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REPORT

OF

THE AUDITOR-GENERAL

ON

THE KITALE NATIONAL POLYTECHNIC

**FOR THE YEAR ENDED
30 JUNE, 2023**



THE KITALE NATIONAL POLYTECHNIC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30TH JUNE 2023

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

KITALE NATIONAL POLYTECHNIC
Annual Report and Financial Statements for the year ended 30th June 2023

2. Key Entity Information and Management

a) Background information

The Kitale National Polytechnic (KNP) was established in 1980 as a Technical Secondary School and later became Kitale Technical Training Institute (KTTI) under the provisions of the **Education Act (Cap 211)**. The Polytechnic was built by the Kenya Government with the assistance of the Swedish International Development Agency (SIDA) Technical Education Project.

The Institution was elevated to a National Polytechnic in June 2016 through the **Legal Notice No. 95 of June 2016** and was granted the power to award Higher Diplomas, Diplomas, Certificates and Degrees in collaboration with recognized universities. As a National Polytechnic, KNP operations are guided by various legislations and regulations including the **TVET Act, 2013**, Science, Technology and Innovation Act **2013(ST&I)**.

In executing its Mandate, the Polytechnic developed a Strategic Plan covering five years from 2018 to 2023. The Strategic Plan has been instrumental in improving its service delivery, enhancing operational effectiveness and efficiency as well as positioning the Polytechnic for Global competitiveness in training and research.

b) Principal Activities

Vision

A Polytechnic of excellence in competency based education and training and research

Mission

To produce globally competitive graduates through competency based education and training, research and innovation for sustainable development

Core Mandate

Develop an institution with excellence in teaching, training, scholarship, entrepreneurship, research consultancy, community service, among other education services and products, with emphasis of technology and its development impact and application within and outside Kenya.

c) Key Management

The Kitale National Polytechnic's day – to – day management is under the following key organs

- Governing Council
- Accounting Officer/Principal
- Management Board
- Departmental Heads

d) Fiduciary Management

The Key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were;

S/no	Designation	Name
1.	Principal	Mr. Akola John Otieno
2.	Deputy Principal Administration	Dr. Clare Muhuha
3.	Deputy Principal Academics	Mr. Matoneyi Lelei
4.	Finance Officer	CPA David Kurgat
5.	Registrar Admissions	Ms. Jane Waihenya - Kamau
6.	Dean of Students	Mr. Jacob M'mbasu
7.	Registrar Administration	Dr. Simiyu Judith
8.	Internal quality Assurance Officer	Mrs. Ruth Niva Ongachi

e) Fiduciary Oversight Arrangement

The Polytechnic Council provides fiduciary oversight on the financial operations of the Institution through the Finance, Administration and Infrastructure Committee and the Audit, Risk and Compliance Committee.

The Finance, Administration and Infrastructure Committee reviews the Polytechnic Quarterly and Annual Financial Statements before they are submitted to the Ministry of Education and National Treasury.

The Audit, Risk and Compliance Committee provide oversight on the Polytechnic's financial statements and through the Annual review of the financial statement of the Polytechnic, providing oversight on the internal controls and Risk Management Strategies.

The Office of the Auditor General conducts independent review of the Polytechnic's annually. The reports of the Auditor General are submitted to the National Assembly through the Public Investments Committee (P.I.C), which provides the overall fiduciary oversight on the operations of the Polytechnic.

Regular audit and financial and progress reports are provided to development partners who have provided funds to the Polytechnic. This is to ensure financial probity on the utilization of funds in the Polytechnic.

f) Entity's Headquarter

- g)** The Kitale National Polytechnic
P.O. Box 2162-30200
Kipsongo Road- Kitale

h) Entity Contacts

Telephone :(020)2380086, 072137930
E-mail: kitalenationalpolytechnic@gmail.com
Website: www.kitalenationalpolytechnic.ac.ke

i) Entity Bankers

KCB Bank Ltd
P. O. Box 48400 - 00100
Nairobi, Kenya

ABSA Bank Kenya Ltd
P. O. Box 30120 – 00100
Nairobi Kenya

The Co-operative Bank of Kenya
P. O. Box 48231 – 00100
Nairobi, Kenya


j) Independent Auditors

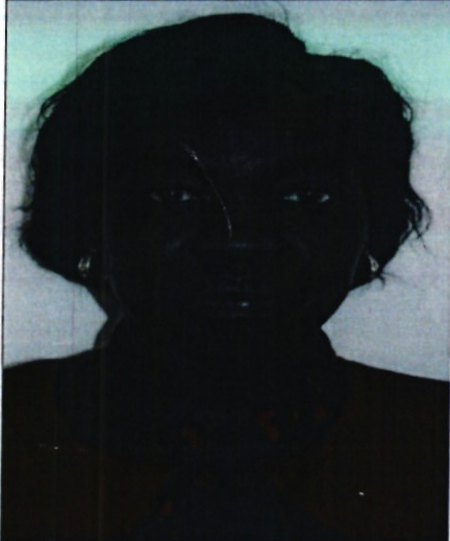
Auditor General
Office of Auditor General Anniversary Towers,
University Way
P.O. Box 30084 GPO 00100 Nairobi,
Kenya

