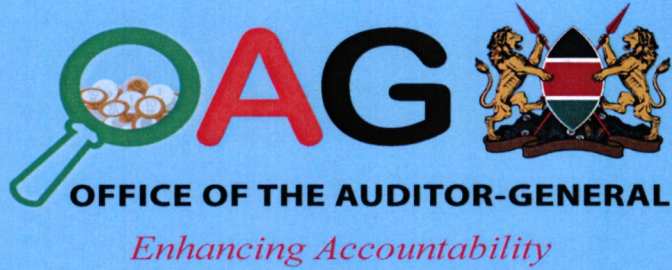


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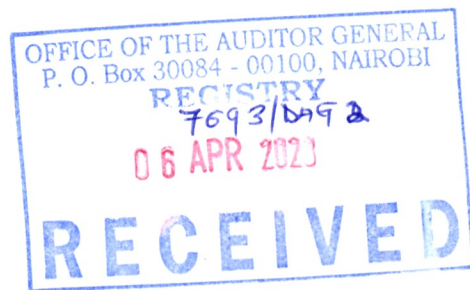
NATIONAL ASSEMBLY PAPERS LAID	
DATE: 13 JUN 2023	DAY: Tuesday
TABLED BY: OF	Hon. Owen Baya (Deputy Majority Leader)
CLERK-AT THE TABLE:	Intep Mwale

THE AUDITOR-GENERAL

ON

KISII NATIONAL POLYTECHNIC

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



KISII NATIONAL POLYTECHNIC

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

Kisii National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2022

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I. KEY POLYTECHNIC 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 occupations. 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 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 status in May 2016 through Legal Notice No. 93.

The Kisii National polytechnic currently offers various faculties namely Agricultural & Environmental Sciences, Applied Sciences, Building & Civil Engineering, Business studies, Communication & Development Studies, Computer Studies, Electrical & Electronics Engineering, Health Sciences, Hospitality Management Studies and Mechanical & Automotive EngineeringI

In the FY 2021/2022 the Institution boasts of a student population of 11,221 students, 287 trainers and 132 Non Trainers from all over the country. The institution has also expanded its infrastructures like completion of modern Tuition Block, Clothing and Textile workshop, Perimeter wall, Driving School block, Business Centre, Landscaping, Drainage system and is in the process of constructing a tuition complex at a cost of kes 254,287,300.

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.

Statement of Strategic Intent by the Council

Kisii National Polytechnic will help in the achievement of the national goals of education as stipulated in the Constitution of Kenya 2010, the Education Act 2012, the TVET Act 2013, the Polytechnic Order 2016, Vision 2030, and Sector Plan for Science Technology and Innovation through;

- (1) Improved policy and corporate governance for enhancing accountability and decision-making.
- (2) Expanded resource base partnership and linkages.
- (3) Improved access, equity, quality, competence-based education and training in certificate and diploma courses.
- (4) Enhanced excellence in resource and infrastructure management.

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(5) Increased visibility of Kisii National Polytechnic nationally and globally as a model TVET institution.

(b) Principal Activities.

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

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

1. Provide, directly or in collaboration with other institutions of higher learning, facilities for technical trainers in technological, professional, scientific education;
2. Participate in technological innovation and in the discovery, transmission and enhancement of knowledge for economic, social, cultural, scientific, and technological development;
3. Contribute to industrial and technological development of Kenya, in collaboration with the industry and other organizations, through transfer of technology;
4. Promote and establish a culture of innovation in engineering and technology and technology transfer amongst staff and trainees;
5. Develop an institution with excellence in teaching, training, scholarship, entrepreneurship, research, consultancy, community service, among other educational services and products, with emphasis on technology and its development, impact and application within and outside Kenya;
6. Provide a multi-level system of post-secondary school education and training programmes relevant to the needs of the community, covering a wide range of fields and levels with provision for recognition of prior learning and flexibility of transition between programmes;
7. Provide high quality education, research, residential, commercial, cultural, social, recreational, sporting and other facilities;
8. Advance knowledge and its practical application by research and other means, the dissemination of outcome of research by various means and the commercial exploitation of research results;
9. Promote critical inquiry within the Polytechnic and in the general community;
10. Participate in commercial ventures and activities;
11. Foster the general welfare of all staff and trainees;
12. Provide opportunities for development and further training for staff of the Polytechnic;
13. Develop and provide educational, cultural, professional, technical and vocational services to the community and in particular, foster corporate social responsibility;
14. Provide programmes, products and services in ways that reflect the principles of equity and social justice;
15. Facilitate trainees mobility between different programmes at different technical training institutions and other national polytechnics;
16. Conduct examinations and grant such academic awards as may be provided under this Order; and
17. Collaborate with recognized universities for the conduct and award of degree programmes in technology.

Strategic Objectives

Objective 1: To provide Market Oriented Training Programmes

Objective 2: To Undertake Applied Research and Develop Innovation

Objective 3: To Provide Quality Learning Environment

Objective 4: To Enhance the Human Resource Capital Capacity Base and Financial Sustainability of
The Institution

Objective 5: To Enhance Result – Based Performance Evaluation and Quality Assurance

Objective 6: To adopt ICT in Teaching, Learning, Research and Management

Objective 7: To Enhance the Corporate Social Responsibility of the Institution

Objective 8: To Enhance Efficiency and Effectiveness of the Polytechnic Management and
Governance

Vision

A preferred training institution for technical and vocational skills development.

Mission

To develop highly qualified globally competitive and innovative human resource through quality training research and entrepreneurship skills responsive to the market demands.

Core Values

- i. Excellency*
- ii. Integrity*
- iii. Transparency*
- iv. Innovativeness*
- v. Team Work*

(c) Key Management

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

- i. Management Board.
- ii. Academic Board
- iii. The Principal who is the Accounting Officer and Secretary to the Governing Council.

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(d) Fiduciary Management

The key management personnel who are members of the Management Board during the financial year ended 30 June 2021 and who had direct fiduciary responsibility were:

Name of the Staff	Responsibility
Mr. David M. Mwangi	Principal - Chairman to Management Board/Secretary to the Council
Ms. Grace Mauti	Deputy Principal – Administration & Finance
Mr. Dr Were Momanyi	Deputy Principal – Academics and Trainees Affairs
Ms. Beatrice Nyareki	Registrar Academics
Mr. Erick Omundi	Registrar Administration
Mr. Bironga Metobo	Dean of Students
Ms.Elizabeth Orwasa	Finance Officer
Ms. Mary Koigi	Quality Assurance Officer

(e) Fiduciary Oversight Arrangement

In order to facilitate the smooth running of its affairs, Kisii National Polytechnic Governing Council establishes committees with terms of reference as guided by the Government Regulations. The following committees were in place during the year 2021/2022.

- i. Education, Training and Research
- ii. Finance and General purpose
- iii. Human resource
- iv. Audit and Risk Management Committee (ARM).

The Polytechnic Council nominates the Chairperson of each committee.

(i) Academic ,Training and Research Committee

Roles and functions

- a) Monitor and oversee institutional excellence in teaching, training, scholarship, entrepreneurship, research, consultancy, community service, among other educational services and products, with emphasis on technology and its development, impact and application within and outside Kenya;
- b) To oversee the management of scholarships, bursaries and prizes which may be provided for by the Academic Policy;
- c) To submit regular reports to the Council on all matters related to education, training and research;
- d) Evaluate regular reports on academic progress, conduct of examinations and consider academic awards as provided under the Kisii National Polytechnic Order of 2016;

- e) Consider proposals for collaboration with recognized universities for the conduct and award of degree programmes in technology;

(ii) Finance and General Purpose Committee

Roles and functions

- a) Check and determine that annual estimates have made provision for all the estimated expenditure, and in particular the following:
 - i. Payment of the salaries, allowances and other charges in respect of the staff of the Polytechnic;
 - ii. Payment of the pensions, gratuities and other charges in respect of retirement benefits which are payable out of the funds of the Polytechnic;
 - iii. Funding of the cost of teaching, research and outreach activities of the Polytechnic; and
 - iv. Creation of such funds to meet future or contingent liabilities in respect of retirement benefits, insurance or replacement of building or equipment and in respect of such other matters as the Council may think fit.
- b) Review the policies, processes and programs management has put in place to prepare, prevent and protect the Polytechnic from financial risk.
- c) Monitor and review procurement of works, goods and services at the Polytechnic to ensure compliance with established laws, regulations, policies and procedures.
- d) Receive and consider proposals for the participation of the Polytechnic in commercial ventures and activities.
- e) Receive and consider proposals for investment of any of the funds of the Polytechnic in securities in which for the time being trustees may, by law, invest trust funds or in any other securities, which the National Treasury may, from time to time, approve for the purpose.
- f) Consider proposals for placement on deposit with such banks as it may determine any moneys not immediately required for the purposes of the Polytechnic.
- g) Monitor and review all appropriation-in-aid to ensure compliance with Government and / or donor guidelines, legal and regulatory requirements, policies and procedures.
- h) Monitor and evaluate the systems of the Polytechnic to ensure compliance with the Public Procurement and Asset Disposal Act, 2015 and all related legislations, regulations, guidelines, policies and procedures.
- i) Provide directly, or in collaboration with other industry players, facilities for income generation;
- j) Promote and establish a culture of productivity in engineering and technology, and technology transfer amongst staff and trainees;
- k) Oversee the advancement of knowledge and its practical application by commercialization and exploitation of research outcomes at the Polytechnic;
- l) Oversee Polytechnics participation in commercial ventures and activities;
- m) Oversee proper maintenance of the buildings and grounds, repair and replacement of equipment and other movable property of the Polytechnic;

(iii) Audit and Risk Management Committee

The audit committee shall play a key role with respect to the integrity of the KNP's financial information, its system of governance, risk and internal controls, Assets Register and the legal and ethical conduct of management and employees.

