kshs	2020-2021 Kshs	
Revenue from other Govt entities	330,000,000	-	330,000,000	155,140,000	174,860,000	53%
Rendering of services	366,822,000	-	366,822,000	231,795,914	135,026,086	37%
Other Income	28,774,000		28,774,000	22,844,373	5,929,627	21%
Development Grant	116,295,000		116,295,000	23,466,662	92,828,338	80%
Development -KNP bal b/f	11,631,000		11,631,000	11,631,000	0	0%
Total income	853,522,000	-	853,522,000	444,877,949	408,644,051	48%
Expenses						
Compensation of employees	127,432,000		127,432,000	109,713,313	17,718,687	14%
Use of Goods and services	395,908,350		395,908,350	166,575,014	229,333,336	58%
Finance costs	525,000		525,000	601,683	-76,683	-15%
Grants and subsidies	25,000,000		25,000,000	24,376,962	623,038	2%
Governing Council	11,867,650.00		11,867,650	11,617,650	250,000	2%
Development expenditure	292,789,000		292,789,000	132,299,304	160,489,696	55%
Total expenditure	853,522,000	-	853,522,000	445,183,926	408,338,074	48%
Surplus for the period				-305,977		

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

Footnotes

1. Transfer from government entities

The percentage variance is 53% this a rose as result of delays in release of government funds for capitation.

2. Rendering of services

The variance came as a result of COVID19 Pandemic. During the financial year 2020-2021 institution operations were suspended and this lasted for four months. During these period no revenue was received from student and that contributed substantially to variance noted.

3. Other incomes

The variance on other income is 21% the composition of this entail hiring of facilities rent income, provision of catering services and registration a mong other. Due to restriction measures that were put in place to mitigate the effects of COVID19 the institution was not able to get revenue out of these sources during this period.

4. Development grant and Expenditure for KNP

The government did not release this fund for the projects hence little was done on development expenditure leading to a variance of 80% and 55% respectively

5. Use of goods and services and Compensation of employee

Due to the effect of COVID19 Pandemic the institution did not procure training materials nor hire trainer because the operations were suspended

6. Finance cost

This went up as a result of transaction cost on internet banking which were later negotiated downward.

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

16. NOTES TO THE FINANCIAL STATEMENTS

i. GENERAL INFORMATION

Kisii National Polytechnic entity is established by and derives its authority and accountability from TVET Act. The entity is Semi-Autonomous Government Agency and is domiciled in Kenya. The entity's principal activity is training.

ii. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *Kisii National Polytechnic* accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

iii. ADOPTION OF NEW AND REVISED STANDARDS

a. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3(applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations. <i>(The standard is not relevant to our entity)</i>

b. Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

iv. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees and fines

The entity recognizes revenues from fees and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

The ministry appointed Kisii National Polytechnic as a mentor for the management and construction project of RiamoTTI, Kitutu masaba TVC, South Murgirango TVC, KakraoTVC and Kitutu Chache South (Kiamwasi TVC). Kisii National Polytechnic recognises the funds in its financial statements since it controls its assets. Though the future probable benefit will not flow to the institution.

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Interest income

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

Rental income

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

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

b) Budget information

Budget 2020-2021 was approved by the KNP Governing council. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented in the financial statements.

c) 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 entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its costs 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 depreciation is calculated on the reducing balance to write down the cost of each asset to its estimated useful life using the following rates.

Land	- 0%
Buildings	- 2.5%
Motor Vehicles	- 25%
Furniture/Fittings	- 12.5%
Computers	- 30%
Plant & Computers	- 12.5%

d) Intangible assets

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

The useful life of the intangible assets has been assessed to have finite life of 8 years thus amortized at 12.5% per year.

e) 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 Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Impairment of financial assets

- The debtors or an entity of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

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

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

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

Loans and borrowing

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

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

i) Inventories

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

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

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

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

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

j) Provisions

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

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

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

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

Contingent liabilities

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

Contingent assets

The Entity does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

k) Nature and purpose of reserves

The Entity creates and maintains reserves in terms of specific requirements. *Entity to state the reserves maintained and appropriate policies adopted.*

l) Changes in accounting policies and estimates

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

m) 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.

n) Related parties

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

o) 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 imp rests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

p) Comparative figures

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

q) 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, 2019.

v. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

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

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the Entity
- 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

vi. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Provisions

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

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

23. Contingent Liability.

Kisii National Polytechnic has a land dispute with coffee research and the case is progressing on well. The solicitor general in his advice alluded that the legal proprietor of the land is the owner of all the development thereon. Find the copy attached for more information.