k) Principal Legal Adviser

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

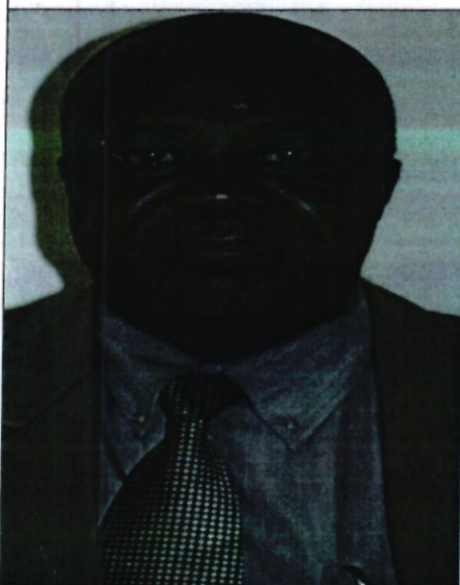
3. Governing Council

Council Members	Key Qualifications and Work Experience
 <p data-bbox="167 996 606 1120">Rt. Rev'd Dr. Paul Kibirech Korir Chairman, Governing Council</p>	<p data-bbox="694 347 1452 1052">Rt. Rev'd Dr. Paul Kibirech Korir holds a Doctorate Degree in Theology and Ministry from Asbury Theological Seminary (USA). He is the First Diocesan bishop of the Anglican Diocese of Kapsabet, Consecrated and Enthroned on June 12th 2016. As a Bishop, he provides strategic leadership in executing the mission mandate of the diocese through a clarified and shared vision. Additionally, he holds a Diploma in Peace Building and Conflict Transformation from Mindolo Ecumenical Foundation, Zambia. He is a member of the Inter Anglican Standing Commission on Unity, Faith and Order (IASCUFO), a working group for the Anglican Communion whose main mandate is to position the Anglican Church in the global map by rooting for its relevancy and visibility in matters doctrine and theology. He served as a member of the Board of Governors for Ol'Lessos Technical Training Institute for the mandatory two terms until April 2023. He served as the Chair for the National Council of Churches of Kenya (NCCCK), North Rift Region for the period 2018-2021 when Covid-19 was at its peak. He embraces servant leadership that treats people with respect and dignity. His is a call to serve God and humanity in humility.</p>
 <p data-bbox="135 1646 566 1769">Mrs. Jane Auru Ajele Chairperson Human Resource Committee</p>	<p data-bbox="694 1131 1444 1680">Mrs Jane Auru Ajele holds Masters in Public Health (Health Management System), Bachelor of Science in Medical Laboratory Science, Higher National Diploma in Microbiology, Diploma in Administration Management, Diploma in Medical Laboratory Sciences and Certificate in Laboratory Technologist. She was the County Executive Committee Member, Ministry of Health and Sanitation, Ag. County Executive Committee Member Ministry of Energy and Environment and Natural Resources, Ag. County Executive Committee Member – Ministry of Lands, Physical Planning and Urban Area Management, District Medical Laboratory Technologist Turkana County.</p>



Mrs. Salina Cheruiyot
Chairperson Finance, Administration and
Infrastructure Committee

Mrs. Salina Cheruiyot holds Bachelor of Education and Diploma in Guidance and Counselling. She has served as an assistant teacher, assistant head teacher and head teacher of various Primary Schools. She has also served as an Administrator at the County Government Trans Nzoia. Currently she is the Director of Eldas Supplies Construction Company Limited.



Mr. Harrison Tanga Webbo
Chairman Audit, Risk and
Compliance Committee

Mr. Harrison Tanga Webbo holds a BSc in Agriculture, a Diploma in Farm Management, a Certificate in Corporate Governance and a Certificate in Financial Management. He has served as a teacher in a Secondary School, Assistant Project Manager at Kerio Valley Development Authority, Project Manager at Kerio Valley Development Authority, Agronomist at Kerio Valley Development Authority, General Manager at West Kenya Autogrowers Company Limited, Deputy Director at Institute of Community Development and Research Centre, Transport Manager at Sukari Industries Ltd, Ndhiwa.



Dr. Sylus Odongo Were (Ph.D)

Dr. Odongo Sylus Were holds Doctor of Philosophy in (Organization Leadership), Master of Arts in Project Planning Management, Bachelor of Arts with Education, Diploma in Education, Diploma in Educational Management, Diploma in Project Planning and Management (Alison), Certificate in School Management, Primary Teachers Certificate, Uganda Advance Certificate of Education, East Africa Certificate of Education and Certificate of Primary Education. He has 27 years of experience as a Primary Head teacher, 10 years as an Assistant Executive Secretary KNUT Trans Nzoia Branch, 15 years as Coordinator of Project at Community Alliance for Change (CBO). A part time Lecturer at the University Of Nairobi.



**Mr. Isaac Mudogo Shaviya
Chairperson Education, Training and
Research Committee**

Mr. Isaac Shaviya Mudogo holds a Bed Arts (Hon) Degree from the University of Nairobi. He is currently pursuing Msc Degree in Project Management. He has worked as High School Graduate teacher in various schools before rising through ranks to become Deputy Principal of Musingu High School in Kakamega. He has headed different secondary schools in the former Western and Rift Valley Province. Isaac scaled the heights of teaching profession to Chief Principal of Kabarnet High School in Baringo. He also served as County Director of Education (TSC).



Ms. Lina Ayako
PS VTT Representative

Ms. Lina Ayako holds a Master of Education in Technology, Bachelor Arts and Diploma in Human Resource Management. She is a Certified Public Secretary currently serving as the Deputy Director in charge of Policy Strategy and Curriculum Section, Directorate of Technical Education, Ministry of Education.

Lina has worked as the Acting Secretary/CEO Kakamega County Public Board and Deputy Secretary Kakamega County Public Service. She has also worked as a Quality Assurance and Standards and Senior Education Office in the Ministry of Education.

She has assisted in various capacities not limited to development of Sessional Paper 1 of 2020 of Reforming Education and Training, development of National Education and Training, Support Plan among others



Mr. Justus Bundi
CS National Treasury and Planning Representative



Mr. Justus Bundi is a Senior Economist in the Financial and Sectorial Affairs Department. Mr. Bundi has attended various trainings by among others, the International Monetary Fund; the World Bank Group; the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI); the IMF East Africa; Strathmore Business School; and London School of Economics and Political Science. He has undergone leadership (Strategic Leadership Development Program- SLDP) and Management (Senior Management Course – SMC) training at the Kenya School of Government (KSG). He holds both Master and Bachelor degree (Economics) from the University of Nairobi and Egerton University respectively. Mr. Bundi has experience in financial Policy formulation and analysis, economic integration policy gained from the National Economic and Social Council (NESC) in the office of the President (September 2010 to August 2011) Ministry of Finance – African economic Research Consortium. AERC (September 2011 to September 2013) and the National Treasury (October 2013 to date).

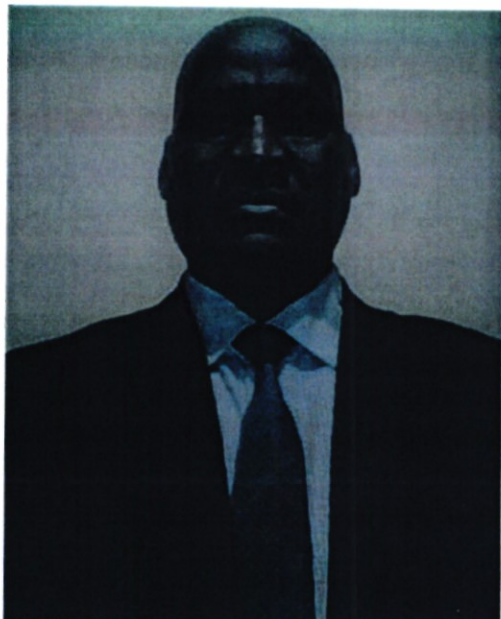


Mr. Akola John Otieno
Chief Principal/Chief Executive Officer

Mr. Akola John Otieno holds Bed Technology and currently pursuing Master of Philosophy in Technical Education. He is the Chief Executive Officer of the Polytechnic Council and Secretary to the Governing Council. He has undergone leadership (Strategic Leadership Development Program- SLDP) and Management (Senior Management Course – SMC) training at the Kenya School of Government (KSG). He has versed experience in Education Management having served as Head of Department, Registrar and Principal in various Secondary and Technical Institutions.