The functions undertaken by an audit committee shall generally encompass the following:

- a) Evaluating whether proper procedures are in place to address key roles and responsibilities in relation to risk management.
- b) Evaluating the adequacy of the control environment to provide reasonable assurance that the systems of internal control for accountability are of a high standard and functioning as intended.
- c) Performing an independent review of the financial statements to ensure the integrity and transparency of the financial reporting process.
- d) Monitoring the effectiveness of KNP performance information and compliance with the performance management framework and performance reporting requirements.
- e) Evaluating the quality of the internal audit function, particularly in the areas of planning, monitoring and reporting.
- f) Engaging with external audit and assessing the adequacy of management response to any issues identified by audit.
- g) Reviewing the effectiveness of how the entity monitors compliance with relevant legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.

(f) Polytechnic Headquarters
Kisii County, off Kisii - Keroka Road

(g) Polytechnic Contacts

Kisii National Polytechnic
P.O. Box 222-40200
Kisii
Telephone :+254 (0)700152177 /
E-mail : info@kisiipoly.ac.ke
: Website: www.kisiipoly.ac.ke

(h) Polytechnic Bankers

- a. Co-operative Bank of Kenya
- b. Kenya Commercial Bank Ltd




(i) Independent Auditors



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

(j) Principal Legal Adviser

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

II. THE POLYTECHNIC COUNCIL

Ref.	Directors	Details
1	 <p>Prof. Kisilu Kitainge Chairman of the Governing Council</p>	<p>Prof. Kitainge was appointed to the Governing Council in February 2020. He holds a Ph.D in Education (TVET) - Royal Melbourne Institute of Technology (RMIT University) Melbourne, Australia; M. Phil. and B.Ed - Technology (First Class Honours –Power Mechanics Technology)-Moi University, Kenya. He is also the Serving Dean, School of Education at University of Eldoret. Prof. Kitainge is an accomplished TVET scholar who has been very instrumental in the promotion of Technical and Vocational Education and Training (TVET) in Kenya and abroad. He has a teaching experience in the University (both locally and internationally) spanning over 24 years in which he has participated in writing and implementation of the new curricula, teaching and supervision of undergraduate and postgraduate students. He has attracted research funding and consultancies to the University of Eldoret and has continued to publish in peer reviewed high impact journals with over 105 publications. He is also currently serving as the Chairman of Board of Management in Kyatune Boys High school.</p>
2	 <p>Mr. John Kimani Member</p>	<p>Mr. Kimani was appointed to the Governing Council in February 2020. He holds a MBA (Entrepreneurship) from Assan Don Bosco University and a BSc. Computer Science from The University of Nairobi. He also is a Certified Public Accountant of Kenya (CPA-K) besides holding an Advanced Diploma in Insurance from the Chartered Insurance Institute, London. He is a member of the Chartered Insurance Institute, Insurance Institute of Kenya, and British Computer Society. Mr. Kimani currently serves as the Business Process Manager at The Kenyan Alliance Insurance Company. Previously, he has served in various capacities in internationally recognized ICT and Insurance companies, among them Britam Group, Real Insurance Company and BDF East Africa Ltd.</p>
3	 <p>Mr. Nathan Orora Member</p>	<p>Mr. Orora was appointed to the Governing Council in February 2020. He holds a Master of Business Administration (Strategic Management) from The University of Nairobi and a BSc. Medical Microbiology from Jomo Kenyatta University of Agriculture and Technology. He has also undertaken management courses at the Havard University, and business presentation, assertiveness, and negotiation skills training at TACK International. He is currently serving as the Sales Manager for Surgipharm Pharmaceuticals. Previously, he served as the East Africa Regional Manager for Philips Charm</p>

		Devise, Medical Representative GSK Pharmaceuticals Kenya, and Omaera Pharmaceuticals.
4	 <p data-bbox="247 683 518 750">Eng. Andrew Ngeno Member</p>	<p>Eng. Ng'eno was appointed to the Governing Council in February 2020. He holds a BSc. Mechanical Engineering from The University of Nairobi and has courses towards attainment of MSc. In Energy Studies at Moi University. He also has a Certificate in Cane Sugar Manufacture from Rastic Mauritius. He is a member of the Engineers Board of Kenya and a corporate member with the Institution of Engineers of Kenya. Eng. Ng'eno currently serves as the Director- AGM Construction and Engineering Co. Ltd. Previously, he served as the Head of Processing and Engineering Department at the Kenya Seed Company, Factory Workshops Engineer at the Chemilil Sugar Company, Maintenance Manager at the East Africa Training and Extract Company among other positions held in nationally recognized companies. Eng. Ng'eno is also a Governing Council member at the Kitale National Polytechnic.</p>
5	 <p data-bbox="279 1288 558 1355">Dr. Simon Nyakwara Member</p>	<p>Dr. Nyakwara was appointed to the Governing Council in February 2020. He holds a Ph.D in Human Resource Management from Mount Kenya University, a MBA from Madurai University, PGDE from Kenyatta University and a Bachelor of Business Administration and Management from Marathrada University. He is a member of the Society of Educational Research and Evaluation in Kenya. Dr. Nyakwara currently serves as the Director and Chair Campus Management at Mount Kenya University- Kisii Campus. Previously, he served as the Deputy Director Administration, Planning and Institutional Advancement and the Associate Dean of Students in the same institution. He also served as the Assistant Graduate Teacher at the Kitale Technical Training Institute.</p>

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Mr. Peter Kamau
Member

Representative of Principal Secretary Ministry of Education



Mr. David Mwangi
Principal/Secretary Governing Council

Mr. David Mwangi holds an MSc in Purchasing and Supplies Management, Bachelor's in Business Administration and Management, Higher National Diploma in Entrepreneurship Development, and Diploma in Business Education. He is also a strategic leader, having completed the Strategic Leadership Development Programme and Senior Management Courses from the Kenya School of Government. He is the Principal Kisii National Polytechnic and a member of the Kenya Association of Technical Training Institutions' (KATTI) Governing Council, where he serves as the National Chair, Sports and Recreation.

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III. MANAGEMENT TEAM

a) Key Management

 <p>Mr. David Mwangi Principal</p>	<p>Mr. David Mwangi holds an MSc in Purchasing and Supplies Management, Bachelor's in Business Administration and Management, Higher National Diploma in Entrepreneurship Development, and Diploma in Business Education. He is also a strategic leader, having completed the Strategic Leadership Development Programme and Senior Management Courses from the Kenya School of Government. He is the Principal Kisii National Polytechnic and a member of the Kenya Association of Technical Training Institutions' (KATTI) Governing Council, where he serves as the National Chair, Sports and Recreation.</p>
 <p>Mrs. Grace Mauti Deputy Principal Administration</p>	<p>Masters in Guidance and Counselling –Egerton University Bachelors in Education –Kenyatta University</p>
 <p>Dr. George Were Momanyi PhD Deputy Principal Academics</p>	<p>PhD in Strategic Management Incharge of students' Academic progress</p>

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Mr. Bironga Metobo
Dean of students

Higher National Diploma in Business Management
In charge of student affairs



Mr. Eric Omundi
Registrar Administration

Bachelor of Education Arts
In charge of Administration affairs



Ms. Beatrice Nyareki
Registrar Academics

Education level: -Masters in Education with Guidance and
Counselling



Ms. Elizabeth N. Orwasa
Finance Officer

Education: CPAK, BCOM in Accounting
In charge of Financial Management



Ms. Mary Wanjiku Koigi
Quality Assurance Officer

Bachelors :Clothing and Textile Technology
Management Representative

IV. CHAIRMAN'S STATEMENT

It is with great pleasure that I present this Financial Report for the financial year that ended 30 June 2022. The KNP plays a pivotal role in developing highly qualified, globally competitive and innovative human resource by providing quality training, applied research and entrepreneurial skills. 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 Financial Year 2021/2022, the Kisii National Polytechnic had to deal with the effects of COVID-19, 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 World Health Organization(WHO) protocols and guidelines of the Ministry of Health(MOH).

The Polytechnic seeks linkages, 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. These linkages and collaborations enhance our mission in achieving our vision.

Following the elevation of the Institution to a National Polytechnic in 2016, the status has brought along several opportunities. Key among these are: increased enrolment, government support, and more linkages and collaborations. This has resulted in increased access and need to ensure quality, relevance and equity in training. The Council is aware of the high levels of expectations from the trainees, community, employees and other stakeholders

The Governing Council has embarked on infrastructural development to accommodate increasing numbers of trainees. This will give the Polytechnic a competitive advantage in the operating environment and provide a conducive training environment. The polytechnic has embarked on post COVID-19 Pandemic recovery strategies and documenting the lesson learned in core operational areas.

