

REPUBLIC OF KENYA



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REPORT

DATE: 13 JUN 2023

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Tuesday

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THE-TABLE:

Inzop Muzile

THE AUDITOR-GENERAL

ON

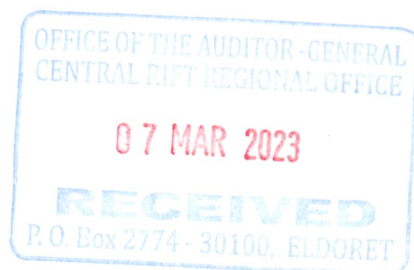
**THE ELDORET
NATIONAL POLYTECHNIC**

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



**THE ELDORET 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 (IPSAS)- Accrual.

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KEY ELDORET NATIONAL POLYTECHNIC INFORMATION AND MANAGEMENT

(a) Background information

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

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

(b) Principal Activities

Vision

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

Mission

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

Core Values

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

Customer Focus,

Creativity & Innovation,

Integrity,

Professionalism,

Team Work.

The following are objectives and functions;

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

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

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

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

To strengthen guidance and counselling and public relations office;

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

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

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

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

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

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

To harmonize admission criteria to meet quality assurance standards; and

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

(c) Key Management

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

The governing council members

Accounting officer/Principal.

Deputy Principal (Administration)

Deputy Principal (Academics)

Deputy Principal (Research & Extension)

Registrar

Dean of students and

Finance officer

(d) Fiduciary Management

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

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

(e) Fiduciary oversight Arrangements

Name of the Committee	Members
 Finance, Infrastructure and General purpose committee	Dr. Paul K. Murgor (Chairperson) CPA Antony B. Masinde Ms. Veronica Wangari Patrick Mugo Dr. Obudho S. Omondi Charles K. Koech (Secretary)
 Audit & Risk committee	CPA Christine Tomno (Chairperson) CPA Antony B. Masinde Patrick Mugo Antonio Musyoka Zacharia Koech (Secretary)
 Education, Training and Research committee	Dr. Obudho S. Omondi (Chairperson) CPA Christine Tomno Ms. Veronica Wangari Dr. Paul K. Murgor Antonio Musyoka Charles K. Koech (Secretary)

(f) Headquarters & address

P.O. Box 4461 code 30100

Kisumu Road

Eldoret, KENYA

(g) Contacts

Telephone: (254) 797 222 666

(254) 738 092 126

E-mail: info@tenp.co.ke

Website: www.tenp.ac.ke

(j) Principal Legal Adviser

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112 City Square

00200

Nairobi, Kenya

(h) Bankers

National Bank of Kenya Ltd

Eldoret Branch

P.O. Box 3111 code 30100

Eldoret, Kenya.

Co-operative Bank of Kenya Ltd

P.O. Box 2948 code 30100

Eldoret, Kenya.

Equity Bank, Supreme Branch

P.O. Box 953 code 30100

Eldoret

(i) Independent Auditors

Auditor-General

Office of Auditor-General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

THE COUNCIL/BOARD OF GOVERNORS

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



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

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

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

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



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



Alternate Representative of the PS, The National Treasury

Patrick Mugo was born in 1980. He is a seasoned economist with experience spanning over 15 years in the Public Service. He started his career as an economist in Ministry of Planning, National Development and Vision 2030 covering a broad range of economic development issues, including integrated development planning, public expenditure reviews, risk analysis,

budget formulation and review of economic development policies. In the National Treasury, he has been involved in public finance management, development finance, economic policy analysis and public investment management.

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

CPA Antony B. Masinde-MBA(UoN), Bcom(UoN)- Governing Council Member Alternate Representative of the PS, Ministry of Education, State Dpt of TVET

CPA Antony Barasa Masinde was born on 9th September 1969, he is the current Chief Finance Officer, State Department of Vocational and Technical Training, Ministry of Education. He is the Ministry's representative in the Council and provide advice and guidelines on Ministry's strategic goals, mandate and policy direction. He holds Master's degree in Business Administration (University of Nairobi) and a Bachelor of Commerce, Accounting option degree (University of Nairobi). Further, Antony has a wealth of experience in the public service especially in the Educational management, Performance management, project management, financial management, procurement management and monitoring and evaluation of programmes and projects having served as a senior staff in various positions in state departments. He is a member of Finance, Infra-Structure & General Purpose Committee and also a member of Audit & Risk Committee of the Council.



Christine was born in 1979. She is currently working at the University of Eldoret as a Senior Accountant. She has over twenty years in financial management and thus provides to the institution immense knowledge in the management of education in Kenya. She is a Certified Public

Accountant and a member of The Institute of Public Accountants of Kenya. She holds a master's degree of Business Management from Moi University and a bachelor's degree of Business Management from the same university. She is the chairperson for Audit & Risk Committee and also a member of Education, Training and Research Committee of the Council.



Dr. Obudho S. Omondi -PhD(Moi), MPhil(Moi), Bed-Techn(Moi)-Member of the Governing Council

Samwel was born on 1st April, 1972. He is currently the Deputy Director TVET, Kenya Institute of Curriculum Development(KICD). He is very resourced and holds a wealth of experience in the TVET Sector for over seven years. He has been a lecturer in various TVET institutions and also worked as a Dean of Faculty of Engineering & Technology at Technical University of Mombasa. Samwel holds a PhD in Building Engineering from Milan University of Technology (Politecnico di Milano), Milan-Italy (2008-2011), Master of Philosophy in Technology Education from Moi University (2000-2003) and a Bachelor of Education (Technology) from Moi University (1992-1997). He is the chairperson of Education, Training & Research Committee and also a member of Finance, Infra-Structure & General Purpose Committee of the Council.



Mr. Antonio Musyoka –BSc.Hort (Egerton) Governing Council Member



of

Antonio was born on 1.1.1981. He is currently the Managing Director for Moiben Connections Limited and is also the Senior agronomy expert for the company. He has worked for over 20 years in the agriculture sector under various capacity with various organizations. He has a wealth experience in Business Administration, agronomy training and extension service provision to large, medium-sized and majorly small scale farmers which is a good resource to the Institution. He is a holder of Bachelor of Science in Horticulture from the Egerton Unniversity and currently pursuing a master of science(M.Sc) degree course in crop protection from the University of Eldoret. He is a member of Audit & Risk Committee and also a member of Education, Training & Research Committee of the Council.

Ms. Veronica Wangari-BSc (Actuarial Science(JKUAT))-Member of the Governing Council



Veronica was born in 1990. She is currently an Entrepreneur in the field of computers and technology equipment. She has over seven years experience in her field and brings a rich input in the field of ICT to the Institution. She holds a Bachelor of science in Actuarial Science from Jomo Kenyatta of University of Agriculture and Technology (2008-2012). She is a member of Finance, Infra-Structure & General Purpose Committee and also a member of Education, Training & Research Committee of the Council.

**Charles K. Koech-M.Ed(Moi), B.Ed Tech-Mechanical Eng-(Moi),SMC(KSG)-Chief Principal/ Secretary
Governing Council Secretary**

Charles was born on 22nd February 1974. He is the Chief Executive Officer of The Eldoret National Polytechnic serving as the Principal and Secretary to the Governing Council. He has a wealth of experience in Educational Administration Management having served as a principal in former station for 13 years.

He has a master's degree in Education – Leadership and Policy Studies from Moi University. He attained his bachelor's degree in Education Technology- Mechanical Engineering from Moi University and also has a Senior Management Course from KSG.



MANAGEMENT TEAM



Mr. Charles K. Koech-Chief Principal/ Chief Executive Officer



Mr. Emmanuel Meres-
Deputy Principal(Administration)

Mr. James Mwangi,
Deputy Principal – Academics



Ms. Jane Oloibe,
Deputy Principal(Research)

Mr. Benjamin Maiyo
Dean of Students



Mr. John Gitau,
Registrar

Mr. Richard Sang
Finance Officer



CHAIRMAN'S STATEMENT

I am delighted to present this financial report for the year ended 30th June, 2022.