4. Key Management Team

Name of the Staff	Responsibility
 <p data-bbox="331 734 654 801">Mr. Akola John Otieno Chief Principal</p>	<p data-bbox="821 253 1544 790">Mr. Akola John Otieno holds Bed Technology. He is the Chief Executive Officer. He performs the following duties.; Management and implementation of the approved institution curriculum, supervising and training activities and programmes in the institution, management and control on institutional resources, management and motivation of human resources in the institution, management and maintenance of the institutional facilities, plant and equipment, materials and other training resources, be the Accounting Officer in charge of all Institutional resources, finances; and Serve as Secretary to the Governing Council.</p>
 <p data-bbox="236 1451 689 1518">Dr. Clare Muhuha Deputy Principal Administration</p>	<p data-bbox="810 846 1544 1697">Dr. Clare Muhuha PhD has trained in Nutrition in the subject areas of Food Science. Her duties and responsibilities, Taking charge of all aspects of institution's administration in the absence of the Principal, Organization and supervision of the institution's activities and events including maintaining cleanliness and general repairs of buildings, Safety and security of the institution's human and physical resources, Maintaining student discipline in the institution, Coordinating the supervision, motivation, appraisal and development of non-teaching staff in the institution, Guiding and counseling staff and students, Promoting liaison between the institution and other students, employers, sponsors, parents and the local community in order to cultivate goodwill, Supervising of the maintenance of proper inventories of equipment and supplies entrusted to the departments, Stores requisitions and maintenance of proper inventory records, Coordinating departmental requisitions, receipts and issues of institution's supplies and stores, Initiating, supervising income-generating activities in the institution, Secretary to the Management Board and Management meetings and preparation of Management reports.</p>



Mr. Matonyei K Lelei
Deputy Principal Academics

Mr. Matonyei K Leley holds a Master’s of Science in Zoology (Parasitology option), Bachelor of Education (Science) specializing in botany & Zoology. Diploma in technical education and animal health. His duties and responsibilities is as follows; Teaching and administering teaching function which include; Teaching the subject of specialization, Ensuring that examinations and assessments are carried out and that proper scheduling of instructional programmes are implemented, Ensuring the maintenance of high standards in curriculum implementation and evaluation in various departments, Coordinating the publication of written material and other professional endeavors undertaken by staff within the departments, Advising the head of institution on the appropriate course materials and equipment required in various departments, Supervision of all teaching programmes in the institution, Supervising teaching staff and other institutional employees in the proper discharge of tuition programmes, Coordinating all the departments and ensuring that the approved curriculum is implemented, Coordinating and assisting other teachers in the institution in performing curriculum activities, Secretary to the Academic Board and preparation of Academic Board Reports, In charge of the institution in the absence of the Principal and Performing any other relevant duty assigned by the Principal



Ms. Jane Waihenya – Kamau
Registrar – Admissions, Records

Ms. Jane Waihenya - Kamau holds a Bachelor’s Degree in Education (English Literature). Has trained in the Senior management course. She performs the following duties and responsibilities: Teaching in the area of specialization, Co-ordinating and planning for utilization of facilities such as classrooms, workshops, laboratories, Deals with matters regarding registration of trainees and admission of trainees, In conjunction with the HODs facilitate preparation and distribution of polytechnic prospectus, Take responsibility for internal and external examinations as regards to Registration, payment of examination fees, keeping of examination records and certificates, Handle correspondences regarding foreign students’ registration and Organize marketing activities for the institution.



Mr. Jacob M'mbasu Shirandula
Dean of Students

Mr. Jacob M'mbasu holds a Master's MBA in Entrepreneurship. He performs the following duties is as follows; Teaching in the area of your specialization, Overall in charge of the students' welfare in the institution, Organize proper utilization or all students recreational facilities, Oversee the organization of students government, clubs, and societies, games, conferences, seminars, competitions, Organize orientation programme, Arrange regular consultative information oriented meetings with the student council, HODs and the principal, Approve students' leave of absence during non-tuition time, Prepare budget related to all co-curricular activities and Any other duties as per job group duties and responsibilities as may be assigned to you by the principal.



Ruth Niva Ongachi
Internal Quality and Standards Assurance

Ruth Niva Ongachi Solomon holds Bachelor of Education and Diploma in Technical Education. Her duties is as follows; Monitor and evaluation of curriculum implementation at the polytechnic such as trainees progress, pass/graduation rates, dropout rates and labor market perception of academic programs, Plan, conduct and monitor testing and inspection of delivery materials and products, Document internal and external quality assurance activities, Collect and compile statistical quality data, Analysis of data to identify areas for improvement in the quality system, Investigate customer complaints and non-conformance issues, Develop, recommend and monitor corrective and preventive actions, Prepare reports to communicate outcomes of quality activities, Identify the training requirements and organize trainings to meet the quality standards, Coordinate and support on site audits conducted by external providers, Evaluate adequacy of quality assurance standards, Provide quality assurance checks on teaching, examination, co-curriculum activities, industry attachments, Monitor risk management activities, Participate in staff performance appraisal and reward policy implementation, Review the implementation and efficiency of organization's quality and inspection systems, Advice management on industry and international relations, collaborations and partnerships, Develop and implementation of a programme-level self assessment framework



Dr. Judith Simiyu (Ph.D., MKIM)
Registrar – Administration

Dr. Simiyu Judith Ph.D, MKIM holds a Doctor of Philosophy Degree in Business Administration, Strategic Management. Her duties is as follows; Teaching in the area of specialization, Coordinate Performance Contracting, Coordinate, forward planning & utilization of available facilities such as classrooms, workshops, laboratories among others, Staff training, recruitment, evaluation and schemes of service of Council trainers and administrative staff. Including coordinating joint team building activities, Coordinate activities of career services office, Prepare and plan for graduation ceremony; procurement and coordination of the plans and processes leading up to convocation ceremony issuance of gowns and related post-graduation support, Development and implementation of Polytechnic Communications Policy, Secretary Human Resource Committee (HRC)