The Strategic Plan (2018/2023) provides a clear roadmap to the Polytechnic Council and Management during the period 2021-2022 of the Polytechnic's development. The projects and activities for the year were undertaken as per the strategic plan. The financing of the activities was from A in A and Government capitation. Other avenues to fund the planned expansion of the physical facilities and infrastructure are being explored with the focus being centred on resources mobilization and strategic initiatives.

The Polytechnic nevertheless continues to expand and improve its requisite physical facilities because of increased population in terms of trainees and staff numbers. I am pleased to report that during the year under review, a number of projects were initiated and are ongoing. The Polytechnic's annual financial position as at June 30, 2022, increased with an increase in net position of Kshs 609.69 million.

The Polytechnic cash and cash equivalent increased from Kshs 141.7 million to Kshs 290.2 million in year 2020/2021 and 2021/2022 respectively. This increase was as a result of prudent utilisation of resources and increase in rendering of services due to normalisation of activities after covid-19 pandemic.

In conclusion, I strongly believe that with all the planned strategies as envisaged, it is apparent that the future of the Polytechnic is bright and secure. Our commitment as Council is to continue setting the right

tone at the top, which is geared towards the realization of the Polytechnic's vision and mission. I wish to thank the Government and all our stakeholders for their unwavering support. I also thank my fellow members of the Council, the Principal, the Management Board, Staff and Trainees of Kisii National Polytechnic for their commitment and hard work exhibited during the year. It is our expectation that the peaceful and productive environment witnessed during the year will continue into the coming year.



PROF KISILU M. KITAINGE
CHAIR GOVERNING COUNCIL

DATE: 26th Sept 2022

V. REPORT OF THE PRINCIPAL

I am pleased to present my report for the 2021/2022 financial year which ended on 30 June 2022.

Knp is located within Kisii Municipality. The institution was founded in 1971 as Gusii Institute of Technology and was upgraded as a National Polytechnic in 2016.

Total enrolment as at 30th June 2022 and departments.

S/no	Department	Artisan	Certificate	Diploma	Total
1	Electrical and Electronic Engineering	211	522	971	1704
2	Mechanical Engineering	115	378	309	802
3	Building & Civil Engineering	316	996	1001	2275
4	Applied Science		421	127	844
5	Computer Studies		247	567	864
6	Business Studies		445	549	994
7	Communication and Dev't Studies		212	350	562
8	Hospitality Management	1013	913	646	2572
9	Health Science	09	206	292	507
10	Agriculture and Environment		151	242	393
	TOTAL ENROLMENT				11517

Financial Performance

In the FY 2021/2022, the main source of funding of the Kisii National Polytechnic was fees with a total collection of Kshs 300.98 million for recurrent expenditure. In addition, the Polytechnic generated a sum of Kshs 26.8 million from Income Generating Activities (IGA's). The Polytechnic also received Kshs 358.1 million from the Ministry of Education as capitation. However, at the end of the financial year the Polytechnic had not received revenue of Kshs 81.3 million being capitation for Quarter four

I would like to thank the Government for its support during the period under review. I also appreciate the moral support of our collaborators, partners and other stakeholders during the year.

In conclusion, I take this opportunity to thank the Polytechnic Council for providing the desired guidance and support during the year. I also wish to thank the Management team, all staff and Trainees for the hard work and discipline exhibited throughout the year.

Mr. Daniel Nyariki
PRINCIPAL

Date: 26TH Sept, 2022

VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the Accounting Officer to include in the financial statement a statement of the National Government Polytechnic’s performance against predetermined objectives.

Kisii National Polytechnic has 8 strategic pillars and objectives within its Strategic Plan for the Financial Years 2020-2024. These strategic pillars are as follows:

Pillar 1: To provide Market Oriented Training Programmes

Pillar 2: To Undertake Applied Research and Develop Innovation

Pillar 3: To Provide Quality Learning Environment

Pillar 4: To Enhance the Human Resource Capital Capacity Base and Financial Sustainability of The Institution

Pillar 5: To Enhance Result – Based Performance Evaluation and Quality Assurance

Pillar 6: To adopt ICT in Teaching, Learning, Research and Management

Pillar 7: To Enhance the Corporate Social Responsibility of the Institution

Pillar 8: To Enhance Efficiency and Effectiveness of the Polytechnic Management and Governance

Kisii National Polytechnic develops its Annual Work Plans based on the above eight Pillars. Assessment of the Council’s performance against its Annual Work Plan is done on a quarterly basis. The Polytechnic achieved its performance targets set for the Financial Year 2021/2022 period for its 8 Strategic Pillars, as indicated in the diagram below

1. STRATEGIC THEME/ISSUE: To Provide Market Oriented Training Programmes

STRATEGIC OBJECTIVE 1:

To provide Market Oriented Programmes through conducting Labor Market, Collaborations with Industry, attaching members of staff to Industry and Developing Curricula for two short courses

Key Result Area 1	To Provide Market Oriented Training Programmes			
Outcome 1.1	Improved Market Oriented Training Programmes			
	<i>Strategic Objectives</i>	<i>Key Performance Indicators</i>	<i>Activities</i>	<i>Achievements</i>
	To provide Market Oriented Programmes through conducting Labor Market, Collaborations with Industry, attaching members of staff	-Labor market survey reports -Curricula for market oriented courses	-Conduct Labour market surveys -Capacity building of staff -Expose trainees to appropriate practical skills -collaborate with industry in training programs -Improving pass rates	-Conducted 1 labour market surveys -2 curricula for market oriented courses developed -25 staff trained in various short courses (internal audit, finance,

Kisii National Polytechnic
Annual Report and Financial Statements For The Year Ended June 2022

	to Industry and Developing Curricula for two short courses	<ul style="list-style-type: none"> -Annual staff training reports -Practical training schedules -IAC committees - Internal and external results analysis 	<ul style="list-style-type: none"> sign language, ERP, Procurement) - all trainees exposed to practical skills - IAC established in Mechanical <ul style="list-style-type: none"> • - Exams analysed to determine pass rate
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2. STRATEGIC THEME/ISSUE: To Undertake Applied Research and Develop Innovation

STRATEGIC OBJECTIVE 2: To undertake Applied Research and Develop Innovations through participating in TVET Fairs, carrying out Innovations, Disseminating Research findings

Key Result Area 2	To Undertake Applied Research and Develop Innovations			
Outcome 2.1	Undertake Applied Research and Develop Innovations			
	<i>Strategic Objectives</i>	<i>Key Performance Indicators</i>	<i>Activities</i>	<i>Achievements</i>
	To undertake Applied Research and Develop Innovations through participating in TVET Fairs, carrying out Innovations, Disseminating Research findings	<ul style="list-style-type: none"> -Applied research reports - Patents and property rights - Research collaboration reports -Conferences -Publications 	<ul style="list-style-type: none"> - Participate in TVET fairs -Carry out innovations - Disseminate research findings -Do publications 	<ul style="list-style-type: none"> - Staff and trainees participated in regional TVET fair -Hosted an international inter-disciplinary research conference -7 innovations developed <ul style="list-style-type: none"> i. -No Publication done

3. STRATEGIC THEME/ISSUE: To Provide Quality Learning Environment

STRATEGIC OBJECTIVE 3: To construct a perimeter wall, four sheds for learning, Tuition Block Complex and providing clean water for use

Key Result Area 3	1. To Provide Quality Learning Environment			
Outcome 3.1	Improved Learning Environment			
	<i>Strategic Objectives</i>	<i>Key Performance Indicators</i>	<i>Activities</i>	<i>Achievements</i>
	To construct a perimeter wall, four sheds for learning, Tuition Block Complex and providing clean water for use	-Complete Perimeter Wall constructed -Complete four sheds constructed -Appointment letter of project manager -Permanent Secretary Approval -Approved Report for clean water	-To construct four sheds to take care of the increased student population -To construct Tuition Block Complex II Phase 1 -To provide clean water for use -To construct two kilometres perimeter wall	-Complete perimeter wall -Four complete sheds -Award letter for appointment of project manager approved by Permanent Secretary -Approved report

4. STRATEGIC THEME/ISSUE: To enhance the Human Capital Capacity Base and Financial Sustainability of the Institution

STRATEGIC OBJECTIVE 4: To enhance human capital capacity base and Financial Sustainability in the Institution

Key Result Area 4	To enhance the Human Capital Capacity Base and Financial Sustainability of the Institution			
Outcome 4.1	Improved Human Capital Capacity Base and Financial Sustainability			
	<i>Strategic Objectives</i>	<i>Key Performance Indicators</i>	<i>Activities</i>	<i>Achievements</i>
	To enhance human capital capacity base and Financial Sustainability in the Institution	- Signed contracts for council staff -benchmarking reports	-Recruit staff in deficit areas -Carry out benchmarking -Carry out sensitization -Carry out trainings	- 15 council staff recruited in deficit areas -15 staff carried out benchmarking

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		-sensitization reports		- Staff sensitized on PC targets - 25 staff attended various trainings
		-Financial reports -Production units -MOU agreements	-Hire facilities -carry out internal maintenance of facilities and equipment -Use departments to carry out projects • -Sign MOUs for collaboration	- Polytechnic halls and grounds hired out -Maintenance of facilities done internally -Building department engaged to construct the perimeter wall • - Collaboration MOU with the Kisii County Government for maintenance of Capital round about and people's park in force

5. STRATEGIC THEME/ISSUE: To enhance Result Based Performance evaluation and Quality Assurance

STRATEGIC OBJECTIVE 5:

To enhance based results and quality assurance

Key Result Area 5	To enhance Result Based Performance evaluation and Quality Assurance			
Outcome 5.1	Enhanced Result Based Performance Evaluation and Quality Assurance			
	<i>Strategic Objectives</i>	<i>Issues</i>	<i>Strategies</i>	<i>Achievements</i>
	Enhanced Result Based Performance Evaluation and Quality Assurance	-M&E reports -Internal Audit reports -External Audit reports	-Carry out internal audits • -Carry out external audits	-Monitoring carried out quarterly -2 internal audits carried out • -1 external audit carried out

VII. CORPORATE GOVERNANCE STATEMENT

1. Process of Council Members Appointment.

The Polytechnic Council was appointed by the Cabinet Secretary Ministry of Education, with effect from 13th January 2020 for a term of three years. There are nine Council members comprising of the Chairman, Principal Secretary Ministry of Education Representative, Principal Secretary National Treasury Representative and six (6) independent members as per categories provided by the TVET ACT 2013.