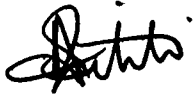
As a team we undertake and commit ourselves to provide unparalleled leadership to this institution so that the vision of the institution of being a center of excellence in technological advancement may be attained. Being a dynamic and progressive institution, the Polytechnic needs a lot of financial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

Indeed, the Governing Council of Eldoret National Polytechnic is committed to providing upto date and appropriate facilities and also improving on the existing ones in order to facilitate effective Training and learning. In the financial year under review, we worked very hard towards accomplishing this duty. For instance, we succeeded in enhancing physical facilities in the institution to cater for the increasing number of trainees which stand at over 17,000 currently.

With the help of the Ministry of Education, State Department of TVET, we have successfully nurtured other Institutions who bench marked with us on referrals during the year under review. We thank the Ministry for having confidence in us as expressed by making referrals to other institutions to borrow on our management structure. We have also initiated the construction process on the Fabricated lecture halls, Ultra-modern Library and the Bore Hole by asking the Public Works to make drawings. All these are to enhance public access to technological training.

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

I also thank the principal for his robust leadership and guidance to the Polytechnic during the year. The passion and positive attitude we all exhibited during the year gives us hope and courage that we are all ready and prepared to face the future as a prospective Centre of Excellence in the region with confidence as we look forward to another successful year 2022/2023.



Prof. Eng. Simiyu Sitati

CHAIR PERSON, GOVERNING COUNCIL

Date: 30th September, 2022.

REPORT OF THE PRINCIPAL.

As a Polytechnic, the institution is well placed to provide adequate and relevant knowledge to its graduates that will enable them to be assimilated and absorbed by the prevailing market demands and hence contribute towards the attainment of our country's Vision 2030, Strategic Development Goals, Medium Term Programme strategic objectives. This will also go a long way in supporting the drive towards the realization of the objectives of the National Government's agenda. In furtherance of our mandate therefore, we have committed ourselves to consistently and regularly review, improve and consolidate our academic programs in several ways that will ensure their competitiveness in terms of quality and relevance. With the guidance of the Governing Council, we worked hard in setting up structures and policies aimed at guiding the institution in the right strategic direction. We have been able to attain and comply with the ISO 9001-2015 re-certifications. We have collaborated with stake holders like the Kenya Commercial Bank Education foundation, The Equity Bank, County Governments who have assisted in sponsoring trainees. Under my leadership and the overall direction of the Polytechnic's Governing Council we were able also to be in the forefront in ensuring that financial resources were utilized efficiently and effectively for optimum output. Despite the many challenges brought about by global economic and financial constraints, the Polytechnic nevertheless continued to discharge its mandate of training, research, outreach and linkages.

The sources of funding to the Polytechnic at the end of this financial year ending 30 June, 2022, were internally generated revenue (Appropriations-In-Aid) from fees of **Ksh. 844,770,291**.

The recurrent expenditure totaled **Ksh. 740,178,913**, therefore the Polytechnic closed the year with a surplus of **Kshs. 104,591,378**. The surplus was attributed to the good enrolment and the remittance of students Capitation of **Ksh. 256,837,500**.

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

On behalf of the Polytechnic Governing Council and Management, I take this opportunity to thank the National Government for its unequivocal support by deploying trainers during the year under review. I also appreciate the financial, material and moral support of our collaborators, partners and friends during the period. It is because of the co-operation with the National Government through the Ministry of Education, other stake holders and more importantly guidance of the

The Eldoret National Polytechnic Annual Report & Financial Statements for the year ended 30th June, 2022

Governing Council steered by the able Chairperson of the Council as well as the mutual cooperation of the Management team, all staff and our students that we ended the year within an environment of peace and stability. I wish to register my gratitude to them all.

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



Mr. Charles K. Koech

CHIEF PRINCIPAL/SECRETARY, GOVERNING COUNCIL

Date: 30th September, 2022.

STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES.

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

Medium Term Plans (MTPs)

Various Medium-Term Plans (MTPs) have been formulated. To date MTP1, and MTP2 has lapsed. Currently the GOK is implementing MTP3 which will run up to year 2022/2023. These MTPs and Big Four agenda act as an avenue of achieving vision 2030 effectively.

The Big Four agenda

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

Food security:

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

Manufacturing:

Secondary and tertiary level of production does not only improve the standard of living but also provides employment to citizens. The GOK intends to increase production in manufacturing sector to 20% by year 2022/2023. To achieve this vision, it intends expand various industries such as Textile processing, Leather tanning, production of Construction materials, Agro-processing in tea sugar, dairy and crop value addition, Oil, gas mining; exploration and extraction Iron and steel; ICT- phone, laptops, television assembly plant; Fish processing; among others.

Housing:

The proposed reduction of corporate tax to 15 per cent for developers who put up a minimum of 100,000 housing units per annum appears aimed at encouraging private investment in affordable housing. Construction of one million affordable housing units by 2022/2023 under the housing pillar of the Big Four requires Public-Private Partnership (PPP). The government alone cannot meet this target. The formation of the Kenya Mortgage Refinance Company is now underway to provide a vehicle for long-term financing of the housing sector.

Universal health care:

GOK intends to ensure Universal Health Care (UHC) will be available to all her citizens by the year 2022/2023. That is, ensuring all Kenyans access affordable, quality healthcare. GOK has made recommendable strides in enhancing use of NHIF, availability of safe water and sanitation, health workers, food and nutrition throughout the country. To achieve these agenda must begin building a pool of human capital with adequate knowledge and skills in health services provision like doctor, nurses, and community workers among others.

CORPORATE GOVERNANCE STATEMENT

The Governing Council and the committees held their meetings during the year. The Polytechnic's Chairman of the Council was appointed on 7th June, 2020 for a term of 3 years expiring on 7th June 2023. The Chief Executive Officer is serving on an appointment by the Public Service Commission on permanent and pensionable terms. The new members of the Governing Council were appointed on 9th February, 2022.

The Council operates as per the current Council Charter. The Council members were appointed by the Cabinet Secretary, Ministry of Education and would serve for 3 years upon which their positions are declared vacant on expiry of the term and are eligible to be appointed for the next and final term.

Composition of the Council.

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

(a) chairperson;

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

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

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

(i) Leadership and management;

(ii) Financial management;

(iii) Industry

(iv) Engineering

(v) Information communication technology; or

(vi) Law, and

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

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

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

(b) is unable to perform the functions of office by reason of prolonged physical or mental incapacity;

(c) Is adjudged bankrupt by a court of competent jurisdiction or enters into a composition or scheme of arrangement for the benefit of creditors;

(d) is guilty of gross misconduct;

(e) Fails to meet the requirements of Chapter Six of the Constitution; or

(f) Is convicted of an offence and sentenced to imprisonment for a period of six months or more.

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

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

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

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

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

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

Council Committees.

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

Functions of the Council.

7. (1) All documents, other than those required by law to be under seal, made on behalf of the Council, and all decisions of the Council may be signified under the hand of the Chairperson, the Principal or any other members of the Council generally or specifically authorized by the Council in that behalf.

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

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

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

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

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

(a) chairperson;

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

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

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MANAGEMENT DISCUSSION AND ANALYSIS.

The Polytechnic realized A.I.A of **Ksh. 844,770,291**. During the period the recurrent expenditure stood at **Ksh. 740,178,913**, therefore the Polytechnic closed the year with a surplus of **Kshs. 104,591,378**. The surplus was attributed to the good enrolment and the remittance of students Capitation of **Ksh. 256,837,500**.

The Eldoret National Polytechnic compliance with statutory requirements

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

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

There were no on-going projects at The Eldoret National Polytechnic during the year which were funded using grants from the National Government and internally generated funds (A.I.A).

Major risks facing the Eldoret National Polytechnic

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

Material arrears in statutory/financial obligations

The Polytechnic has no unremitted statutory obligations.

The Eldoret National Polytechnic financial probity and serious governance issues

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

Risks Facing the Eldoret National Polytechnic

The Eldoret National Polytechnic being a national institution desires to enhance its visibility, performance, and competitiveness in the tertiary education sector in the face of competition from newly established Technical Institutions and private institutes. However, we strive a niche market share in the TVET Sector. To do so however the polytechnic requires a lot of support from the Government and other stakeholders in the crucial stage in terms of funding, material support and other contributions. The challenges include the decrease in exchequer grants and student capitation levels and non-remittance of the same. This will highly likely lead to failure to honour obligations when they fall due. Such a scenario would expose the institution to litigations. The other risk is the ever-increasing debt levels which requires concerted efforts to avoid such debts turning into delinquent or bad debts. These includes fees receivables (debtors) and other receivables totalling **Ksh 296,318,505**.