CPA David Kurgat
Finance Officer

CPA David Kurgat holds a Bachelor of Business Management (Accounting Option). He also has MBM (Finance) Degree and is currently pursuing PhD in Finance and a member of ICPAK and KISM. His duties is as follows; Planning, directing, coordinating and supervising finance department, interpreting and implementing financial regulations and procedures, treasury circulars, letters and instructions, ensuring expenditures are within the votehead, developing supplementary financial regulations and procedures to enhance internal control, supervising preparation of final accounts and reports, supervising preparation of cash flow statement and analyzing deposits among other duties and Secretary to the Finance, Administration and Infrastructure Committee

1. Chairman's Statement

It is with immense pride and gratitude that as Kitale National polytechnic we reflect upon the remarkable achievements and progress we have made during FY 2022/2023. Our commitment to excellence education and competency development has borne fruit, and we continue to advance our institutional mission. The KNP Governing Council would like to thank all stakeholders and partners for their continued support during the fiscal year.

The Council is delighted to report that Kitale National Polytechnic has experienced a significant increase in enrollment during the FY 2022/2023, with our student body now standing at 12,500. This substantial growth demonstrates the trust that students and their families have placed in our institution. It also reaffirms our dedication to providing accessible, relevant, and high-quality technical education to a broader range of individuals, contributing to the socio-economic development of our community and the nation at large.

One of our standout accomplishments this year has been the successful completion of a state-of-the-art 16 roomed tuition block. This modern facility enhances our capacity to provide a conducive learning environment for our students. This infrastructure investment reinforces our commitment to provision of quality education and training and sets a benchmark for the TVET sector.

Another milestone worth celebrating is the attainment of Qualification Awarding Institution status, in compliance with the Polytechnic Order of 2016. This recognition is a testament to our unwavering commitment to academic and administrative excellence. It grants us the authority to offer a wider range of programs and qualifications, empowering our students with more opportunities for personal and professional growth. In accordance with this development, Kitale National Polytechnic has expanded its program offerings to meet the evolving needs of our students and the job market. The Polytechnic has introduced new programs in emerging fields, such as renewable energy (solar). These additions not only provide our students with relevant and up-to-date skills but also contribute to the development of a workforce that can drive economic growth and innovation in our region.

The Polytechnic management is committed to the provision of relevant quality education and training for job-fit graduates. To achieve this, quality training delivery is imperative. The Polytechnic has continued to improve its training infrastructure by procuring relevant training equipment. This is underscored by the acquisition of Ksh.4 million equipment for Applied Sciences department.

In an increasingly digital economy, the Polytechnic is committed to supporting the trainees in acquisition of digital skills that will make them ready to harness job opportunities in the virtual world. This informs the decision by the Governing Council to embrace the *Jitume* program which is a bundled program that will

take care of the main challenges facing the youth regarding taking advantage of digital opportunities. This initiative will go a long way in addressing the challenges ranging from access to digital devices and internet connectivity, training, and knowledge as well as opportunities that can result in decent and dignified income.

Harmonious co-existence with our neighboring community for increased security is at the heart of our Corporate Social Responsibility. The Polytechnic has undertaken projects that will make it gain the all-important social capital and enhance relations with the surrounding communities. This includes, but is not limited to erection of security flood lights and the construction of a bridge in the neighboring informal settlement.

As we continue to grow and evolve, we remain steadfast in our dedication to fostering a culture of innovation, research, and community engagement. Kitale National Polytechnic is committed to meeting the evolving needs of our students and the industry, as well as contributing to the development of a skilled and empowered workforce.

The year has seen the Polytechnic undertake infrastructure improvement projects aimed at the improving the quality of training. To improve security, CCTV surveillance installation has been undertaken at a cost of Ksh. 12,998, 437.50. This will go a long way in safeguarding the Polytechnic. Further, the construction of the Hospitality and Institutional Management Block is progressing on as scheduled.

During the year under review, the holistic approach to delivery of TVET has been at the core of our operations. The polytechnic has invested heavily in co-curricular and recreational activities. This saw the Polytechnic participate in the regional drama and film festivals where we scooped the best overall institution and managed to have several items proceed to the national drama and film festivals. Further, we continue to facilitate our trainees to participate in Athletics at KATTI National Polytechnics Chapter where we were favorably ranked as the second-best National Polytechnic. With respect to rugby as a popular sport in KNP, the Polytechnic has constructed a ruby pitch at the cost of Ksh 5 million and it is 50% complete.

Recognition of Prior learning is the new frontier in the education and training sector globally. In this direction, the Polytechnic developed the RPL Policy and undertook the requisite process to be registered by KNQA as the first RPL assessment center in Kenya. This is no mean feat for the Polytechnic. Assessment was carried out and a total of 158 candidates have been declared competent in electrical installation level 5 and 6 and office administrator level 5.

As a measure of our cooperate performance, the Polytechnic's performance was evaluated in October 2022, and its glad to report a marked improvement in our PC performance characterized with a raw score of 2.774, which is rated as very good. Again, it is not lost on us that the good performance posted was as a result of concerted efforts from all stakeholders.

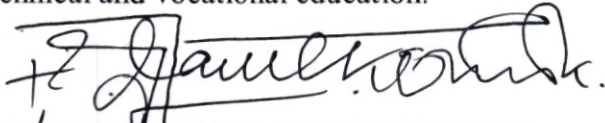
The Council extends its heartfelt appreciation to our dedicated management, teaching and essential staff,

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whose hard work and commitment has been instrumental in achieving these remarkable milestones. I also thank our students for choosing Kitale National Polytechnic as their institution of choice.

As we embark on the journey into the next fiscal year, I am confident that with our collective effort and unwavering dedication, Kitale National Polytechnic will continue to shine as a beacon of excellence in technical and vocational education.



RT. REV'D DR. PAUL KIBIRECH KORIR

CHAIRMAN KITALE NATIONAL POLYTECHNIC COUNCIL

6. Report of the Chief Principal

Kitale National Polytechnic has during FY 2022/2023 made great strides its core mandate of provision of quality Technical, Vocational, education and Training. The Polytechnic looks at the achievements of the fiscal year with a deserved sense of satisfaction and pride. This could not be possible without the all-important synergy that glues together all the KNP stakeholders. Our commitment to excellence, innovation, and sustainable development continues to drive our institution forward, making a profound impact on the lives of our students and the country at large.