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

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

The appointment of Council members shall:

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

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

2. Process of Council Member Removal.

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

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

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

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

3. Roles and Functions of the Council

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

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

6. STRATEGIC THEME/ISSUE: To adopt ICT in Teaching, Learning, Research and Management

STRATEGIC OBJECTIVE 5:

Adopt ICT integration within the Institution

Key Result Area 6	To adopt ICT in Teaching, Learning, Research and Management			
Outcome 6.1	ICT adopted in Teaching, Learning, Research and Management			
	<i>Strategic Objectives</i>	<i>Issues</i>	<i>Strategies</i>	<i>Achievements</i>
	Adopt ICT Integration within the Institution	-Internet contract agreement -Portals in place -Up to date website -Biometric identification kits -ERP contract agreement -E-content	-Provide internet services -Update the website -Maintain student and staff portal -Adopt biometric identification • -Implement ERP	-Internet contract agreement -Portals in place -Up to date website -Biometric identification kits -ERP contract agreement • -E-content

7. STRATEGIC THEME/ISSUE: To enhance Corporate Social Responsibility of the Institution

STRATEGIC OBJECTIVE 5:

Enhancement of Corporate Social Responsibility

Key Result Area 7		To enhance Corporate Social Responsibility of the Institution		
Outcome 7.1		Enhanced Corporate Social Responsibility		
	<i>Strategic Objectives</i>	<i>Issues</i>	<i>Strategies</i>	<i>Achievements</i>
	Enhancement of Corporate Social Responsibility	<ul style="list-style-type: none"> -Budgets -worksheets -Register of alumni 	<ul style="list-style-type: none"> -Maintain capital round about -Beautify Kisii County people's park -Visit children's home <ul style="list-style-type: none"> • -Launch Alumni 	<ul style="list-style-type: none"> -Capital round about maintained -Trees planted at the county people's park - Children's home visited and given donations -Alumni data base updated <ul style="list-style-type: none"> • -Tracer study conducted

8. STRATEGIC THEME/ISSUE: To Enhance Efficiency and Effectiveness of the Polytechnic Management and Governance

STRATEGIC OBJECTIVE 5:

Enhanced Efficiency and Effectiveness of the Polytechnic Management and Governance

Key Result Area 8		To enhance Corporate Social Responsibility of the Institution		
Outcome 8.1		Enhanced Corporate Social Responsibility		
	<i>Strategic Objectives</i>	<i>Issues</i>	<i>Strategies</i>	<i>Achievements</i>
	1. Enhanced Efficiency and Effectiveness of the Polytechnic Management and Governance	<ul style="list-style-type: none"> -Reviewed charter -QMS certification -ISMS certification -student union -Student constitution 	<ul style="list-style-type: none"> -Review service charter -Implement QMS -Implement ISMS -Hold student election <ul style="list-style-type: none"> • -Review student constitution 	<ul style="list-style-type: none"> -Service charter reviewed and translated to braille -QMS implemented -ISMS implemented -Student election held <ul style="list-style-type: none"> • -Student constitution reviewed

VIII. MANAGEMENT DISCUSSION AND ANALYSIS

Operational and Financial Performance

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

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

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

Financial Highlights

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

During the year under review, the enrolment was 11,517 trainees compared to 10,108 Trainees in financial year 2020/2021.

Operating Revenue Source for the last three years

	2019/2020	2020/2021	2021/2022
	Kshs	Kshs	Kshs
Government Capitation	163,745,250	137,490,000	358,125,000
Tuition (School Fees)	279,763,770	243,359,437	300,983,003
Hire of Facility	612,000	1,002,010	1,203,000
Income Generating Activities	6,801,185	9,574,245	17,898,473
Catering (Pay-As-You-Eat)	9,035,581	249,405	
Other Income	32,206,747	87,360	26,309,657
Total	492,164,533	391,762,457	704,519,133

Total operating revenues increased by Kshs 312.8 million, from 391.7 million in 2020/2021 to 704.5million in 2021/2022 as a result normalisation of activities after Covid-19 Pandemic.

Operating Expenses

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

Expenditure	2019/2020	2020/2021	2021/2022
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	Kshs	Kshs	Kshs
Use of Goods and Services	222,434,498	151,317,918	283,054,152
Employee Costs	95,011,091	109,713,313	116,378,611
Council remuneration	7,005,194	11,617,650	7,644,286
Depreciation and Amortization/rev loss	39,745,187	38,777,834	26,078,617
Repair Maintenance & Improvement			
Finance Costs	114,600	601,683	375,820
Total	364,310,570	312,028,398	433,531,486

Total operating expenses for the year was Kshs 433.5 million. There was an increase in operating expenses of Kshs 121.5 million from 312 million in the year 2020/2021 to Kshs 433.5 million in the year 2021/2022. An analysis of expenses demonstrates that the major expenditure of the Polytechnic in the year under review was use of goods and services representing 65.3% while compensation to employees (i.e. salary, wages and benefits) accounted for 26.8% of the total operating expenses.

Summary of Financial Performance over the last three years

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

	2019/2020	2020/2021	2021/2022
	Kshs	Kshs	Kshs
Total Operating Revenue	492,164,533	391,762,457	704,519,133
Total Operating Expenses	364,310,570	312,028,398	433,531,486
Surplus (Deficit)	127,853,963	79,734,059	270,987,647

During the year under review, the polytechnic shows a considerable increase in operating surplus of ksh 191.2 million from ksh 79.7 million in the financial year 2020/2021 to ksh 270.9 million in the year 2021/2022. This was as a result of increased revenue from rendering of services due to increase in enrolment.

Statement of Financial Position

The Statement of Financial Position presents the financial position of the Polytechnic at the end of the fourth quarter and includes all assets (current and non-current), liabilities (current and non-current) and net position of the Polytechnic. Net position is one indicator of the financial position of the Polytechnic, while the change in net position is an indicator of whether the overall financial position has improved or worsened during the year.

Summary of Financial Position over the last three years.

	2019/2020	2020/2021	2021/2022
	Kshs	Kshs	Kshs
Current Assets	313,617,474	279,699,806	448,367,300
Non-Current Assets	1,542,756,321	1,608,215,961	2,049,504,971

Total Assets	1,856,373,795	1,887,915,767	2,497,872,271
Total Liabilities	132,145,429	82,102,908	67,376,273
Net Assets	1,724,228,366	1,805,812,859	2,430,495,998

Current Assets and Current Liabilities

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

Total Liabilities

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

Total liabilities decreased by Kshs 14.7 million from Kshs 82.1 million in the year 2020/2021 to Kshs 67.4 million in the year 2021/2022. The decrease is primarily related to a decrease in trade and other payables and refundable deposits to customers.

Cash and cash Equivalent increased by Kshs 148.6 million from Kshs 141.6 million in the year 2020/2021 to Kshs 290.2 million in the year 2021/2022. The increase is due to a considerable increase in rendering of services over the year.

IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

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

1. Sustainability Strategy and Profile

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

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

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

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

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

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

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

Technical education is essential for economic progress and for global competitiveness of our nation and is also central in productivity and the socio-economic transformation of the country. The Sector Plan for Science, Technology and Innovation (2013-2017) provides for revitalization and harnessing of science, technology and innovation for Kenya's prosperity and global competitiveness. In this regard, human resource development, research and knowledge generation will be strengthened at KNP to enhance their application in national production systems for sustainable development.

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

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

Environmental performance

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

We commit to:

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

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

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

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

Employee welfare(adequate pay, proper remuneration).

The Polytechnic ensures that the employees welfare is taken care of by observing the following:

- i. Proper remuneration.
- ii. Adequate and prompt pays.
- iii. Trainings.
- iv. Capacity building of staff.
- v. Payment of statutory deductions for their benefits.
- vi. Leave entitlement.
- vii. WIBA.

Market place practices-

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

- i. Serving our clients with dignity, courtesy and respect.
- ii. Continuously providing efficient and effective service.
- iii. Adhering to ethical and equitable service provision

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- iv. Enhancing transparency, integrity and accountability
- v. Observing the principle of natural justice.
- vi. Maintaining appropriate confidentiality
- vii. Discharging our duties professionally and with due diligence and ensuring delivery of affordable quality education.