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

	2020/2021	2019/2020
	Kshs	Kshs
1 Revenue from Non Exchange Transaction		
Transfers from National Government Ministries		
Unconditional grants		
Operation grants/Capitation	137,490,000	163,745,250
Institution Mentorship	17,650,000	46,690,598
Transfers from other Government Entities	-	40,000,000
Development Grants	-	2,745,936
Total Revenue from Non Exchange Transaction	<u>155,140,000</u>	<u>253,181,784</u>
In addition the Kisii National Polytechnic received development grants of Kshs.23,466,662 which have been captured under the capital fund		
2 Revenue from Exchange Transaction		
Rendering of services		
Tuition fees	104,897,062	279,763,770
Accrued Revenue	126,898,852	30,544,183
Other Revenues		1,453,026
Total Revenue from Exchange Transaction	<u>231,795,914</u>	<u>311,760,979</u>
3 Other incomes		
Caution Money	9,700	489,780
Student Council	1,551,080	4,588,707
Student ID	106,800	604,465
Graduation fees	1,000	1,408,500
Revenue from Mentee Institution Kendege TVC	-	3,605,920
Examination fees	4,798,213	14,463,760
Collaboration fees and Production	9,324,840	6,801,185
Boarding fees	123,960	2,428,465
Hire of facilities	829,050	612,000
Income from tender	62,000	71,000
Library fine	2,765	5,895
Damages	21,595	89,440
Rental Income and other related revenue	49,000	5,297,575
Pay as you eat	249,405	9,035,581
Registration fee	5,714,965	2,759,160
Total Other Income	<u>22,844,373</u>	<u>52,261,433</u>

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

	2020/2021	2019/2020
4 Use of goods and services	Kshs	Kshs
Attachment expenses	3,034,700	-
Boarding Equipment & store	-	3,503,229
Collaboration Expenses	2,087,714	2,418,384
Administration/Contingencies costs	34,343,530	32,583,994
Electricity Water & Conservancy	4,701,004	4,481,090
Graduation Expenses	-	2,571,840
Insurance	2,916,534	2,605,512
Internet/ICT	7,356,058	6,225,890
Laboratory Equipment and Practical	-	-
Local Transport and travelling	9,707,991	17,245,098
Medical Expenses	788,848	937,288
Development expense	-	-
Production Unit	5,674,355	3,192,865
Repair Maintenance& Improvement	13,012,929	26,407,425
School Equipment & stores	16,506,661	38,690,277
Student ID	-	1,103,650
Workshop Equipment and Practical	8,188,782	31,546,582
Pay As You Eat	4,049,841	8,733,347
Caution Money	36,000	97,200
TVET/HELB Bursary/Fees(Refund)	221,050	937,600
Students Council	5,315,564	6,468,100
Examination Expenses	37,427,960	21,365,850
Miscellaneous expenses kra withholding tax	1,687,965	-
Cleaning services and security services	8,047,818	6,630,267
Motor Vehicle Oils	1,534,307	-
Total use of goods and services	<u>166,575,014</u>	<u>222,434,498</u>
5 Salaries &Wages	102,005,121	86,385,056
N.S.S.F Contribution	5,366,592	6,294,985
N.H.I.F Contribution	2,341,600	2,331,050
	<u>109,713,313</u>	<u>95,011,091</u>
6. Development Expenditure (KNP)	124,342,878	95,145,333
Development Expenditure-Mentees	7,956,426	71,017,191
Total development expenditure	<u>132,299,304</u>	<u>166,162,524</u>

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

	2020/2021	2019/2020
	Kshs	Kshs
Less unpaid motor vehicle suppliers	2,157,066	-
	<u>130,142,238</u>	<u>166,162,524</u>
7 Remuneration of Governing council		
Remuneration of Governing council	11,617,650	7,005,124
Total Remuneration of Governing council	<u>11,617,650</u>	<u>7,005,124</u>
8 Depreciation and Amortization Expenses		
Property, plant and equipment	35,265,198	39,745,187
Intangible assets amortization	3,512,636	
Total depreciation and amortization	<u>38,777,834</u>	<u>39,745,187</u>
9 Grants and Subsidies		
Mentee Institutions	24,376,962	41,529,449
Total grants and subsidies	<u>24,376,962</u>	<u>41,529,449</u>
10 Finance Costs		
Bank charges	601,683	114,600
Total finance costs	<u>601,683</u>	<u>114,600</u>
11 Cash and Cash Equivalents		
Co-Op Bank-Borabu tti 01141424762900	347,717	356,117
Co-Op Bank- Riamo TVC 0114142473000	2,843,892	4,330,347
Co-Op Bank KNP-01120017051900	118,139,216	46,274,662
KCB Bank KITUTUT MASABA TVC- 1181135567	6,046,835	9,390,537
KCB-Bank Kendege 125204170	-	3,603,630
KCB Bank KNP 1181135699	260,364	234,220
KCB Bank-1259203727	95	2,350
Coo-op bank KNP 01139017051900	276,535	10,279,507
KCB Bank Kiamwasi 1259204596	905,841	504,010
Cash at hand	15,500	6,064
Coop Bank 01150017051900	-	80,000,000
Co-op bank KNP Development 0113917051901	12,861,019	12,861,019
Coop Bank 01132017051900	-	80,000,000
Co-op bank KNP 01100017051900	-	123,036
Total cash and cash Equivalents	<u>141,697,014</u>	<u>247,965,498</u>