In adherence to the Kitale National Polytechnic's 2018/2019-2022/2023 strategic plan and a commitment to fostering accessibility and inclusivity, the institution has witnessed a remarkable surge in trainee enrollment. From the initial figure of 6,000 in 2019, the Polytechnic has experienced a substantial growth, now boasting an enrollment of 12,500. This notable increase can be attributed to the expansion of high-quality Competency-Based Education and Training (CBET) programs across nine academic departments. The Polytechnic has successfully realized its vision of becoming a beacon of excellence in CBET, aligning itself with the dynamic demands of contemporary education and industry needs. This surge in enrollment underscores the institution's dedication to providing a comprehensive and inclusive learning environment, setting the stage for a future generation of skilled professionals.

The Council and Management of Kitale National Polytechnic have displayed a proactive commitment to accommodating the surge in trainee enrollment through strategic infrastructural enhancements. Recognizing the imperative for additional tuition spaces to support the increased student body, a significant capital investment of Ksh. 60 million was used for the construction of a state-of-the-art 16-roomed tuition block. This facility not only addresses the immediate need for expanded learning spaces but also reflects the institution's dedication to fostering a conducive and modern educational environment. Beyond the tuition block, the Polytechnic has undertaken various infrastructural improvement initiatives to ensure that the growing student population can access cutting-edge facilities that align with the standards of competency-based education. This includes but is not limited to CCTV surveillance installation has been undertaken at a cost of Ksh. 12,998, 437.50. This has gone a long way in safeguarding the Polytechnic. Further, the construction of the Hospitality and Institutional Management Block at a cost of Ksh. 56M is progressing on as scheduled.

These endeavors underscore the institution's foresight and determination to provide a robust infrastructure that supports both the current and future educational needs of its expanding community.

The Kitale National Polytechnic, in accordance with the TVET Act, 2013 and the Kitale National Polytechnic Order, 2016, has been bestowed with a crucial mandate as a Qualification Awarding Institution (QAI). This expanded role encompasses the development of curricula, training, assessment, and the issuance of certifications, marking a significant milestone for the institution. Recognizing the gravity of this

responsibility, the Management has taken proactive steps to operationalize its new status. Collaborating closely with regulatory bodies such as the Technical and Vocational Education and Training Authority (TVETA) and the TVET Curriculum Development Assessment and Certification Council (CDACC), the Polytechnic has embarked on the development of occupational standards and curricula for 24 programs. This strategic initiative not only aligns with the institution's commitment to excellence but also contributes to the broader national agenda of enhancing the quality and relevance of technical and vocational education in Kenya.

In recognition of the prevailing issue of unemployment among the youth, Kitale National Polytechnic has embraced a forward-thinking initiative to leverage technology and contribute to the government employment program known as *Jitume*. Acknowledging the transformative potential of digital skills in addressing the challenges of youth unemployment, the Polytechnic is committed to equipping its students and the community with relevant competencies for the dynamic online job ecosystem. The institution is fully aware of the impact that unemployment has on the youth and aims to remedy this by integrating cutting-edge technology into its curriculum. Through this initiative, Kitale National Polytechnic aspires to empower the youth with the digital skills needed to excel in the evolving job market, fostering a generation of professionals capable of thriving in online employment opportunities. This proactive approach aligns with the Polytechnic's dedication to not only academic excellence but also to the holistic development and future success of the youth.

Kitale National Polytechnic stands as a responsible institution deeply invested in corporate social responsibility (CSR) in the FY 2022/2023. Recognizing the imperative to be an active participant in community development, the Polytechnic has demonstrated a commitment to addressing the needs of the surrounding community. In contrast to the proverbial ostrich that buries its head in the sand, oblivious to its surroundings, Kitale National Polytechnic has actively engaged with the community's concerns. A notable initiative involves the allocation of Ksh. 800,000 towards enhancing security in the vicinity that houses both our trainees and staff. This fund has been utilized for the installation of security floodlights in the nearby informal settlement, a proactive measure to improve safety and well-being for the community. Through such endeavors, the Polytechnic not only fulfills its educational mission but also embraces a broader societal role, demonstrating its commitment to creating a positive impact beyond the confines of its academic domain.

The Polytechnic has underscored its commitment to fostering a culture of research and innovation, evident in its significant budgetary allocation of Ksh. 14.6 million in the fiscal year 2022/2023. This substantial investment reflects the Polytechnic's dedication to advancing knowledge, driving technological progress, and addressing contemporary challenges through rigorous research endeavors. The allocated funds have been strategically utilized to support various research and innovation activities within the institution. By channeling resources into these initiatives, Kitale National Polytechnic not only emphasizes the importance

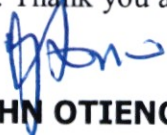
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of staying at the forefront of academic inquiry but also seeks to contribute meaningfully to industry and society. This forward-looking approach positions the Polytechnic as a hub for intellectual exploration and technological advancements, fostering an environment where innovation thrives for the benefit of both the academic community and the broader community it serves.

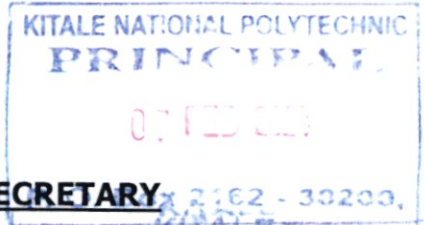
The Polytechnic has attained noteworthy recognition for its commitment to acknowledging and valuing prior learning experiences through the establishment of a robust Recognition for Prior Learning (RPL) program. The Polytechnic's dedication to this initiative has resulted in the prestigious status of being designated as an RPL assessment center by both the Technical and Vocational Education and Training Authority (TVETA) and the Kenya National Qualifications Authority (KNQA). This achievement underscores the institution's commitment to inclusivity and the recognition of diverse learning pathways. A testament to the success of this program is the recent assessment of 156 candidates, each demonstrating their proficiency and competence in various fields. As these candidates eagerly await the conferment of their well-deserved qualifications, Kitale National Polytechnic stands as a beacon of educational flexibility and recognition, championing the ethos that learning is a continuous and multifaceted journey deserving of acknowledgment and validation.

We believe that all this milestone achievements have been as a result of concerted efforts by all our stakeholders. Thank you all.



AKOLA JOHN OTIENO

CHIEF PRINCIPAL/COUNCIL SECRETARY 2162 - 30200,
2162



7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The Kitale National Polytechnic has five strategic themes and objectives within current Strategic Plan for FY 2018-2023.