Material arrears in statutory/financial obligations.

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

The Eldoret National Polytechnic financial probity and serious governance issues

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

ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Sustainability Strategy and Profile

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

Environmental Performance

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

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

Employee Welfare

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

Organisational Structure

Staff Establishment

Market Place Practices

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

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

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

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

Corporate Social Responsibility /Community Engagements

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

Research with impact

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

Socially responsible graduates

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

Engaging our communities

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

Responsible processes

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

REPORT OF THE COUNCIL/BOARD OF GOVERNORS

The Governing Council submits their report together with the audited financial statements for the year ended June 30, 2022 which show the state of the The Eldoret National Polytechnic's affairs.

Principal activities

The principal activities of the The Eldoret National Polytechnic are;

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

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

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

Results

The results of the The Eldoret National Polytechnic for the year ended June 30th, 2022 are as set out on the Statement of Performance.

COUNCIL/BOARD OF GOVERNORS

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

STATEMENT OF BOARD OF GOVERNORS / COUNCIL MEMBERS' RESPONSIBILITIES

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

The Council is responsible for the preparation and presentation of the The Eldoret National Polytechnic's financial statements, which give a true and fair view of the state of affairs of the The Eldoret National Polytechnic for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of The Eldoret National Polytechnic; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of The Eldoret National Polytechnic; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

The Eldoret National Polytechnic Annual Report & Financial Statements for the year ended 30th June, 2022 safeguarding the assets of The Eldoret National Polytechnic; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accepts responsibility for The Eldoret National Polytechnic's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS) Accrual, and in the manner required by the Public Finance Management Act, 2012 and the State Corporations Act. The Council are of the opinion that The Eldoret National Polytechnic's financial statements give a true and fair view of the state of The Eldoret National Polytechnic's transactions during the financial year ended 30th June, 2022, and of The Eldoret National Polytechnic's financial position as at that date. The Council further confirm the completeness of the accounting records maintained for The Eldoret National Polytechnic, which have been relied upon in the preparation of The Eldoret National Polytechnic's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Eldoret National Polytechnic's financial statements were approved by the Governing Council on 30th September, 2022 and signed on its behalf by

Prof. Eng. Simiyu Sitati



Chair Person, Governing Council

Date: 30th September, 2022

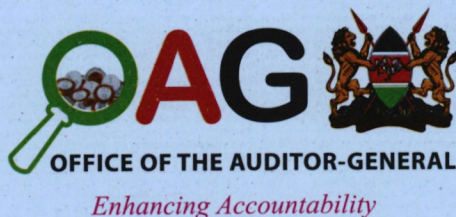
Mr. Charles K. Koech



**Accounting Officer,
Secretary, Governing Council**

Date: 30th September, 2022

REPUBLIC OF KENYA



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HEADQUARTERS
Anniversary Towers
Monrovia Street
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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON THE ELDORET 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 The Eldoret National Polytechnic set out on pages 1 to 41, which comprise of the statement of financial position at

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

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

Basis for Qualified Opinion

1. Unsupported Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 27(a) to the financial statements reflects receivables from exchange transactions balance of Kshs.300,194,316 which includes students debtors totalling to Kshs.266,368,880. However, no aging analysis was provided for student debtors to confirm how long they have been outstanding, and it is not clear how the management of the Polytechnic intends to recover the outstanding amounts as it does not have a clear debt recovery policy. Further, Note 36(a) to the financial statements discloses a provision on doubtful debts totalling Kshs.13,318,444 being 5% of the outstanding fees receivables. However, the provision was not netted off against gross fees (students debtors) totalling Kshs.266,368,880 reflected in the statement of financial position.

Further, receivables from exchange transactions balance includes staff production unit advances amounts of Kshs.16,958,653. However, the Management has not put in place measures to ensure full recovery of advances and there was no documentary evidence to show that Management has made any provisions for the advances that may not be recoverable.

In the circumstances, the accuracy and recoverability of receivables from exchange transactions balance of Kshs.283,327,533 could not be confirmed.

2. Unsupported Property, Plant and Equipment Balance

The statement of financial position and as disclosed in Note 31 to the financial statements reflects property, plant and equipment balance of Kshs.5,059,865,214 comprising of land, building, work-in-progress, plant and equipment, furniture and fittings and motor vehicles. However, the Management does not maintain a fixed asset register as required by Regulation 143(1) of the Public Financial Management (National Government) Regulations, 2015.

Further, review of records revealed that a revaluation of the Polytechnic's assets was carried out in 2019 but the respective report had not been submitted to the Governing Council and its contents incorporated in the books of the Polytechnic.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.5,059,865,214 could not be confirmed.

3. Unsupported Trade and Other Payables from Exchange Transactions

The statement of financial position and as disclosed in Note 34 to the financial statements reflects trade and other payables from exchange transactions balance of Kshs.157,056,962 which includes National Government Constituencies Development Fund (NGCDF) and other bursaries totalling Kshs.31,856,484 and un-receipted bank deposits totalling Kshs.23,250,417 that had not been receipted and debited to the respective students' accounts.

In the circumstances, the accuracy and completeness of trade and other payables from exchange transactions balance of Kshs.55,106,901 could not be confirmed.

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

Key Audit Matters

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

Other Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.709,700,000 and Kshs.844,770,291 respectively resulting to an over-funding of Kshs.135,070,291 or 19% of the budget. Similarly, the Polytechnic expended Kshs.740,178,913 against an approved budget of Kshs.709,700,000 resulting to an over-expenditure of Kshs.30,478,913 or 4% of the budget. The approval for the over-expenditure was not provided for audit. Further, it was noted that the Polytechnic had an unbalanced budget in that the final revenue budget and final expenditure budget amount did not agree.

2. Revenue from Exchange Transactions - Students Capitation

The statement of financial performance reflects rendering of services - tuition fees and other incomes of Kshs.771,585,301 for the year under review which includes tuition fees

of Kshs.448,036,946 as disclosed in Note 10 to the financial statements. According to the letter ref: No.TENP/FIN/10/VOL3/106 dated 10 January, 2023, the institution did not receive a total amount of Kshs.45,780,000 for student capitation for the year ended 30 June, 2022. Further, according to records available, the Institute had ten thousand eight hundred and ninety-five students (10,895) during the year which translates to fee subsidy of Kshs.326,850,000. However, the Institution received a total of Kshs.245,137,500 from the State Department for Vocational and Technical Training resulting to total under funding of Kshs.127,492,500.

In the circumstances the shortfall of students' capitation revenue may affect planned activities and may have hampered service delivery to the students and other stakeholders of the Polytechnic.

3. Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2022. Management has not provided reasons for the delay in resolving the prior year audit issues. Further, the unresolved prior year issues are not disclosed under the progress on follow-up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with the One-Third of Basic Salary Rule

During the year ended 30 June, 2022, six (6) employees earned a net salary of less than a third (1/3) of the basic salary contrary to Section C.1(3) of the Public Service Commission (PSC) Human Resource Policies, 2016. The Management has not given an explanation for the failure to comply with the policy.

In the circumstances, the County contravened Section C.1(3) of the Public Service Commission (PSC) Human Resource Policies, 2016 and this may expose the staff to pecuniary embarrassment.

2. Non-Compliance with Law on Ethnic Composition

During the year under review, the total number of employees of the two hundred and thirty-eight (238) or 80% of the total number were members of the dominant ethnic community in the county. This is contrary to Section 7(1) and (2) of the National Cohesion

and Integration Act, 2008 which states that, “all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community”. In the circumstances, Management was in breach of the law.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Inventory Management Policy

The statement of financial position reflects inventory balance of Kshs.5,351,321 as disclosed in Note 29 to the financial statements. However, the Institution does not have an inventory management policy that gives formal guidance on the management of inventory.

In the circumstances, existence of effective internal controls on inventory management could not be confirmed.

2. Lack of Debt Management Policy

Review of the Polytechnic documents revealed that the Institution does not have a debt management policy to provide formal guidance on the management of debts.