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

12	Receivables from Exchange Transactions		
	Current receivables	2020/2021	2019/2020
		Kshs	Kshs
	Student debtors	56,323,210	30,544,183
	Other exchange debtors	3,554,374	1,453,026
	Total receivables from exchange transactions	<u>59,877,584</u>	<u>31,997,209</u>
13.	Receivables from Non Exchange Transactions		
	Current Receivables		-
	Government Grants /capitation	69,375,000	-
	Other debtors (non-exchange transactions mentees')		
	BorabuTTI	-	1,357,070
	KendegeTVC	-	4,851,327
	RiamoTTI	431,966	210,280
	KitutuMasabaTVC	3,017,345	521,300
	KakraoTVC	2,349,020	1,047,500
	South MugrangoTVC -Galaxy Ltd	-	18,941,236
	Student Council	-	1,020,078
	Less: impairment allowance		-
	Total receivables from non -exchange transactions	<u>75,173,331</u>	<u>27,948,791</u>
14.	Inventory		
	Consumable stores	2,951,877	5,705,976
	Total Inventories	<u>2,951,877</u>	<u>5,705,976</u>
15	Intangible Assets Software		
	Cost		
	At beginning of the year	28,698,980	
	Additions ERP	-	-
	Additions -Sensor	-	-
	Cost end of the year	28,698,980	-
	Amortization and impairment		
	At beginning of the year	597,895	-
	Amortization	3,512,636	-
	amortization at end of the year	4,110,531	-
	Net Book Value	<u>24,588,449</u>	

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

16.	Trade and other Payables from Exchange Transactions	2020/2021	2019/2020
		Kshs	Kshs
	Trade payables	30,366,003	19,891,276
	Retention Monies	21,326,626	13,046,372
	Prepayments	-	61,154,977
	Total Trade and other Payables from Exchange transaction	<u>51,692,629</u>	<u>94,092,625</u>
17	Refundable Deposits		
	Examination Fund	-	30,931,416
	School Farm		333,366
	Bursary Fund	-	534,700
	Student Council	-	-
	Uniform Fund	-	15,650
	Caution money	-	4,924,884
	KETTISO Account	-	1,312,790
	Total deposits	-	<u>38,052,806</u>
18.	Deferred Income		
	Prepaid fees	30,410,279	-
	Total Deferred Income	<u>30,410,279</u>	-
19	Development Payments under mentee institutions		
	Kiamwasi TVC	3,061,975	29,495,990
	RiamoTVC	1,471,455	1,864,117
	KitutuMasabaTVC	3,422,996	6,170,822
	South MograngoTVC	-	18,941,236
	Furniture for 5 mentee institution	-	14,545,026
	Total development in Mentee institution	<u>7,956,426</u>	<u>71,017,191</u>
20	Transfer from other Government Entities to mentee institutions		
	Kiamwasi TVC	-	20,000,000
	Kiamwasi TVC	-	10,000,000
	South MograngoTVC	-	10,000,000
	Total Transfer from other Government Entities to mentee institutions	-	<u>40,000,000</u>