Pillar/Theme 1: Quality and Relevant Graduates

Pillar/Theme 2: Infrastructure Development

Pillar/Theme 3: Trainees Welfare

Pillar/Theme 4: Research and Innovation

Pillar/Theme 5: Institutional Capacity

The Kitale National Polytechnic develops its annual work plans based on the above five pillar/theme. Assessment of the Council's Performance against its annual work plan is done on a quarterly basis. The Kitale National Polytechnic achieved its performance targets set for the FY 2022/2023 period of its five strategic pillars/themes as indicated in the diagram below;

Strategic pillar/theme	Objectives	Key performance indicator	Activities	Achievement
Trainees Welfare	To increase trainees' satisfaction	Effective trainees' council	<ul style="list-style-type: none"> - Provide support during trainees' governance elections - Induct elected leaders 	<ul style="list-style-type: none"> - Smooth election process (20 leaders elected) - One (1) Induction forum held
		Well-adjusted trainees	Train peer counselors, and guidance and counseling representatives	Trained 75 peer counselors
Research And Innovation	undertake research that will broaden and deepen knowledge, and stimulate innovation	Relevant conferences, workshops and trade fairs identified	Increased awareness of research outputs	Participation in national and regional conferences, workshops and trade fairs
Infrastructure Development	provide adequate infrastructure to support expanded mandate of the polytechnic	Improved service delivery	Acquire equipment and machinery as per priority list	Equipment and machinery installed
Quality Graduates	To produce	Holistic and	Seek CDACC	24 Approved

KITALE NATIONAL POLYTECHNIC

Annual Report and Financial Statements for the year ended 30th June 2023

	qualified and holistic graduates	competitive graduates	approval of new curricular	curricular
Institutional Capacity	Increase operational efficiency	Seamless automated business processes	Train staff on use of ICT systems	Trained 40 staff on ICT System
			Acquire and install identified ICT hardware & software	hardware and software installed

Council Charter

The Polytechnic is governed by a Council Charter which enables the Council to;

- i. Ensure that all members of the Council and its sub-committees are aware of their duties, responsibilities and that they act in the best interest of the Polytechnic and its stakeholders,
- ii. Ensure that the members apply the principles of good governance in their dealings in respect of, and on behalf of KNP and its stakeholders;
- iii. Set out relevant principles of the KNP Council limits and delegation of authority and matters reserved for final decision-making or pre-approval by the Council; and
- iv. Set out the policies and practices of the Council in respect of matters such as corporate governance, declarations and conflicts of interest, meeting documentation and procedures, composition of the Council and its sub-committees and the nomination, appointment, induction, training and evaluation of members of the Council and its sub-committees.

Process of appointment and removal

Not less than seven and not more than nine members are appointed by the Cabinet Secretary (MoE) after wide consultation from strategic partners and individuals who share the same values, commitments and have an interest to work with TVET institutions.

A chairperson or member is replaced upon missing to attend 3 consecutive Board meetings, resignation, when he/she is of unsound mind/sick, bankrupt or with integrity issues or if the Council does not perform its oversight role effectively.

Role and functions of the council

The roles and functions of the Council are to

- i. Ensure that a proper management structure is in place and that the management maintains the corporate integrity, reputation and responsibility of the Polytechnic,
- ii. Monitor and evaluate the implementation of strategies, policies, and management plans of the Polytechnic; Constantly review the viability and financial sustainability of the Polytechnic at least once every year;
- iii. Ensure that the Polytechnic complies with all relevant laws, regulations, governance practices and accounting and auditing standards;

Conflict of Interest

In compliance with TVET Act No. 29 of 2013 second schedule article 15, the Council shall declare conflict of interest:

1. If a member is directly or indirectly interested in any contract, proposed contract or other matter before a Council and is present at a meeting of the Council at which the contract, proposed contract or other matter is the subject of consideration, he/she shall, at the meeting and as soon as reasonably practicable after the commencement thereof, disclose the fact and shall not take part in the

consideration or discussion of, or vote on, any questions with respect to the contract or other matter, be counted in the quorum of the meeting during consideration of the matter.

2. A disclosure of interest made under this paragraph shall be recorded in the minutes of the meeting which it is made.
3. A member of the Council who contravenes subparagraph (1) commits an offence and shall be liable stipulated in the Act.

Board Remuneration

Council members shall be remunerated for their services in accordance with the prevailing relevant legislative provisions and/or guidance from the relevant authority. In line with best practice, the remuneration should include base pay, attendance and travel allowances.

Ethics and conduct as well as governance audit

The Council adheres to good corporate governance by embracing the following principles:

- i. To observe high standards of ethical and moral behavior;
- ii. To act in the best interests of the organization;
- iii. To remunerate and promote fairly and responsibly;
- iv. To recognize the legitimate interests of all stakeholders; and
- v. To ensure that the organization acts as a good corporate citizen.

In general, Council members shall act in the best interest of the organization and uphold fiduciary responsibilities and duty of care. This involves not disclosing confidential information, avoiding real and perceived conflicts of interest and favoring interests of the organization over other interests. They will act honestly and in good faith so as to create a culture building on principles of integrity, accountability and transparency.

9. MANAGEMENT DISCUSSION AND ANALYSIS
SECTION A

The entity's operational and financial performance

During the entity's operational and financial performance was as follows;

Statement of Financial Performance

Total Income – Kshs. 408,355,626.00

Total Expenditure – Kshs. 397,111,774.00

Statement of Financial Position as at 30th June 2023

i) Total Assets – Kshs. 3,749,291,631.00

a) Current Assets – Kshs. 591,981,875.00

b) Non-Current Assets – Kshs. 3,157,309,756.00

Total Liabilities – Kshs. 164,111,738.00

Statement of Cashflow

Net increase in cash and cash equivalent – Kshs. (9,769,657)