In the circumstances, the effectiveness of internal controls and governance on debt management could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in

an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal controls in order to give an assurance on the effectiveness of internal controls, risk management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal 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 controls components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Polytechnic to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

03 May, 2023

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE, 2022

	NOTE	2021/2022 Kshs.	2020/2021 Kshs.
Revenue from non-exchange transactions			
Transfers from the National Government-grants/gifts in kind	6	-	-
Grants from donors & development partners	7	-	-
Transfer from other levels of government	8	-	-
Public contributions and donations	9	-	-
Sub Total		-	-
Revenue from exchange transactions			
Rendering of services-Tuition fees & Other incomes	10	771,585,301	418,629,818
Sale of goods	11	67,555,525	2,475,476
Rental revenue from facilities and equipment	12	794,450	811,760
Finance income-External investment	13	454,956	-
Other income	14	4,380,058	3,175,785
Sub Total		844,770,291	425,092,839
Total revenue		844,770,291	425,092,839
Expenses			
Use of goods and services	15	353,143,717	248,851,312
Employee costs	16	264,741,006	188,897,123
Remuneration of Governing Council members	17	16,275,966	10,355,170
Depreciation and amortization expense	18	57,731,052	54,674,263
Repairs and maintenance	19	38,763,286	27,016,398
Contracted services	20	-	7,545,090
Grant and subsidies	21	-	-
Finance costs	22	-	-
Provisions	36	9,523,885	(6,130,743)
Total Expenses		740,178,913	531,208,613
Other gains/(losses)			
Gain on sale of assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Impairment loss	25	-	-
Surplus before tax		104,591,378	(106,115,774)
Taxation			
Surplus/Deficit for the period		104,591,378	(106,115,774)

The notes set out on pages 6 to 50 form an integral part of the annual financial statement

CPA Richard K. Sang

Date: 30th September, 2022

Sign:



Finance Officer: ICPAK NO. 7347

Mr. Charles K. Koech

Date: 30th September, 2022

Sign:



Principal/Secretary, Governing Council

Prof. Eng. Simiyu Sitati

Date: 30th September, 2022

Sign:



For: Chairman, Governing Council.

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2022

Assets	NOTES	2021/2022	2020/2021
		Ksh	Ksh
Current assets			
Cash and cash equivalents	26	89,307,590	142,127,354
Receivables from exchange transactions	27	300,194,316	120,984,893
Receivables from non-exchange transactions	28	-	-
Inventories	29	5,351,321	3,739,807
Investments -Biological Assets	30	8,547,400	8,318,400
Total-Current assets		403,400,627	275,170,454
Non-current assets			
Property, plant and equipment	31	5,059,865,215	5,101,141,340
Intangible assets	32	-	-
Investments	33	-	-
Investment property-Biological assets		-	-
Long term receivables from exchange transactions		-	-
Total Non-current assets		5,059,865,215	5,101,141,340
Total assets		5,463,265,842	5,376,311,793
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	34	157,056,962	185,853,138
Refundable deposits from customers-caution money	35	9,595,689	7,960,727
Provisions	36	8,927,272	(596,613)
		175,579,923	193,217,253
Non-current liabilities			
Total Non-current liabilities			
Total liabilities		175,579,923	193,217,253
Net assets		5,287,685,919	5,183,094,541
Revaluation Reserves	XIII	4,823,274,029	4,823,274,029
Accumulated surplus/Deficit	XIII	6,194,103	(98,397,275)
G.O.K Exchequer grants	XIII	403,916,571	403,916,571
Donated Assets (MOEST)	XIII	54,301,215	54,301,215
Total net assets and liabilities		5,287,685,918	5,183,094,540

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

CPA Richard K. Sang

Date: 30th September, 2022

Sign:

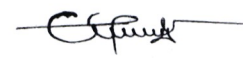


Finance Officer: ICPAK NO. 7347

Mr. Charles K. Koech

Date: 30th September, 2022

Sign:



Principal/Secretary, Governing Council

Prof. Eng. Simiyu Sitati

Date: 30th September, 2022

Sign:



For: Chairman, Governing Council.

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30TH JUNE, 2022

	Retained earnings Kshs	Fair value adjustment reserves Kshs	Capital/Development Granta/Fund Kshs	Donated Assets Kshs	Total Kshs
Balance as at 30 JUNE 2020	7,718,500	4,823,274,029	403,916,571	54,301,215	5,289,210,314
Balance as at 1st JULY 2020	7,718,500	4,823,274,029	403,916,571	54,301,215	5,289,210,314
Surplus/(deficit) for the period	(106,115,774)	-	-	-	(106,115,774.40)
Prior year adjustment	-	-	-	-	-
Exchequer grant	-	-	-	-	-
Revaluation of Biological assets donations and Grants	-	-	-	-	-
Revaluation of assets	-	-	-	-	-
Balance as at 30 JUNE 2021	(98,397,275)	4,823,274,029	403,916,571	54,301,215	5,183,094,540
Balance as at 1st JULY 2021	(98,397,275)	4,823,274,029	403,916,571	54,301,215	5,183,094,540
Surplus/(deficit) for the period	104,591,378	-	-	-	104,591,378
Prior year adjustment	-	-	-	-	-
Exchequer grant	-	-	-	-	-
Revaluation of Biological assets donations and Grants	-	-	-	-	-
Revaluation of assets	-	-	-	-	-
Balance as at 30 JUNE 2022	6,194,103	4,823,274,029	403,916,571	54,301,215	5,287,685,918

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2022

	Note No.	2021/2022	2020/2021 Ksh
Surplus/Deficit for the year		104,591,378	(106,115,774)
Adjustments for non-cash income and expenses			
Prior year ledger adjustments			202,934
Adjustments for :-			
Depreciation	18	57,731,052	54,674,263
		162,322,430	(51,238,577)
CHANGES IN WORKING CAPITAL			
Changes in Inventories	29	(1,611,514)	(703,973)
Changes in biological assets	30	(229,001)	(1,431,700)
Changes in Accounts Receivable	27	(179,209,423)	135,177,013
Changes in Accounts Payable	34	(28,796,177)	(19,170,682)
Changes in refundable deposits from customers	35	1,634,962	(5,701,107)
Changes in Provisions	36	9,523,885	(6,710,743)
		(198,687,268)	101,458,808
Net Inflows/Outflows from Operating Activities		(36,364,838)	50,220,231
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Non-currents assets	31	(16,454,928)	(45,923,420)
Adjustment for Transfers (Projects Inter bank accounts)			-
Net cash flows from investing activities		(16,454,928)	(45,923,420)
CASH FLOWS FROM FINANCING ACTIVITIES			
Government Development Grants			-
Asset Financing Term loan (NBK)/Repayment			-
Net cash flows from financing activities		-	-
Net increase/decrease in cash and cash equivalents		(52,819,766)	4,296,811
Cash and cash equivalents at the beginning of the year	26	142,127,356	137,830,545
Bank overdraft at the beginning of the year		-	-
Net increase/decrease in cash and cash equivalents		142,127,356	137,830,545
Cash and cash equivalents at the end of the year:	26	89,307,590	142,127,356

CPA Richard K. Sang

Date: 30th September, 2022

Sign:



Finance Officer: ICPAK NO. 7347.

Mr. Charles K. Koech

Date: 30th September, 2022

Sign:



Principal/Secretary, Governing Council.

Prof. Eng. Simiyu Sitati

Date: 30th September, 2022

Sign:



For: Chairman, Governing Council.