Corporate Social Responsibility

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

The screening of the neighbouring community was majorly on non-communicable diseases like hypertension, diabetes where those who availed themselves had their blood pressure and blood sugar checked and all the suggestive cases were given referrals accordingly by the Polytechnic clinician. This was preceded by sensitization of our community on all the non-communicable diseases on preventive measures through students training on Community Health.

The Polytechnic also conducts visits to children homes and to the less disadvantaged in the community through provision of foodstuffs and firewood.

The operational and ultimate responsibility for the commitment to our Corporate Social Responsibility principles lies with the Council and the top management.

Compliance with statutory Requirements.

Compliance and regulatory risk include the risk of non-compliance with regulatory Requirements. The polytechnic has complied with all statutory requirements throughout the year under review

X. REPORT OF THE POLYTECHNIC COUNCIL

The Polytechnic Council submits its report together with the financial statements for the year ended 30 June 2022, which show the state of the Polytechnic's affair

Principal activities

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

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

1. Provide, directly or in collaboration with other institutions of higher learning, facilities for technical trainers in technological, professional, scientific education;
2. Participate in technological innovation and in the discovery, transmission and enhancement of knowledge for economic, social, cultural, scientific, and technological development;
3. Contribute to industrial and technological development of Kenya, in collaboration with the industry and other organizations, through transfer of technology;
4. Promote and establish a culture of innovation in engineering and technology and technology transfer amongst staff and trainees;

5. Develop an institution with excellence in teaching, training, scholarship, entrepreneurship, research, consultancy, community service, among other educational services and products, with emphasis on technology and its development, impact and application within and outside Kenya;
6. Provide a multi-level system of post-secondary school education and training programmes relevant to the needs of the community, covering a wide range of fields and levels with provision for recognition of prior learning and flexibility of transition between programmes;
7. Provide high quality education, research, residential, commercial, cultural, social, recreational, sporting and other facilities;
8. Advance knowledge and its practical application by research and other means, the dissemination of outcome of research by various means and the commercial exploitation of research results;
9. Promote critical inquiry within the Polytechnic and in the general community;
10. Participate in commercial ventures and activities;
11. Foster the general welfare of all staff and trainees;
12. Provide opportunities for development and further training for staff of the Polytechnic;
13. Develop and provide educational, cultural, professional, technical and vocational services to the community and in particular, foster corporate social responsibility;
14. Provide programmes, products and services in ways that reflect the principles of equity and social justice;
15. Facilitate trainees' mobility between different programmes at different technical training institutions and other national polytechnics;
16. Conduct examinations and grant such academic awards as may be provided under this Order; and
17. Collaborate with recognized universities for the conduct and award of degree programmes in technology.

Financial Results

The results of Kisii National Polytechnic for the year ended 30 June 2022 are set out on page 1 (one) to 31 (thirty-one).

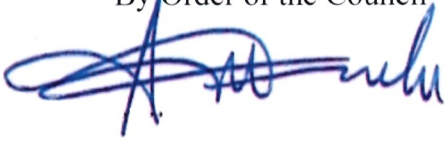
Polytechnic Council Members

The members of the Polytechnic Council who served during the year are shown on page ix and x

Auditors

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

By Order of the Council



Prof Kisilu M Kitainge
Chair Governing Council



Mr Daniel Nyariki
Principal/Secretary Governing Council

XI. STATEMENT OF 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*) require the council members to prepare financial statements in respect of the Polytechnic, which give a true and fair view of the state of affairs of the Polytechnic at the end of the financial year/period and the operating results of the Polytechnic for that year/period. The Council members are also required to ensure that the Polytechnic keeps proper accounting records, which disclose with reasonable accuracy the financial position of the Polytechnic. The Council members are also responsible for safeguarding the assets of the Polytechnic.

The Council members are responsible for the preparation and presentation of the Polytechnic's financial statements, which give a true and fair view of the state of affairs of the Polytechnic for and as at the end of the financial year (period) ended on June 30.

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 Polytechnic;
- (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material mis-statements, whether due to error or fraud;
- (iv) Safeguarding the assets of the *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 *Polytechnic's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (*the State Corporations Act, and the TVET Act*). The council members are of the opinion that the *Polytechnic* financial statements give a true and fair view of the state of *Polytechnic* transactions during the financial year ended 30 June 2021, and of the *Polytechnic's* financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the *Polytechnic*, which have been relied upon in the preparation of the *Polytechnic's* financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The *Polytechnic* financial statements were approved by the Council on 26th Sept 2022, and signed on its behalf by:



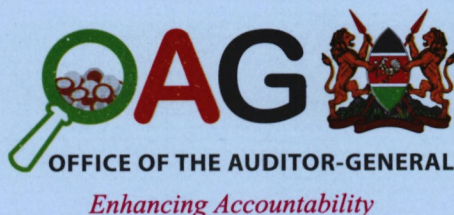
Prof. Kisilu M Kitainge
Chair of Council



Mr. Daniel Nyariki
Principal

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NAIROBI

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kisii National Polytechnic set out on pages 1 to 37, which comprise the statement of financial performance, statement

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kisii National Polytechnic as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Inaccuracies in the Financial Statements

Review of the financial statements prepared and submitted for audit revealed the following inaccuracies:

- i. The statement of cash flows reflects decrease in receivables of Kshs.12,295,633 while recomputed movement of receivables in the statement of financial position reflects an increase of Kshs.15,740,830 resulting to unexplained and unreconciled variance of negative Kshs.28,036,463.
- ii. Statement of cash flows reflects increase in payables of Kshs.108,021,358 while recomputed movement of payables in the statement of financial position reflects an increase of Kshs.80,723,280 resulting to unexplained and unreconciled variance of negative Kshs.27,298,078.
- iii. The statement of cashflows reflects deferred income of Kshs. Nil. Amount while Note 28 reflects an amount of Kshs.48,683,334.

In the circumstances, the accuracy and completeness of the statement of cash flow for the year ended 30 June, 2022 could not be confirmed.

2.0 Unreconciled Rendering of Services – Fees from Students

The statement of financial performance reflects rendering of services-fees from students of Kshs.465,407,123 as disclosed in Note 7 to the financial statements. However, the balance was not reconciled to the student enrolment data, invoices raised and paid fees reports generated from the enterprise resource (ERP) planning system.

In the circumstances, the accuracy and completeness of the fees from students of Kshs.465,407,123 for the year ended 30 June, 2022 could not be confirmed.

3.0 Use of Goods and Services

3.1 Unsupported Production Unit Expenses

Included in the use of goods and services balance of Kshs.352,241,291 is production unit expenses of Kshs.8,908,992 as disclosed in Note 11 to the financial statements and which was supported by a ledger balance of Kshs.9,209,010 resulting to an unexplained and un-reconciled variance of Kshs.300,018.

In the circumstances, the propriety, accuracy and completeness of the production unit expenses of Kshs.8,908,992 for the year ended 30 June, 2022 could not be confirmed.

3.2 Unsupported Repairs and Maintenance Expenses

Included in the use of goods and services balance of Kshs.352,241,291 is repairs and maintenance expenses of Kshs.21,282,717 as disclosed in Note 11 to the financial statements which includes expenditure of Kshs.3,780,664 on goods and services from non-prequalified suppliers and the payments were not supported with quotations, local service orders and contract agreements.

In the circumstances, the propriety, accuracy, completeness and value for money of repairs and maintenance expenses of Kshs.3,780,664 for the year ended 30 June, 2022 could not be confirmed.

4.0 Long Outstanding Current Portion of Receivable from Exchange Transaction

The statement of financial position reflects receivables from exchange transactions of Kshs.146,151,065 as disclosed in Note 18 to the financial statements. Audit review of the debtor's ledger revealed that the amount related to student fee debtors and had increased from Kshs.59,877,584 to Kshs.146,151,065(or 144%). In addition, aging analysis revealed that the amounts have been outstanding for more than twelve (12) months. Further, the finance policy does not address the treatment of bad debts and its longevity before it is being written-off.

In the circumstances, the recoverability of the receivables from exchange transactions balance of Kshs.146,151,065 as at 30 June, 2022 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.564,619,254 and Kshs.762,079,932

respectively resulting to an over-funding of Kshs.197,460,678 (or 35%) of the budget. Similarly, the National Polytechnic expended Kshs.658,993,453 against an approved budget of Kshs.564,619,252 resulting to an under-expenditure of Kshs.94,374,199 (or 17%) of the budget. The under expenditure was not explained.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Staff Ethnic Composition

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

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

2. Slow Implementation of Projects

The statement of financial performance reflects grants and subsidies of Kshs.65,114,166 as disclosed in Note 15 to the financial statements includes payments for mentee projects. However, the following unsatisfactory matters were noted:

2.1 Construction of a Multipurpose Hall at Kitutu Masaba Technical Vocational Collage

Review of records revealed that the National Polytechnic made a payment of Kshs.10,556,807 to a local contractor towards the construction of a multipurpose hall at Kitutu Masaba Technical Vocational Collage. The project commenced on 27 February, 2022 and was to be completed within sixteen (16) weeks on 14 June, 2022.

However, review of the site meeting minutes held on 1 March, 2022 revealed that roofing and rainwater and goods of Kshs.1,220,780, doors and windows of Kshs.692,250, finishes of Kshs.835,880, all electrical works and all mechanical works except sleeves were yet to be completed.