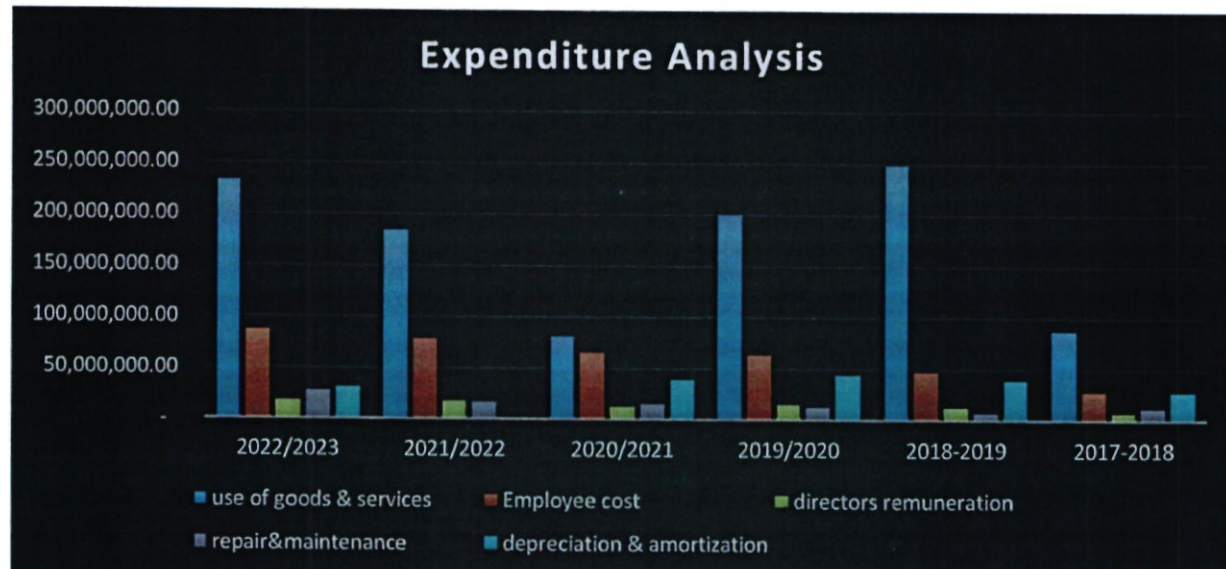
Cash and Cash equivalent as at 30th June 2023 – Kshs. 356,657,867.00

Cash and Cash equivalent as at 1st July 2022 – Kshs. 366,427,524.00.

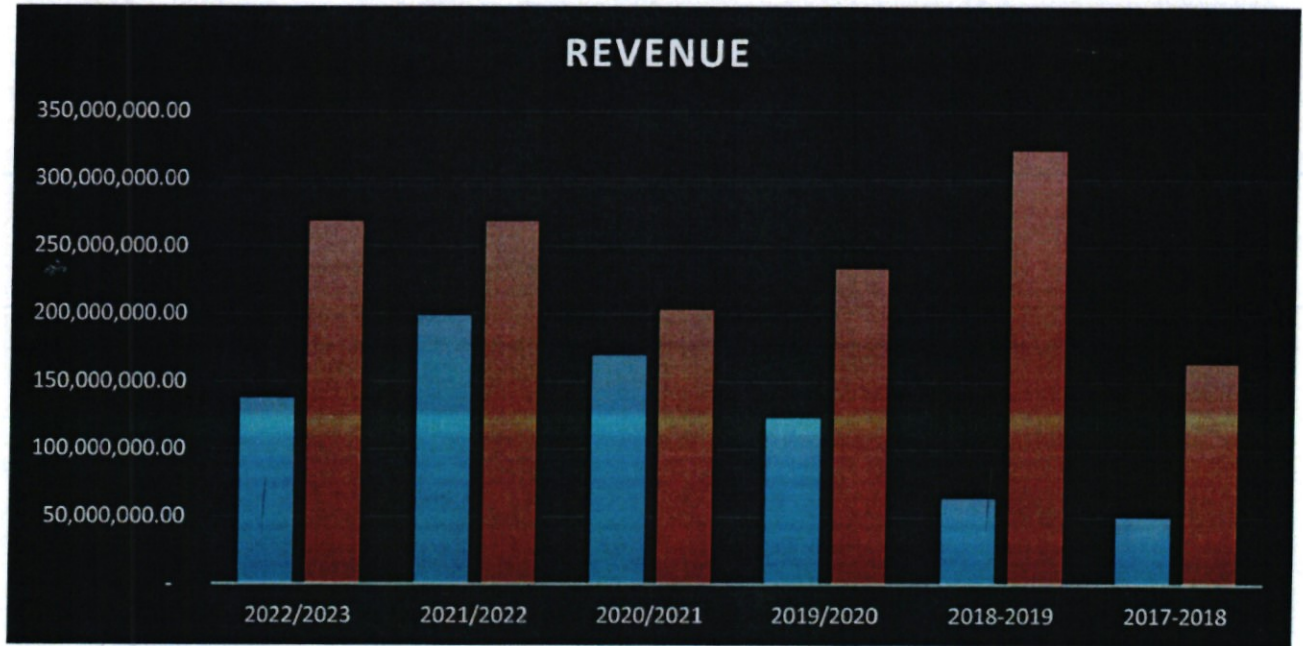
Expenditure Analysis

FY	Use Of Goods & Services	Employee Cost	Directors' Remuneration	Repair & Maintenance	Depreciation & Amortization
2022/2023	232,869,511.00	86,145,384.00	17,457,131.00	27,313,535.00	33,326,214.00
2021/2022	185,132,734.00	78,189,005.00	17,199,098.00	16,415,785.00	-
2020/2021	80,676,320.00	64,943,081.00	12,727,114.00	16,090,553.00	40,504,980.00
2019/2020	199,514,901.00	63,536,691.00	14,547,893.00	12,180,134.00	43,931,674.00
2018-2019	249,051,477.00	47,854,161.00	12,025,830.00	8,025,551.00	40,452,077.00
2017-2018	86,945,232.00	27,580,947.00	7,419,683.00	11,446,828.00	27,212,423.00

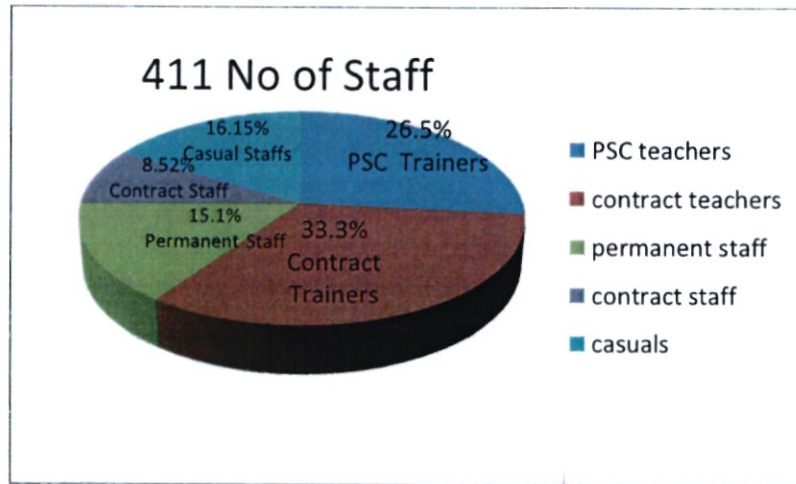
Expenditure Analysis



FY	Revenue From Non-Exchange Transactions	Revenue From Exchange Transactions
2022/2023	137,386,000.00	260,969,626.00
2021/2022	198,471,407.00	268,805,059.00
2020/2021	169,305,416.00	203,166,512.00
2019/2020	123,881,750.00	233,288,163.00
2018-2019	63,690,278.00	321,490,682.00
2017-2018	50,250,000.00	163,858,686.00