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

21. PLANT PROPERTY AND EQUIPMENT

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Other Assets Intangible Assets	Mentee Projects Work in progress	KNP Capital Work in progress	Total
	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
As at 1st July 2019	525,000,000.00	480,570,748	26,205,101	8,850,540	11,515,000	104,145,087	-	-	75,613,751	1,231,900,227
Prior year adjustment		82,339,752						108,714,043		191,053,795
Additions	-	-	-	-	-	2,917,862	28,698,980	71,017,191	70,986,215	175,370,639
Disposals	-	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-	-
As at 30th June 2020	525,000,000.00	562,910,500	26,205,101	8,850,540	11,515,000	107,062,949	28,698,980	179,731,234	146,599,966	1,598,324,661
Depreciation and impairment										
At 1 st July 2019	-	14,072,763	9,232,126	1,179,389	2,774,361	14,875,954	-	-	-	42,134,593
Depreciation charge	-	14,072,763	6,551,275	1,150,570	3,454,500	13,918,183	-	-	-	39,147,291
Amortization							597,895			597,895.
Ac Depreciation as at 30th June 2020	-	28,145,525	15,783,401	2,329,960	6,228,861	28,794,138	597,895	-	-	81,879,780
Net Book Value as at 30/6/2020	525,000,000.00	534,764,975	19,653,826	7,699,970	8,060,500	93,144,766	28,101,085	179,731,234	146,599,966	1,542,756,321
Cost as at 1st July 2020	525,000,000.00	562,910,500	26,205,101	8,850,540	11,515,000	107,062,949	28,698,980	179,731,234	146,599,966	1,598,324,661

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

Additions	-	223,719,073	6,052,620	-	-	-	-	7,956,426	118,290,258	359,913,931
Disposals	-	-	-	-	-	-	-	-	-	-
Transfer of intangible assets	-	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	(223,719,073)	(223,719,073)
As at 30th June 2021	525,000,000	786,629,573	32,257,721	8,850,540	11,515,000	107,062,949	41,171,151	187,687,660	41,171,151	1,700,174,594
Depreciation as at 1 st July 2020	-	28,145,526	15,783,401	2,329,960	6,228,861	28,794,137	-	-	-	81,281,884
Depreciation charge for the year	-	18,962,101	4,118,580	815,073	1,585,842	9,783,602	-	-	-	35,265,198
Acc depreciation as at 30 th June 2021	-	47,107,627	19,901,981	3,145,032	7,844,703	38,577,739	-	-	-	116,547,082
Net Book as at 30/6/2021	525,000,000	739,521,946	12,355,740	5,705,508	3,700,297	68,485,210	41,171,151	187,687,660	41,171,151	1,583,627,512

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

APPENDIX

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	No adequate support for additional assets in the property plant & equipment	Schedule for additions for property plant & equipment has been provided indicating amount and voucher number for the total value	Resolved	
	No debt management policy	The institution does not have a debt management policy ,the gap identified has been a dressed by the reviewing the finance manual .The committee has been constituted to work on the same	Resolved	By December 2020
	Budget underutilization and unbudgeted expenditure for remuneration of directors	Remuneration of directors was budgeted under local transport and travelling. However, it is required to be budgeted separately as provided in the National treasury guide lines. In our budget for the year 2020-2021 the same has been effected.	Resolved	
	Incomplete mentee institution projects	❖ The construction project of south Mugirango tuition block workshop and office block is purely	Resolved	When the government will fully fund the projects

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		<p>funded by the GOK. A mount that was released by GOK was not sufficient and hence due delays the contract left site for a period of seven months.</p> <p>❖ The construction project of Kitutu Masaba Technical College was still going though the contract period had elapsed. The project manager will be tasked to ensure that the issues that were noted have been addressed. The difference that was noted in the payment voucher of Ksh.189,050 was salary for staff members which the bank erroneously credited to the account and paid from the account .</p>		
	Non Adherence to one third rule	The institution is committed to observing one third rule as required by law. The members who were affect had emergencies. The issue has been addressed in subsequent months	Resolved	

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

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		attached find the payroll for your perusal.		
	Non compliancy with National cohesion and integration as regards to compensation of employees	The institution is committed to observing regional balance during recruitment. The composition identifies took place many years ago when the institution was still small. Find attached list for current recruitments .	Future plan	With time
	Lack of risk management policy	The polytechnic has a risk management policy which is used as a risk management tool. It outlines the processes responsibility of management and other functional departments Controls that are in place includes: - Documented policies and procedures. Maintenance of risk registers ,ongoing monitoring of regulatory obligations ,Implementing of risk based system and process and establishment of internal audit unit and audit and risk committee of the governing council.	Future plan	By end of march 2021
	Lack of debt management policy	The polytechnic is in the process of formulating a debt management policy and a committee has	Resolved	By end of December 2020

Kisii National Polytechnic
Annual Report and Financial Statements for The Year Ended 30 June 2021

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		been constituted to carry out the task		

Mr. David Mwangi

Principal / Secretary Governing Council

Mwangi

Date.....*7/3/2022*.....