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30TH JUNE, 2022

	Note	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilisation difference	REMERKS
		2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
Revenue								
Exchequer operations grants		-		-		-	-	
Public contributions and donations		-		-		-	-	
Rendering of services-Tuition fees & other incomes	10	546,319,385	145,799,339	692,118,724	771,585,301	79,466,577	11	Favourable
Sale of goods	11	8,309,874	5,528,301	13,838,175	67,555,525	53,717,350	388	Favourable
Gain on disposal, rental income and agency fees.	12	30,000	672,360	702,360	794,450	92,090	13	Favourable
Finance income	13	-	-	-	454,956	454,956	-	Favourable
Other income	14	3,040,741	-	3,040,741	4,380,058	1,339,317	44	Favourable
Total income		557,700,000	152,000,000	709,700,000	844,770,291	135,070,291		
Expenses								
Use of Goods and Services/Admin & Central service expenses	15	247,044,360	106,441,032	353,485,392	353,143,717	341,675	0	Favourable
Employee costs	16	228,649,000	11,020,432	239,669,432	264,741,006	(25,071,574)	(10)	Adverse
Remuneration of Governing Council members	17	16,500,000	-	16,500,000	16,275,966	224,034	1	Favourable
Depreciation and amortization expense	18	28,800,000	21,374,260	50,174,260	57,731,052	(7,556,792)	(15)	N/A
Repairs and maintenance	19	35,900,000	(350,512)	35,549,488	38,763,286	(3,213,798)	(9)	Adverse
Provisions	36	806,640	14,788	821,428	9,523,885	(8,702,457)	(1,059)	N/A
Total expenditure		557,700,000	138,500,000	696,200,000	740,178,913	(43,978,913)		
Surplus/Deficit for the period					104,591,378	91,091,378		

Budget Notes

1. Rendering of service; Tuition fees and other incomes:-There was a favourable variance on the vote due to good enrolment of students during the year.
2. Other incomes: There was a favorable variance on the vote as a result of better economic conditions after Covid-19.
3. Gain on disposal, rental income and agency fees.: There was a favorable variance on the vote as a result of better economic conditions after Covid-19.
4. Employee cost: There was a unfavourable variance on Employee cost due to demand for more trainers to cope up with the increased enrolment during
5. Remuneration of Governing Council: There was a favourable variance .
6. Repairs and maintenance: There was a un-favourable variance of 9% which is tolerable.
7. Use of Goods and Services/Admin & Central service: There was favourable variance in the vote.
8. depreciation and Provisions are non-cash transactions.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

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

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

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

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

3. ADOPTION OF NEW AND REVISED STANDARDS.

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Interest income

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

Dividends

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

Rental income

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

b) Budget information

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

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

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

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

c) Taxes

Current income tax

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

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Sales tax/ Value added Tax

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

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

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

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

d) Investment property

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

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

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

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

e) Property, plant and equipment

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

f) Leases

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

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

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

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

g) Intangible assets

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

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

h) Research and development costs

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

The technical feasibility of completing the asset so that the asset will be available for use or sale

Its intention to complete and its ability to use or sell the asset

How the asset will generate future economic benefits or service potential

The availability of resources to complete the asset

The ability to measure reliably the expenditure during development

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

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

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

Default or delinquency in interest or principal payments

The probability that debtors will enter bankruptcy or other financial reorganization

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

i) Inventories

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

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

Raw materials: purchase cost using the weighted average cost method

Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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

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

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of The Eldoret National Polytechnic.

j) Provisions

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

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

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

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

Contingent liabilities

The Eldoret National Polytechnic does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. No other contingent liability was probable in the resent year 2020/2021.

Contingent assets

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

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

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

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

n) Foreign currency transactions

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

o) Borrowing costs

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

p) Related parties

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

q) Service concession arrangements

The Eldoret National Polytechnic analyses all aspects of service concession arrangements that it enters into in determining the

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Subsequent events

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

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of The Eldoret National Polytechnic's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and

The Eldoret National Polytechnic Annual Report & Financial Statements for the year ended 30th June, 2022
estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

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

Useful lives and residual values

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

The condition of the asset based on the assessment of experts employed by The Eldoret National Polytechnic

The nature of the asset, its susceptibility and adaptability to changes in technology and processes

The nature of the processes in which the asset is deployed

Availability of funding to replace the asset

Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 36.

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

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

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

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

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

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

Fixed assets and depreciation –IPSAS 17

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

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

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

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

v)Agriculture – IPSAS 27

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

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

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

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

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

Biological asset means a living animal or plant.

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

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

Recognition

A biological asset or agriculture produce was recognized only when

The entity controls the asset as a result of past events

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

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

Basis for valuation

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

Dairy cows

All the cows were valued differently based on:

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

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

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

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

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

Doper Sheep

The doper sheep are valued based on the following:

Sex: females have a higher value than the males

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

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

Pigs (Large White)

Pigs are valued based on:

Age

Breed

Sex

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

Live weight

Poultry

The poultry is valued based on the following:

Age

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

Crops

Crops are valued based on the following:

Growth stage

Acreage planted

Inputs applied

10. RENDERING OF SERVICES	2021/2022	2020/2021
	Kshs.	Kshs.
Tuition fees	448,036,946	246,936,068
Activity fees	-	-
Facilities and materials	-	-
Application fees	3,817,830	2,088,450
Industrial Attachment fees	9,153,850	4,592,200
Registration fees	4,389,430	1,169,000
Maintenance	12,176,666	6,247,400
Electricity, Water & Conservancy	12,181,500	6,248,600
Local Travel & Transport	11,991,200	6,195,200
Library levy	12,183,151	6,256,830
Internet Levy	12,231,491	6,734,600
Hostel & Catering	-	5,099,875
Tender fees and other misc. incomes	-	280,550
Medical fees	30,148,995	15,407,000
Personal Emoluments	90,523,540	46,271,790
Graduation Income	100,000	6,000
Sports	56,567,916	30,784,500
Driving school income	3,937,687	1,334,955
Research and Development	1,500	168,000
Practicals fees	64,143,599	32,808,800
Total	771,585,301	418,629,818

11. SALE OF GOODS	2021/2022	2020/2021
	Kshs.	Kshs.
Sale of books	-	-
Sale of publications	-	-
Sale of farm produce	3,677,318	2,475,476
Hostel & Cafeteria sales	63,878,207	-
Total revenue from sale of goods	67,555,525	2,475,476

12. HIRE OF FACILITIES AND EQUIPMENT	2021/2022	2020/2021
	Kshs.	Kshs.
Hire of facilities and equipment	35,393	-
Contigent rentals -Staff quarters rent	759,057	811,760
Total	794,450	811,760

13. FINANCE INCOME	2021/2022	2020/2021
	Kshs.	Kshs.
Cash investments and fixed deposits	454,956	-
Interest income /Treasury bill & bonds	-	-
Interest from outstanding debtors	-	-
Total	454,956	-

14. OTHER INCOMES	2021/2022	2020/2021
	Kshs.	Kshs.
Reimbursements and refunds	-	-
Graduation fees	2,087,580	-
Rental of physical facilities and services	-	905,517
Guest House & Conferences	341,320	800,268
Disposal of inserviceable/Obsolete assets	-	38,300
Gain on revaluation of Biological assets	-	1,431,700
Savings from projects completed	1,641,308	-
Penalties losses & damages	309,850	-
Total	4,380,058	3,175,785

15. USE OF GOODS AND SERVICES (Administrative and Central service costs)	2021/2022	2020/2021
	Kshs.	Kshs.
Teaching & learning materia-Tuition and related Expenses	75,432,869	46,920,354
Medical Expenses	3,653,659	2,078,101
Travelling,Transport & Accom. Exp.	55,039,606	33,259,559
Telephone/Telecommunicatin Expenses	2,728,591	1,951,100
Electricity,Water & Conservancy	14,049,258	10,593,056
Graduation Expenses	4,283,050	710,880
Insurance Expenses(Assets covers)	2,298,244	1,896,842
Insurance Expenses(Student Life covers) & WIBA	3,826,048	871,200
Postage	309,595	100,455
Printing and stationery	22,548	-
Bank Charges	278,835	237,022
Administrative costs	13,814,590	32,494,738
Fees,Commissions & Honoraria/ conference delegation	23,162,280	34,737,496
Staff Uniforms & other protective gear	4,120,060	1,665,765
Establishment costs	-	-
Catering, Hostel and Conference Expenses	30,391,241	23,140,682
Attachment Expenses	5,610,780	2,894,275
Internet services	4,422,884	-
Sports	26,523,050	12,179,680
Rental and Hire of teaching Equipment and facilities-Town Campus	29,388,116	12,764,823
Subscription Charges- KUCCPS,	-	7,429,500
Advertising & Publicity	6,878,445	3,739,360
Fuel oil & lubricants	6,452,091	7,395,657
Licenses and permits	-	-
Driving school Expenses	355,900	167,810
Tivet Fairs,Research & Development	2,132,726	1,410,930
Performance, Evaluation & Monitoring	475,600	1,729,898
Contracted Professional & Consultancy services	4,050,640	-
Outsourced Legal fees	16,785	253,800
Revaluation loss for biological assets	-	-
Student union expenses	3,300	183,100
Security expenses	-	-
Sewerage treatment costs	-	-
Skills development levies-Seminars & workshops for staff	13,234,078	-
KATTI	4,506,296	-
Inventory scrapping	-	-
Farm expenses	11,419,750	6,474,048
Audit fees	-	-
Guest House & Conference expenses	4,262,804	1,571,181
Total	353,143,717	248,851,312