In addition, physical verification of the project at the time of audit in December, 2022 revealed that the project had stalled at 55% completion rate after the contractor reported that the prices of materials have increased and requested for a review of the terms to be considered or mutual termination of the contract. Further, the Institution is yet to have the land registered in their name as the ownership document is still registered under Mon'goni Secondary School and Dispensary

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

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

Review of records revealed that the National Polytechnic awarded a contract towards the erection and completion of a twin workshop, classrooms and offices block at the proposed Kitutu Chache South Technical and Vocational College to a local contractor at a contract sum of Kshs.57,053,885. The contract commenced on 15 April, 2019 for a duration of 52 weeks with expected completion date of 24 April, 2020. The contractor had cumulatively been paid Kshs.50,972,506 as at 21 December, 2022.

The contract sum had been varied upwards from Kshs.57,053,885 to Kshs.67,102,110 on 15 July, 2020 and completion period extended by 139 weeks as a result of a retention wall and extra classes which were not in the original approved drawings. The performance bond that was valid until 7 March, 2020 was yet to be renewed after expiry. Physical verification of the works in December, 2022 revealed that the works were incomplete and behind schedule.

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

2.3 Construction of Classrooms, Workshops and Office Block for South Mugirango Technical and Vocational college

Review of records revealed that the National Polytechnic awarded a contract towards the construction of classrooms, workshops and office block for South Mugirango Technical and Vocational college to a local contractor at a contract sum of Kshs.55,000,000 for a period was 52 weeks starting from 9 May, 2019 to 9 May, 2020.

However, physical verification of the works in 21 December, 2022 revealed that the project stalled in the month of October, 2019 at 61.2% completion stage.

In the circumstances, the benefits expected from the project 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 and Basis for qualified opinion sections of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Weaknesses in the Enterprise Resource Planning (ERP) System

Audit review of the ERP System employed by Kisii National Polytechnic to automate all its operations revealed that the system has one administrator whose account has all the roles in the system. In addition, the system administrator is able to grant him/herself roles that cut across all departments which is inconsistent with her job responsibilities. Further, it was noted it was impossible for the system administrator to review access rights and, system cannot generate report of users even for the users with has privilege access rights.

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 effective 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 the Board of Governors

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

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Institute or cease operations.

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the company 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 Institute to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

I also provide Management with a statement that I have complied with relevant ethical requirements regarding independence and to communicate with them all relationships

and other matters that may reasonably be thought to bear on my independence and where applicable, related safeguards.



CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

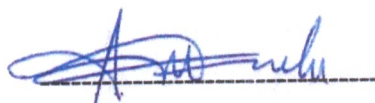
17 April, 2023

I. Statement of Financial Performance for the year ended 30 June 2022

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	410,275,776	155,140,000
		410,275,776	155,140,000
Revenue from Exchange transactions			
Rendering of services- fees from students	7	465,407,123	231,795,914
Sales of goods	8	17,898,473	
Rental Revenue from Facilities & equipment	9	1,203,000	
Other income	10	13,446,625	22,844,373
		497,955,221	254,640,287
Total Revenue			
		908,230,997	409,780,287
Expenses			
Use of goods and services	11	352,241,291	166,575,014
Employee costs	12	116,378,611	109,713,313
Board /Council Expenses	13	7,644,286	11,617,650
Depreciation & amortization expense	14	14,057,724	38,777,834
Grants and subsidies	16	65,114,166	24,376,962
Finance costs	17	375,820	601,683
		555,811,898	351,662,456
Total Expenses			
		555,811,898	351,662,456
Net surplus for the year			
		352,419,099	58,117,831

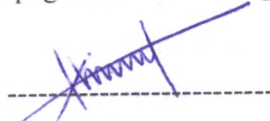
(The notes set out on pages' 6 to 37 form an integral part of the Annual Financial Statements).

The Financial Statements set out on pages 1 to 3 were signed by:



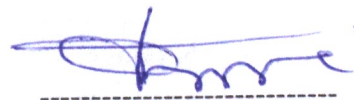
Prof. Kisilu Kitainge
Chairman of Council

Date. 26/9/2022



Ms. Elizabeth Orwasa.
Finance Officer
ICPAK No.23070

Date.26/9/2022



Mr. Daniel Nyariki
Principal

Date.26/9/2022

II. Statement of Financial Position as at 30th June 2022

Description	Notes	2021-2022	2020-2021
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	17	282,912,371	141,697,014
Receivables from Exchange transactions	18	146,151,065	59,877,584
Receivables from non-exchange transactions	19	4,640,680	69,375,000
Inventories	20	3,215,191	2,951,877
Total Current Assets		436,919,307	279,699,806
Non-Current Assets			
Property, plant, and equipment	21	2,407,567,603	1,583,627,512
Intangible assets	22	19,834,656	24,588,449
Biological Assets	23	594,500	
Total Non-Current Assets		2,427,996,759	1,608,215,961
Total Assets		2,864,916,066	1,887,915,767
Liabilities			
Current Liabilities			
Trade and other payables from exchange transactions	24	132,415,909	51,692,629
Refundable Deposits from Customers	25	9,025,023	
Deferred income	28	48,683,334	30,410,279
Total Current Liabilities		190,124,266	82,102,908
Total Liabilities		190,124,266	82,102,908
Net Assets			
Reserves		1,834,308,762	1,238,961,632
Accumulated Surplus		840,483,038	486,989,693
Capital Fund		-	79,861,534
Total Net Assets and Liabilities		2,864,916,066	1,887,915,767



Prof. Kisilu Kitainge
 Chairman of Council

Date. 26/9/2022



Ms. Elizabeth Orwasa.
 Finance Officer
 ICPAK No.23070

Date.26/9/2022



Mr. Daniel Nyariki
 Principal

Date.26/9/2022

Kisii National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2022

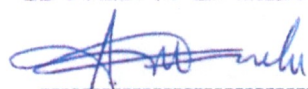
III. Statement of Changes in Net Asset for the year ended 30 June 2022

Description	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2020	1,238,961,632		428,871,862	56,394,872	1,724,228,366
Total comprehensive income	-	-	58,117,831	-	58,117,831
Capital/development grants received during the year	-	-	-	23,466,662	23,466,662
At June 30, 2021	1,238,961,632		486,989,693	79,861,534	1,805,812,859
At July 1, 2021	1,238,961,632		486,989,693	79,861,531	1,805,812,859
Revaluation gain	595,347,130	-	-	-	595,347,130
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	353,493,345	-	353,493,345
Capital/development grants received during the year	-	-	-	-	-
Transfer to mentee	-	-	-	(79,861,534)	(79,861,534)
At June 30, 2022	1,834,308,762		840,483,038	-	2,674,791,800

- The assets revaluation that was done during the year brought about a gain in revaluation which is affected the previous years and has been included in the value of changes in in net assets.

IV. Statement of Cash Flow for the year ended 30 June 2022

Description	Note	2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other government entities/govt. Grants	6	410,275,776	155,140,000
Rendering of services- fees from students	7	465,407,123	104,897,062
Sale of Goods	8	17,898,473	
Rental Revenue from Facilities and Equipment	9	1,203,000	
Other income	10	13,446,625	22,844,373
Total Receipts		908,230,997	282,881,435
Payments			
Use of goods and services	11	351,167,045	166,575,014
Compensation of employees	12	116,378,611	109,713,313
Finance cost	16	375,820	601,683
Remuneration of the Governing Council	13	7,644,286	11,617,650
Grants and subsidies paid	15	65,114,166	24,376,962
Total Payments		(540,679,928)	(312,884,622)
Deferred income	28	0	30,410,279
Cash flows from operations before working capital adjustments		367,551,069	407,092
Decrease in receivables		(12,295,633)	
Increase in payables		108,021,358	
Decrease in inventories		(263,314)	
Net cash flows from operations		463,013,480	
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(117,239,279)	(130,142,238)
Net cash flows used in investing activities		(117,239,279)	(130,142,238)
Cash flows from financing activities			
Net cash flows used in financing activities		(204,558,844)	23,466,662
Net Increase/(Decrease) in Cash and Cash equivalents		141,215,357	(106,268,484)
Cash and Cash equivalents at 1 July 2021		141,697,014	247,965,498
Cash and Cash equivalents at 30 June 2022		282,912,371	141,697,014



Prof. Kisilu Kitainge
Chairman of Council

Date. 27/7/2022



Ms. Elizabeth Orwasa.
Finance Officer
ICPAK No23070

Date.27/7/2022



Mr. Daniel Nyariki
Principal

Date.27/7/2022

V. Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022

Description	Original budget		Adjustments		Final budget		Actual on comparable basis		Performance difference		Utilization Difference	
	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	Kshs	2021-2022	%
Revenue												
Transfers from other govt entities and govt grants	45,000,000		200,000,000		245,000,000		410,275,776		165,275,776		67%	
Rendering of services- fees from students	264,480,000		20,000,000		290,480,000		319,256,058		34,776,058		12%	
Other income	35,139,254				35,139,254		32,548,098		(2,591,156)		-7%	
Total Income	344,619,254		220,000,000		564,619,254		762,079,932		197,460,678		35%	
Expenses												
Compensation of employees	127,431,000				127,431,000		116,378,611		(11,052,389)		-9%	
Use of goods and services	174,804,700		144,000,000		318,804,700		352,241,291		33,436,591		10%	
Finance costs	525,000				525,000		375,820		(149,180)		-28%	
Remuneration of directors	10,000,000				10,000,000		7,644,286		(2,355,714)		-24%	
Grants and subsidies paid							65,114,166		65,114,166		100%	
Development expenditure	31,858,554		76,000,000		107,858,554		117,239,279		(9,380,275)		9%	
Total Expenditure	344,619,254		220,000,000		564,619,254		658,993,453		94,374,199		17%	
Surplus For the Period							103,086,479					

The polytechnic approved budget was 344,619,254 and later a supplementary budget of Kshs. 220,000,000 was approved making a total of Ksh. 564,619,254 The governing council approved additional Kshs. 23,260,033. On development, expenditure there was a commitment of kshs. 80m at the end of the financial year.