16. EMPLOYEE COSTS	2021/2022	2020/2021
	Kshs.	Kshs.
Basic Salary/ Salaries and wages	157,798,825	116,576,491
Other Allowances(Hse,leave & DIT Levy)	28,059,283	31,454,510
Gratuity Costs/Contribution to pensions	853,135	9,156,820
Commuter	13,077,690	14,656,266
Staff Training & Development	-	-
Medical allowances	2,626,200	2,918,298
Salary Arrears	984,124	80,161
Part time teaching claims(Facilitators)	60,522,637	12,835,577
Passage & Leave Allowance	819,112	1,219,000
Overtime payments	-	-
Performance and other bonuses	-	-
Social contribution	-	-
Total	264,741,006	188,897,123

17. REMUNERATION OF GOVERNING COUNCIL	2021/2022	2020/2021
	Kshs.	Kshs.
Directors emoluments/Governing Council Expenses	16,275,966	10,355,170
Other allowances	-	-
Total	16,275,966	10,355,170

18. DEPRECIATION AND AMORTIZATION EXPENSES	2021/2022	2020/2021
	Kshs.	Kshs.
Plant and equipment	14,062,185	13,806,007
Buildings	16,792,392	16,792,392
Computers, Printers and Copiers	6,738,321	4,349,197
Furniture and fittings	6,707,935	6,296,447
Motor vehicles	13,430,220	13,430,220
Intangible assets	-	-
Total	57,731,052	54,674,263

19. REPAIRS AND MAINTENANCE	2021/2022	2020/2021
	Kshs.	Kshs.
Investment property-earning rentals	-	-
equipment and machinery	25,921,932	-
Vehicles	5,571,364	-
Furniture and fittings	-	-
Computers and accessories	-	-
Others	-	-
Property-Building	7,269,990	27,016,398
Total	38,763,286	27,016,398

21. GRANTS AND SUBSIDIES	2021/2022	2020/2021
	Kshs.	Kshs.
Community development	-	-
Education initiatives and programs	-	-
Total grants & subsidies	-	-

22. FINANCE COSTS	2021/2022	2020/2021
	Kshs.	Kshs.
Borrowings (amortized cost)	-	-
Interests on loans from commercial banks.	-	-
Total	-	-

23. GAIN ON SALE OF ASSETS	2021/2022	2020/2021
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible assets	-	-
Other assets not capitalised	-	-
Total	-	-

24. UNREALIZED GAIN ON FAIR VALUE INVESTMENTS	2021/2022	2020/2021
	Kshs.	Kshs.
Investments at fair value	-	-
Total	-	-

25. IMPAIRMENT LOSS	2021/2022	2020/2021
	Kshs.	Kshs.
Property Plant and Equipment	-	-
Intangible assets.	-	-
Total	-	-

26. Cash and cash equivalents	2021/2022	2020/2021
	Kshs.	Kshs.
Cash-on-hand and in transit	4,898	2,568,520
Current account (Bank)	89,302,692	139,558,834
On-call/ Short-term deposits	-	-
Staff car loan/mortgage	-	-
Total cash and cash equivalents	89,307,590	142,127,354

Detailed analysis of the cash and cash equivalents

26. (a) Banks

Name of the Bank	Bank Account Number	2021/2022	2020/2021
		Kshs.	Kshs.
National Bank of Kenya -Eldoret	01021027668101	36,891,418	11,536,204
National Bank of Kenya -Eldoret	01021027668102	2,908,351	7,321,167
National Bank of Kenya -Eldoret	01021027668103	3,848,859	1,521,172
National Bank of Kenya -Eldoret	01021027668104	258,374	967,693
National Bank of Kenya -Eldoret	01021027668105	13,279,476	13,287,696
National Bank of Kenya -Eldoret	01021027668106	5,311,558	5,731,732
National Bank of Kenya -Eldoret	0124027668100	17,356,455	93,907,978
Co-operative Bank of Kenya	01129441884400	9,448,202	5,285,192
Total		89,302,692	139,558,834

Bank accounts overdrawn

Name of the Bank	Bank Account Number	2021/2022	2020/2021
		Kshs.	Kshs.
National Bank of Kenya -Eldoret	01021027668101	-	-
National Bank of Kenya -Eldoret	01021027668102	-	-
Co-operative Bank of Kenya	01129441884400	-	-
Total		-	-

26.b) Cash on hand and in transit
Form of cash holding e.g liquid
cash, Mpesa, Mobicash, e.t.c

	2021/2022	2020/2021
	Kshs.	Kshs.
Hard Currency	4,898	22,057
M-Pesa (Pay Bill No. (304250)	-	1,565,831
M-Pesa (Pay Bill No. 632451)	-	980,632
Total	4,897.89	2,568,520

26. (C) Net Bank Balances

	2021/2022	2020/2021
	Kshs.	Kshs.
Total	89,307,590	142,127,354

20. Bank Overdrafts

	2021/2022	2020/2021
	Kshs.	Kshs.
College Fund A/C-NBK No.010210276	-	-
College Fund A/C-NBK No.010210276	-	-
Total	-	-

27. (a) RECEIVABLES FROM EXCHANGE TRANSACTIONS	2021/2022	2020/2021
Current Receivables:	Kshs.	Kshs.
Students debtors	266,368,880	87,491,170
Sundry debtors	7,740,750	8,989,955
House Rent debtors	3,213,272	2,991,765
Staff P.U Advances	16,958,653	17,151,875
Staff salary advances	536,951	1,016,644
Staff Imprests	-	1,843,484
Rental facility deposit-Debtos	1,500,000	1,500,000
Student Union	2,748,095	-
E.A Regional Network of Excel. In Dairy	543,981	-
Colleges & Institutes Canada (CICAN)-SITVES	583,735	-
Total	300,194,316	120,984,893

27 (b) Long_term Receivables from Exchange Transactions Non-Current Receivables:	2021/2022	2020/2021
Transactions Non-Current Receivables:	Kshs.	Kshs.
Refundable deposits	-	-
Total	-	-
Current portion transferred to current receivables	-	-
Total non-current receivables	-	-
Total receivables	300,194,316	120,984,893

**28. (a) RECEIVABLES FROM NON-
EXCHANGE TRANSACTIONS**

	2021/2022	2020/2021
	Kshs.	Kshs.
Current Receivables:		
Capitation grant	-	-
Total Inventory at the lower of cost and net realizable value	-	-

29 .a) INVENTORIES

	2021/2022	2020/2021
	Kshs.	Kshs.
Consumables stores-Stationery	2,911,830	1,052,274
Maintenance stores	285,700	255,350
Health unit stores	-	-
Electrical stores/ Toners	-	967,000
Cleaning material stores	398,271	711,795
Catering stores	1,755,520	753,388
Total inventories at the lower of cost and net realizable value	5,351,321	3,739,807

30. INVESTMENTS	2021/2022	2020/2021
Biological assets	Kshs.	Kshs.
Maize in Field	-	-
Fodder in Field	-	-
Vegetables	30,000	30,000
Silage	1,050,000	1,050,000
Maize in store	-	-
livestock	6,836,600	6,836,600
Pigs	-	-
Poultry	107,400	107,400
Avocado Plants	108,400	18,400
Tissue Culture Bananas	367,000	276,000
Macadamia	48,000	-
Total	8,547,400	8,318,400

31. PROPERTY, PLANT AND EQUIPMENT MOVEMENT SCHEDULE THE PERIOD ENDING 30TH JUNE, 2022

31. PROPERTY, PLANT AND EQUIPMENT MOVEMENT SCHEDULE FOR 2021-2022								
	Land	Buildings	W.I.P	Plant and Equipment	Computers, Printers & Copiers	Furniture & Fittings	Motor Vehicles	Total
Depreciation Rate	-	0.02	-	0.125	0.333	0.125	0.25	
COST/VALUATION	KShs	KShs.	KShs.	KShs	KShs.	KShs.	KShs	KShs.
Bal as at 30 June,2020	4,290,816,000	824,422,545	10,875,663	108,798,178	57,496,971	47,505,975	22,704,091	5,362,619,423
Bal. as at 1st July,2020	4,290,816,000	824,422,545	10,875,663	108,798,178	57,496,971	47,505,975	22,704,091	5,362,619,423
Additions	-	408,960	4,115,341	1,649,880	5,866,850	2,865,599	31,016,790	45,923,420
Disposals								
Donations								
Transfer/adjustments		14,788,071	(14,991,005)					(202,934)
Revaluations during the year								
Bal as at 30 June,2021	4,290,816,000	839,619,576	(1)	110,448,058	63,363,821	50,371,574	53,720,881	5,408,339,909
Bal. as at 1st July,2021	4,290,816,000	839,619,576	(1)	110,448,058	63,363,821	50,371,574	53,720,881	5,408,339,909
Additions	-	-	-	2,049,419	11,113,600	3,291,909		16,454,928
Disposals	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
Revaluations during the year	-	-	-	-	-	-	-	-
Bal as at 30 June,2022	4,290,816,000	839,619,576	(1)	112,497,477	74,477,421	53,663,483	53,720,881	5,424,794,837
DEPRECIATION								
Accum. As At 30 June 2020	-	(86,602,974)	-	(72,397,208)	(46,857,613)	(24,332,460)	(22,334,052)	(252,524,307)
At 1st July 2020	-	(86,602,974)	-	(72,397,208)	(46,857,613)	(24,332,460)	(22,334,052)	(252,524,307)
Depreciation charged (20/21)	-	(16,792,392)	-	(13,806,007)	(4,349,197)	(6,296,447)	(13,430,220)	(54,674,263)
Impairment								
Accum. As At 30 June 2021	-	(103,395,365)	-	(86,203,215)	(51,206,811)	(30,628,907)	(35,764,272)	(307,198,570)
Accum. As At 1ST July, 2021	-	(103,395,365)	-	(86,203,215)	(51,206,811)	(30,628,907)	(35,764,272)	(307,198,570)
Depreciation charged (21/22)	-	(16,792,392)	-	(14,062,185)	(6,738,321)	(6,707,935)	(13,430,220)	(57,731,052)
Impairment								
Accum. As At 30 June 2022	-	(120,187,757)	-	(100,265,400)	(57,945,132)	(37,336,843)	(49,194,492)	(364,929,622)
NBV At 30 June 2022	4,290,816,000	719,431,819	(1)	12,232,077	16,532,290	16,326,641	4,526,389	5,059,865,214
NBV At 30 June 2021	4,290,816,000	736,224,210	(1)	24,244,843	12,157,010	19,742,667	17,956,609	5,101,141,339
Notes: DISCLOSURE								
Computers with a total cost of Ksh, 54,242,224 have been fully depreciated therefore depreciation for the year was done on the additional computers for three financial years as follows 2021/2022, 2020/2021, 2019/2020.								

32. Intangible assets-Software	2021/2022	2020/2021
	Kshs.	Kshs.
At the beginning of the year	-	-
Additions	-	-
At the end of the year	-	-
NBV	-	-

33. INVESTMENT PROPERTY	2021/2022	2020/2021
	Kshs.	Kshs.
At the beginning of the year	-	-
Additions	-	-
Fair value gain	-	-
	-	-

34. TRADE & OTHER PAYABLES FROM EXCHANGE TRANSACTIONS	2021/2022	2020/2021
	Kshs.	Kshs.
Amounts falling due within one year:-		
Trade Creditors	13,246,950	60,109,788
Staff P.U Creditors	13,170,928	13,170,928
Part Time Lecturers	-	-
Cautions Money	-	-
Examination Fund	75,387,276	41,986,168
Miscellaneous students & other deposits	144,908	727,123
Unreceipted effects:		
CDF & other Bursaries	31,856,484	40,519,087
Unreceipted Bank deposits	23,250,417	26,675,387
Retention accounts:		
Pako contractors	-	411,535
Harmo Engineering & Building co. ltd	-	766,294
Muga Electricals	-	123,873
Andimass Electr. Co ltd	-	46,421
Amounts falling due without one year:-		
Equity student smart card	-	1,316,535
Total	157,056,962	185,853,138

35. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS	2021/2022	2020/2021
	Kshs.	Kshs.
Consumer deposits	-	-
Student Union	-	674,345
Caution Money	9,595,689	6,118,189
E.A Regional Network of Excel. In Dairy	-	1,101,213
Colleges & Institutes Canada (CICAN)-SITVES	-	66,980
Total	9,595,689	7,960,727

36. (a) CURRENT PROVISIONS	2021/2022	2020/2021
	Kshs.	Kshs.
Provision for accrued Audit fees during the year	580,000	580,000
Provision for uncollectible fees debtors(Reductin in the year)	8,943,885	(6,710,743)
Total	9,523,885	(6,130,743)

NB: Fees Debtors gross	266,368,880	87,491,170
5% Provision	13,318,444	4,374,559
additional change to charge (13,318,444-4,374,559)	8,943,885	(6,710,743)

36. (b) Current Provisions for the year ended	2021/2022	2020/2021
	Kshs.	Kshs.
Balance at the beginning of the year	(596,613.03)	6,114,130
Additional provisions raised(Reduced)	9,523,885	(6,130,743)
Provision paid-Audit fees	-	(580,000)
Balance as at 30 June 2021	8,927,272	(596,613)

Summary of the Provisions in Note 36

Unpaid Audit fees(2017/18 sh.10,000/=+18/19 Sh. 580,000/= + 19/20 Sh. 580,000/=+20/21 Sh. 580,000/=+2021/22 sh.580,000/=)	2,320,000	1,740,000
Accumulated Provision on doubtful fees @ 5% GL: 60100002)	6,607,272	(2,336,613)
TOTAL	8,927,272	(596,613)

37. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set

based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

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

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

The entity has significant concentration of credit risk on amounts due from
The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

(iii) Market risk

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

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

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

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

a) Foreign currency risk

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

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

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

Foreign currency sensitivity analysis

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

a) Interest rate risk

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

Management of interest rate risk

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

Sensitivity analysis

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

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

iv) Capital Risk Management

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

		2021/2022	2020/2021
Net assets		5,287,685,918	5,183,094,540
Revaluation Reserves	XIII	4,823,274,029	4,823,274,029
Accumulated surplus/Deficit	XIII	6,194,103	(98,397,275)
G.O.K Exchequer grants	XIII	403,916,571	403,916,571
Donated Assets (MOEST)	XIII	54,301,215	54,301,215
Total net assets and liabilities		5,287,685,918	5,183,094,540

38. RELATED PARTY BALANCES

Nature of related party relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. From the foregoing statement The Eldoret National Polytechnic did not have any.

XIX. Appendices

Appendix I: Implementation Status of Auditor General Recommendations.