Kisii National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2022

VI. Notes to the Financial Statements

1. General Information

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

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the *Kisii National Polytechnic* accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 22

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, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Adoption of New and Revised Standards

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

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

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

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

Kisii National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2022

Standard	Effective date and impact:
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>(State the impact of the standard to the Entity if relevant)</i></p>
Other improvements to IPSAS	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p> <ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p><i>State the impact of the standard to the Entity if relevant</i></p>
IPSAS 43	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for</p>

Kisii National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2022

Standard	Effective date and impact:
	users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. <i>State the impact of the standard to the Entity if relevant</i>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. <i>State the impact of the standard to the Entity if relevant</i>

iii. Early adoption of standards

(The entity) did not early-adopt any new or amended standards in year 2022.

3. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

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.

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ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

4 Summary of Significant Accounting Policies

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions

Rental income

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

b) Budget information

The original budget for FY 2021/2022 was approved by the Council or Board on 27/7/2021. 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. Accordingly, the entity recorded additional appropriations of kshs 220,000,000 on the FY 2021/2022 budget following the Council/ Board's approval.

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

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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 these financial statements.

c) Taxes

Current income tax

The entity is exempt from paying taxes as per schedule

Sales tax/ Value Added Tax

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

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

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

d) Investment property

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

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

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

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

e) Property, plant and equipment

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

4 Summary of Significant Accounting Policies Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

f) 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

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expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite

g) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit.

During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

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Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

h) 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.

Held-to-maturity

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

Impairment of financial assets

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

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

i) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

- 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.

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

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Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

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.

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.

Notes to the Financial Statements (Continued)

4 Summary of Significant Accounting Policies (Continued)

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) Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

n) Foreign currency transactions

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

o) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when

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construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

p) 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 directors, the Principal and senior managers.

q) Service concession arrangements

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

Notes to the Financial Statements (Continued)

4. 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.

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

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.

(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

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Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	2021-2022	2020-2021
	Kshs	Kshs
Unconditional Grants		
Capitation Grants	358,125,000	137,490,000
	358,125,000	137,490,000
Conditional Grants		
Construction of TVC tuition block	52,150,776	41,116,662
Total Government Grants and Subsidies	52,150,776	41,116,662
Total	410,275,776	155,140,000

(a) Transfers from other Government entities (Categorized)

Name Of The Entity Sending The Grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	2020-2021
	Kshs		Kshs	Kshs	Kshs
State Department of Vocation and Technical Training	52,150,776		44,835,776	52,150,776	155,140,000
Total	52,150,776		44,835,776	52,150,776	155,140,000

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Notes to the Financial Statements (Continued)

7. Rendering of Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition Fees	319,256,058	104,897,062
Accrued Revenue	146,151,065	126,898,852
Examination Fees		4,798,213
Registration Fees		5,714,965
Caution Money		9,700
Student ID		106,800
Student Union Fees		1,551,080
Total Revenue from The Rendering Of Services	465,407,123	243,976,672

8. Sale of Goods

Description	2021-2022	2020-2021
	Kshs	Kshs
Cafeteria sales	782,975	249,405
Collaboration fee & production Units	17,115,498	9,324,840
Total Revenue from Sale of Goods	17,898,473	9,574,245

9. Rental revenue from facilities and equipment

Description	2021-2022	2020-2021
	Kshs	Kshs
Hire of Facilities and Equipment	1,119,000	829,050
Contingent Rental	84,000	49,000
Accommodation facilities		123,960
Total	1,203,000	1,002,010

Notes to the Financial Statements (Continued)

10. Other Income

Description	2021-2022	2020-2021
Income from sale of tender	1,000	62,000
Graduation fees		1,000
Fines & Penalties'	66,055	2,765
Damages		21,595
Registration	9,640,010	
Student id	325,300	
Student Council	12,884,432	
Administrative fee	3,414,260	
Total other income	26,331,057	87,360

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Notes to the Financial Statements (Continued)

11. Use of Goods and Services

Description	2021-2022	2020-2021
	Kshs	Kshs
Teaching and learning materials	67,453,932	16,506,661
Industrial attachment costs	4,766,072	3,034,700
Electricity & Water bills	7,344,394	4,701,004
Administrative Expenses	44,732,708	34,343,530
Medical Expenses	1,367,010	788,848
Security & Cleaning Services	16,852,260	8,047,818
Student Council	15,118,161	5,315,564
Examination fees	58,485,660	37,427,960
Catering, conferences, and delegations	18,972,232	4,049,841
Travelling and accommodation	30,819,586	9,707,991
Motor vehicle operations	5,901,690	1,534,307
Insurance	1,296,245	2,916,534
Caution Money	18,000	36,000
Production Unit Expenses	8,908,992	5,674,355
Kra withholding tax	-	1,687,965
Internet expenses	2,755,414	7,356,058
Workshop/practical materials & expenses	22,107,334	8,188,782
Activity expenses	7,851,000	
Research and innovation	7,459,599	
Student id expense	221,100	
Institution mentoring	21,000	
Repairs and Maintenance	21,282,717	13,012,929
Collaboration Expenses	00	2,087,714
Graduation expense	7,364,439	
Refunds	67,500	221,050
Total good and services	351,167,045	166,639,611

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Notes to the Financial Statements (Continued)

12. Employee Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and wages	107,229,535	102,005,121
Employee related costs - contributions to pensions and medical aids	9,149,076	7,708,192
Employee Costs	116,378,611	109,713,313

13. Board/Council Expenses

Description	2021-2022	2020-2021
	Kshs	Kshs
Chairman's Honoraria	720,000	
Directors Emoluments	6,924,286	11,617,650
Total	7,644,286	11,617,650

14. Depreciation and Amortization expense

Description	2021-2022	2020-2021
	Kshs	Kshs
Property, plant and equipment		35,265,198
Intangible assets		3,512,636
Amortisation Loss	14,057,724	
Total depreciation and amortization	14,057,724	38,777,834

Assets were revalued no depreciation was charged.

15. Grants and Subsidies

Description	2021-2022	2020-2021
	Kshs	Kshs
Mentee Institutions	65,114,166	24,376,962
Total Grants and Subsidies	65,114,166	24,376,962

16. Finance Costs

Description	2021-2022	2020-2021
	Kshs	Kshs
Bank Charges	375,820	601,683
Total Finance Costs	375,820	601,683

This are bank charges for the year for normal transactions

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Annual Report and Financial Statements for the year ended 30th June 2022

Notes to the Financial Statements (Continued)

17. Detailed Analysis of Cash and Cash equivalents

		2021-2022	2020-2021
Financial Institution	Account number	Kshs	Kshs
a) Current Account			
KNP-Kenya Commercial bank, a/c no. 1181135699		3,302,844	260,364
Co-operative bank, a/c no .1120017051900		169,490,929	118,139,216
KNP-Co-operative bank, a/c no. 01139017051900		2,694,153	276,535
Co-operative bank, a/c no. 01139017051901		79,815,001	12,861,019
Borabu TTI-Co-operative bank, a/c no. 01141424762900		332,117	347,717
Riamo TTI -Co-operative bank, a/c no 01141424763000		27,452	2,843,892
Karao TVC-Co-operative bank, a/c no. 01141809820300		1,229,608	
Kitutu Masaba TVC-Kenya Commercial bank a/c no.1181135567		6,578,093	6,046,835
South Mugirango TVC-Kenya Commercial bank a/c no.1259203727		5,304,690	95
Kiamwasi TVC-Kenya Commercial bank, a/c no.1259204596		13,806,174	905,841
Cash in Hand		2,310	15,500
Pay bill Money account		329,000	
Sub- Total		282,912,371	141,697,014
Grand Total		282,912,371	141,697,014

18. Receivables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Student Debtors	146,151,065	56,323,21
Other Exchange Debtors		3,554,374
Total Current Receivables	146,151,065	59,877,584

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Annual Report and Financial Statements for the year ended 30th June 2022

Notes to the Financial Statements (Continued)

19. Receivables from Non-Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Current Receivables		
Capitation Grants*		69,375,000
Other Debtors (Non-Exchange Transactions)	4,640,689	
Total Current Receivables	4,640,689	69,375,000

20. Inventories

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable stores	2,516,370	2,951,877
Maintenance stores	112,420	
Electrical stores	39,875	
Cleaning Materials stores	20,526	
Catering stores	526,000	
Total Inventories at lower of Cost and Net Realizable Value	3,215,191	2,951,877

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21 a. Notes to the Financial Statements (Continued)

Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and Equipment	Mentee Work in progress	KNP WIP	Total
	0	0.025	0.25	0.13	0.3	0.125	0	0	
		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Cost as at 1st July 2020	525,000,000	562,910,500	26,205,101	8,850,540	11,515,000	107,062,949	179,731,234	146,599,966	1,567,875,290
Additions		223,719,073	6,052,620	-	-	-	7,956,426	118,290,258	356,018,377
Disposals	-	-	-	-	-	-	-	-	-
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	187,687,660	41,171,151	1,700,174,594
Depreciation as at 1st July 2020	-	28,145,526	15,783,401	2,329,960	6,228,861	28,794,137			81,281,885
Depreciation charge for the year	-	18,962,101	4,118,580	815,073.00	1,585,842	9,783,602			35,265,198
Acc Depreciation as at 30th June 2021	-	47,107,627	19,901,981	3,145,033	7,814,703	38,577,739	0	0	116,547,083
Net book value as at 30th June 2021	525,000,000	739,521,946	12,355,740	5,705,507	3,700,297	68,485,210	187,687,660	41,171,151	1,583,627,512
Cost as at 1st July 2021	525,000,000	786,629,573	32,257,721	8,850,540	11,515,000	107,062,949	187,687,660	41,171,151	1,700,174,594

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Additions		9,304,792		6,104,285	12,642,140		29,910,854	54,083,808	112,045,879
Transfers/adjustments							00		00
Revaluation gain(loss)	814,840,000	(103,851,785)	(18,917,721)	(3,240,825)	(9,103,640)	(84,378,899)			595,347,130
At as 30th June 2022	1,339,840,000	692,082,580	13,340,000	11,714,000	15,053,500	22,684,050	217,598,514	95,254,959	2,407,567,603
Depreciation									
Depreciation as at 1st July 2021		47,107,627	19,901,981	3,145,033	7,814,703	38,577,739	0	0	116,547,083
Depreciation charge for the year		0	0	0	0	0			0
Acc Depreciation as at 30th June 2022		47,107,627	19,901,981	3,145,033	7,814,703	38,577,739			116,547,083
Net book value At 30th June 2022	1,339,840,000	692,082,580	13,340,000	11,714,000	15,053,500	22,684,050	217,598,514	95,254,959	2,407,567,603

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21. b Computation of Revaluation Gains on Assets

Description	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and Equipment	Total
		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
Opening Balance	525,000,000	786,629,573	32,257,721	8,850,540	11,515,000	107,062,949	1,471,315,783
Additions		9,304,792		6,104,285	12,642,140		
Revalued Balances	1,339,840,000	692,082,580	13,340,000	11,714,000	15,053,500	22,684,050	2,094,714,130
Gain on Revaluation	814,840,000	(103,851,785)	(18,917,721)	(3,240,825)	(9,103,640)	(84,378,899)	595,347,130
Closing Balance	1,339,840,000	692,082,580	13,340,000	11,714,000	15,053,500	22,684,050	2,094,714,130

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21.c Summary of Revaluation Gain on Assets

Description	Gain Kshs	Loss Kshs	Total Kshs
Land	814,840,000		814,840,000
Buildings		-103,851,785	-103,851,785
Plant And Equipment		-84,378,899	-84,378,899
Motor Vehicles including Motorcycles		-18,917,721	-18,917,721
Computers and Related Equipment		-9,103,640	-9,103,640
Office Equipment, Furniture, And Fittings		-3,240,825	-3,240,825
Total	814,840,000	-219,492,870	595,347,130

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Notes to the Financial Statements (Continued)
Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). These amounts were adopted in the financial statements on page 71

21 (d) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on revaluation value as follows:

Description	Revaluation value	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	1,339,840,000		1,339,840,000
Buildings	692,082,580		692,082,580
Plant And Equipment	22,684,050		22,684,050
Motor Vehicles including Motorcycles	13,340,000		13,340,000
Computers and Related Equipment	15,053,500		15,053,500
Office Equipment, Furniture, And Fittings	11,714,000		11,714,000
Total	2,094,714,130		2,094,714,130

22. Intangible Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Cost	0.125	
At beginning of the year	28,698,980	28,698,980
Additions	5,193,400	
At end of the year	33,892,380	28,698,980
Additions–internal development	-	
At end of the year	33,892,380	
Amortization and impairment		
At beginning of the year	4,110,531	597,895
Amortization	0	3,512,636
At end of the year	4,110,531	4,110,531
Impairment loss	14,057,724	
At end of the year		
NBV	19,834,656	24,588,449

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Notes to the Financial Statements (Continued)

23. Biological Assets

Description	2021-2022	2020-2021
	Kshs	Kshs
Dairy animals	594,500	
Total Repairs and Maintenance	594,500	

24. Trade and Other Payables from Exchange transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
Trade payables	7,718,599	30,366,003
Due to mentee institutions	124,697,310	
Retention Money		21,326,626
Total trade and other receivables	132,415,909	51,692,629

25. Refundable Deposits from Customers/Students

Description	2021-2022	2020-2021
	Kshs	Kshs
Customer deposits		
Caution money		
Other refundable deposits	9,025,023	
Total Deposits	9,025,023	

27. Cash generated from operations

Description	2021-2022	2020-2021
	Kshs	Kshs
Surplus for the year before tax	353,493,345	58,117,831
Adjusted for		
Depreciation	12,057,724	38,777,834
Non- Cash received		
Contributed assets		
Impairments		
Gains and losses on Disposal of assets		
Contribution to provisions		
Contribution to Impairment Allowance		
Fine Income		
Finance Cost	375,820	601,683
Working Capital Adjustment		
Increase in Inventory	263,314	
Increase in Receivables	(12,295,633)	
Increase in Deferred Income	18,273,055	

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Increase in payables	108,021,358	
Increase In Payments Received In Advance		
Net Cash flow from Operating activities	480,188,983	

Notes to the Financial Statements (Continued)

28. Deferred Income

Description	2021-2022	2020-2021
	Kshs	Kshs
Deferred income	48,683,334	30,410,279
Total Deposits	48,683,334	30,410,279

29. Statutory deductions not paid

Description	2021-2022	2020-2021
	Kshs	Kshs
NSSF	568,080	
NHIF	238,350	
PAYE	633,370	
HELB	114,659	
UNION DEDUCTIONS	44,771	
WALFARE DEDUCTIONS (KNP SHG)	79,300	
NITA DUES	78,900	
Contribution to Impairment Allowance		
Total	1,757,430	

30. Un allocated funds

Description	2021-2022	2020-2021
	Kshs	Kshs
CAPITATION	2,177,581	
CDF BURSARIES	2,815,964	
TVET/ HELB LOAN	6,576,520	
Total	11,570,065	

Notes to the Financial Statements (Continued)

30. Financial Risk Management

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

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

(i) Credit risk

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

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

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

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

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

(ii) Liquidity risk management

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

28. Financial Risk Management (Continued)

(iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of

Kisii National Polytechnic
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Notes to the Financial Statements (Continued)

Financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

Notes to the Financial Statements (Continued)

iii) Capital Risk Management

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Revaluation Reserve	1,673,052,153	1,238,961,632
Retained Earnings	840,483,038	486,989,693
Capital Reserve		79,861,534
Total	2,513,535,191	1,805,812,859

31. Related Party Balances

Nature of related party relationships

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

Government of Kenya

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors;

Notes to the Financial Statements (Continued)

32. Contingent Assets and Contingent Liabilities

33. Capital Commitments

Capital Commitments	2021-2022	2020-2021
	Kshs	Kshs
Authorised for		
Authorised and Contracted for	254,,287,300	
Total	254,,287,300	

Construction of Tuition complex

Purchase of polytechnic bus

Notes to the Financial Statements (Continued)

34. Events after the Reporting Period

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

35. Ultimate and Holding Entity

Kisii National Polytechnic is Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

36. Currency

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

Kisii National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2022

I. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Recoverability of Receivables from exchange transactions	The Polytechnic management has planned for data clean-up to be done since data migration to the ERP system was done not considering that the challenges in the MIS system as it was on cash basis. ERP system provider to be contacted provide more trainings on the usage of the system.	Resolved	Trainings and data cleaning March 2022
	Budgetary Control and performance.	The variance in budget utilization was due to the operations for the institution was done for half a year due to COVID 19 pandemic .The pandemic affected both revenue and expenditure.	Resolved	
	Staff Ethnic Composition	The polytechnic management is committed to observe the ethnic composition in its future recruitments	Resolved	1 st July 2021-30 th June 2022
	Non Adherence to a Third of Basic Salary	The polytechnic management to negotiate with the Sacco management to extend the loan recovery period	Resolved	30 th June 2022
	Property plant & equipment – Incomplete projects. Riamo ,Kiamwasi & South Mugirango	Riamo TTI-Due to poor ground the contractor raised a variation to enable him complete the project but the Government has not honoured the request. Kiamwasi TVC-Delays by the Government to release funds.	Not resolved -Resolved	

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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)
		South Mugirango TVC-Delays by the Government in releasing funds. These being Government funded projects the Polytechnic only oversee the construction process.		
	Weak Access Controls	Introduce access register Fit the serve room with a burglar proof door.	Resolved	31 st March 2022
	Use of unregistered ICT software	The management to procure licenced and registered Microsoft which should be used in all Polytechnic machines	Resolved	31 st March 2022

Guidance Notes:

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



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Name Daniel Nyariki

PRINCIPAL

Date