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

Reference no. On the external audit report	Issue/Observations from auditor	Management comments	Status	Timeframe- Date expected to resolve.
1.0) Unconfirmed balances				
1.1) Receivables from Exchange Transactions	Recoverability of Receivables from exchange transactions balance totalling to Kshs 26,141,830 could not be confirmed	Efforts are being made on continuous basis via issuance of demand letters and phone calls being made by the officer in charge to the respective debt holders	Ongoing	
1.2) Trade and other payables from exchange transactions	Un-receipted bank Deposits of Ksh 26,675,387 and Transfers for CDF and other Bursaries amounting to Ksh, 40,519,087	The revenues had been receipted but had not been distributed to the beneficiaries because of missing student details not submitted by their respective sponsor's i.e admission numbers and the correct names. We have accounted for the same as a liability for monies held but due to third parties. A sample of the cover letter was attached as evidence of the above explanation for your corroboration. Un-receipted Bank Deposits amounting to Ksh 26,675,387:	Resolved	

		<p>These related to customers' direct deposits to our bank accounts. The deposit slips had not been presented for receipting as at the close of the financial year, however the amounts were receipted in the subsequent financial year.</p> <p>We have accounted for the same as a liability for monies held but due to third parties. The same have been distributed to the respective students who presented their banking slips.</p>		
1.3) Property plant and equipment	<p>After valuation of the polytechnics assets In 2019, the report has not been presented to the council for adoption yet.</p>	<p>In the meeting of the governing council held on 21st October 2019, valuation of the assets were deliberated and adopted to form revaluation reserve account as per minute no. 4(iv) attached on the response to the management letter on No. 4.9 (iii) indicating that new revaluations were adopted.</p>	Resolved	
2.0) Discrepancies in financial statements	<p>There were four inaccuracies encountered in the financial statements</p>	<p>We corrected all inaccuracies in the amended annual report and financial statement submitted as our final report.</p>	Resolved	
OTHER MATTERS				
1.) Budgetary control and performance	<p>The statement of comparative budget and actual amounts reflects final over-funding of Kshs.135,070,291. Similarly, the Polytechnic incurred an over-expenditure of Kshs.30,478,913</p>	<p>An increase in the actual amounts of receipts compared to the budget was a result of increase in fees collection, business enterprise collection that is sale of goods; disposal, rental and agency income and the introduction of interest income during the year.</p> <p>An over expenditure incurred during the year was a result of increased level of activity within the polytechnic which also led to increased amount of receipts compared to the budget.</p>		

Basis for conclusion				
Lack of ethnic diversity in staffing	The polytechnic has its staff establishment consisting of 84% being from the dominant community while 16% were drawn from other ethnic communities	This being an historical issue, the management has progressively addressed it, since it would be illegal to disengage staff to comply with the requirements of the Act. Management has put in place measures of addressing it by externally advertising vacancies, so as to draw applicants from other communities in Kenya. With time, we will be able to address this issue as required.	Ongoing	
Uncompetitive recruitment	Lack of advertisement on hiring of casuals and Lack of competitive hiring of trainers under Governing council Criteria.	The college in currently keen on implementing this by ensuring that all job vacancies are advertised externally to attract applicants from other diverse regions. Evidenced by the evidences attached on our response to the management letter No. 4.3.2	Resolved	
Fixed asset register	Failure to maintain a fixed asset register	The polytechnic has in place a consultant contracted to conduct asset tagging after which is tasked to compiling the asset register of the entire polytechnic .see the details presented as evidence to the response on No. 4.9 (i) of the management letter for the period ending 30 th June 2022.	Ongoing	31.12.2023

Mr. Charles K.Koech



Accounting Officer,
Secretary, Governing Council

Date: 30th September, 2022.

Appendix II. Projects Implemented by The Eldoret National Polytechnic

In the financial year 2021/2022 the Eldoret National polytechnic did not receive development grant hence there was no project undertaken by the institution during the year of audit.

Appendix III: Inter-Entity Transfers


During the year of audit ending 30th June 2022 the polytechnic received no development grants from the ministry and recurrent grants were neither received the only amount remitted from the ministry were the student capitation this therefore led to no inter-entity transfers during the year under review except for student capitation.

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

Confirmation of amounts received by The Eldoret National Polytechnic as at 30th June 2022								
Reference Number	Date Disbursed	Amounts Disbursed by [MOE, State Dept TVET) (Kshs) as at 30th June 2022				Total (D)=(A+B+C)	Amount Received (KShs) as at 30 th June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)				
1	18 th November, 2022	87,562,500.00	0	0	87,562,500.00	87,562,500.00	0	
	4 th March, 2022	87,562,500.00	0	0	87,562,500.00	87,562,500.00	0	
	6 th June, 2022	81,712,500.00	0	0	81,712,500.00	81,712,500.00	0	
Total		256,837,500.00	<u>0</u>	<u>0</u>	256,837,500.00	256,837,500.00	0	

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


Head of Accountants department of beneficiary Entity:

Name: CPA Richard K. Sang Sign:  Date: 30th September, 2022

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

#	TID	Establishment	Title	Appointing Authority	Nationality	ID/Passport No	Salutation	Surname	Firstname	Other names	Gender	DOB	DOA	Contract Period	Appointment End Date	Serving Term
1	2	Chairman	Substantive Director	CS - Ministry of Education	Kenyan	8714449	Prof.	Sitati	Simiyu	Stanley	Male	09/01/1963	09/02/2022	3	09/02/2025	First Term
2	12	The National Treasury	Alternate Director	CS - The National Treasury and Planning	Kenyan	219884436	Mr.	Mugo	Patrick	N/A	Male	01/01/1980	07/01/2020	3	07/01/2023	First Term
3	4	PS Line Ministry	Alternate Director	CS - Ministry of Education	Kenyan	9999950	Mr.	Masinde	Antony	Barasa	Male	09/09/1969	05/08/2021	3	05/08/2024	First Term
4	9	Independent Directors	Substantive Director	CS - Ministry of Education	Kenyan	21761291	Ms.	Tomno	Christine	Jepchirchir	Female	01/01/1979	29/07/2022	3	29/07/2025	First Term
5	7	Independent Directors	Substantive Director	CS - Ministry of Education	Kenyan	11088449	Dr.	Obudho	Omondi	Samuel	Male	01/04/1972	09/02/2022	3	09/02/2025	First Term
6	6	Independent Directors	Substantive Director		Kenyan	8715776	Dr.	Murgor	Paul	Kimutai	Male	05/11/1965	29/07/2022	3	29/07/2025	Second Term
7	10	Independent Directors	Substantive Director	CS - Ministry of Education	Kenyan	22330784	Mr.	David	Antonio	Musyoka	Male	01/01/1981	09/02/2022	3	09/02/2025	First Term
8	11	Independent Directors	Substantive Director	CS - Ministry of Education	Kenyan	28079999	Ms.	Wangari	Veronica		Female	01/01/1990	09/02/2022	3	09/02/2025	First Term
9	3	Co-opted Members	Substantive Director	CS - Ministry of Education	Kenyan	12748404	Mr.	Koech	Charles	Kipkirui	Male	22/02/1974	09/02/2022	3	09/02/2025	First Term

APPENDIX VI: Approved fees structure



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

Telephone: +254-020-3318861
Email: ops@education.go.ke or ops2018@gmail.com
Website: www.education.go.ke
When replying please quote

JOGOO HOUSE "B"
HARAMBEE AVENUE
P.O. Box 7583 - 00200
NAIROBI

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

All Principals:

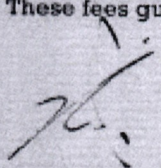
- National Polytechnics
- Technical Training Institutes
- Institutes of Technology
- Technical Vocational Colleges

DIRECTIVE ON THE TRAINING FEES LEVIED IN ALL PUBLIC TVET INSTITUTIONS

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

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

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


Kevit Desai, PhD, MBS
PRINCIPAL SECRETARY

The Eldoret National Polytechnic Annual Report & Financial Statements for the year ended 30th June, 2022
APPENDIX VII: The Cabinet Secretary Ministry of Education Prof. George A. O. Magoha, CBS Inspecting Mechanical Equipment at The Polytechnic



APPENDIX VIII: The Cabinet Secretary Ministry of Education Prof. George A.

O. Magoha, CBS Inspecting Survey & Mapping Equipment at The Polytechnic



APPENDIX IX: Dr. Margaret W. Mwakima, The Principal Secretary, Ministry of Education, State Department for TVET planting a tree during her visit to the Institution.



APPENDIX IX: Dr. Margaret W. Mwakima, The Principal Secretary, Ministry of Education, State Department for TVET with the Chief Principal Mr. Charles K. Koech.



The Eldoret N

APPENDIX X: The Principal Secretary Livestock Mr. Harry Kimutai presents for the best Ayrshire Breed to the Chief Principal Mr. Charles Koech during A 2022.



PS Livestock Harry Kimutai, handing over Trophy for Best Ayrshire Breed to Chief Principal TENP Charles Koech, during the Eldoret Ask Show 2022 and looking on is Susan Seron, Farm Manager



CPA Richard K. Sang

Finance Officer: ICPAK NO. 7347

Sign:

Mr. Charles K. Koech

Principal/Secretary, Governing Council

Sign:

Date: 30th September, 2022