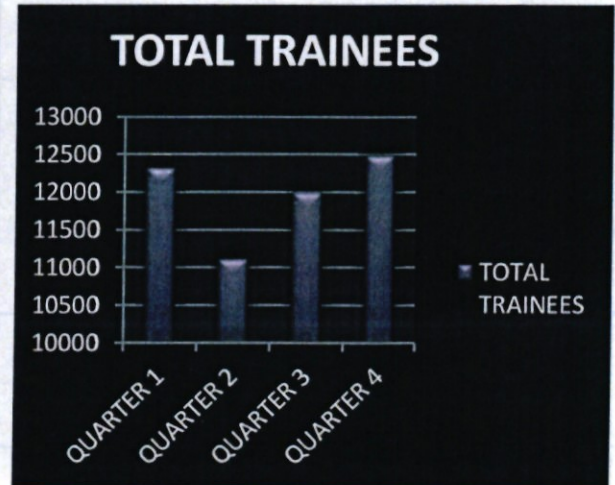


KNP STAFF	
PSC teachers	109
contract teachers	137
permanent staff	62
contract staff	35
Casuals Staff	68
TOTAL	411



STUDENT POPULATION

DEPARTMENT	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
AGRICULTURE	985	941	1045	1003
APPLIED SCIENCES	1234	1099	1220	1241
BUILDING	2603	2386	2458	2535
BUSINESS	1950	1809	1914	1996
ELECTRICAL	1321	1168	1298	1355
ICT	1007	872	971	1053
IM	1266	1072	1175	1257
LIBERAL	692	591	657	689
MECHANICAL	1264	1172	1260	1355
TOTAL TRAINEES	12322	11110	11998	12484



SECTION B

Entity's compliance with statutory requirements

The Polytechnic fully complies with the statutory requirements as follows;

PAYE

Income Tax Act 1973, Laws of Kenya, allows employees to deduct and remit monthly income tax for all employees and be remitted to the paymaster general on or before the 9th day of the following month. The Polytechnic has complied with the deadline for remission.

NSSF

The NSSF Act, 2013. Laws of Kenya, requires employers to deduct and remit NSSF deductions every month and remit the same on or before 9th of the following month. The Polytechnic has been remitting the deductions to NSSF on time.

NHIF

NHIF Act, 1988, Laws of Kenya, requires the employer to deduct the NHIF dues and remit the same on or before the 9th of the following month. The Polytechnic has complied with the NHIF Act.

HELB

HELB Act 1995, Laws of Kenya, requires employers to deduct from the wages or remuneration of the loanee(s) the amount of any loan as instructed by the board and submit within 15 days after the end of each month. The Polytechnic implements HELB loans as required and submits the same within the stipulated 15 days after the end of each month.

SECTION C

2022/2023 Key projects and investment decisions the entity is implementing.

1. Installation of 100 computer in a modern cyber lab
2. Completion of 16 classroom tuition block
3. Virtual Desktop Infrastructure (VDI) Jitume
4. Construction of Institutional management building
5. Acquisition of Medical Engineering Equipment

SECTION D

Major risks facing the entity

The Polytechnic principal financial assets are trade receivable and cash in short term deposits which are arise directly from its operations. The institution has financial liabilities comprising trade and other payables. The Polytechnic is exposed to the following risks;

- i) Partial remittance of Capitation by the Government
- ii) Encroachment of the Polytechnic land approximately 47 acres
- iii) Failure by contractors to complete project works on time.
- iv) Delay in budget by the relevant authority

SECTION E

Material arrears in statutory/financial obligations

Currently The Polytechnic does not have any loan default, pending bills, tax default, outstanding staff and pension obligation/actuarial deficit.

There is no major financial impropriety reported by internal audit/ audit, risk management and compliance committee of the Polytechnic Council and external auditors

SECTION F

The entity's financial probity and serious governance issues

There is no conflict of interest amongst the management and Governing Council. The

Polytechnic is currently audited by Office of the Auditor General

10. Environmental And Sustainability Reporting Statement

During the financial year 2022/2023, Kitale National Polytechnic in response to environmental global warming Presidential Directive on Nationwide tree planting established a tree nursery with more than 10,000 seedlings capacity that will not only benefit the Polytechnic but also serve Trans Nzoia County as a whole.



The Kitale National Polytechnic Tree Nursery



Polytechnic staff participating in tree planting exercises within the institution

11. REPORT OF THE COUNCIL OF GOVERNORS

Section 81 of the Public Finance Management Act, 2012 requires an Accounting Officer of a National Government owned Entity to prepare a report and financial statements for each financial year in a form prescribed by the accounting standards board.

81 (1) At the end of each financial year, the accounting Officer for a national government entity shall prepare financial statements in respect of the entity.

(2) The accounting officer shall include in the financial statement—

(a) Appropriation accounts, showing—

(i) The services for which the appropriated money was spent;

(ii) The actual amount spent on each service;

(iii) The status of each vote compared with the appropriation for the vote;

(iv) A statement explaining any variations between the actual expenditure and the Sums voted; and

(v) Any other information specified by the National Treasury;

(b) A statement of the entity's debt which is outstanding at the end of the financial year;

(c) A statement of the entity's debt guaranteed by the national government as at the end of the financial year;

(d) A statement of the entity's assets and liabilities as at the end of the financial year in respect of the recurrent Vote, development Vote and funds and deposits;

(e) A statement of the accounting policies followed in preparing the financial statement; and

(f) A statement of the national government entity's performance against predetermined objectives.

(3) The accounting officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed and published by the Accounting Standards Board from time to time.

The Public Finance Management Act, 2012, Section 95

(4) Not later than three months after the end of each financial year, the accounting officer for the entity shall:-

(a) Submit the entity's financial statements to the Auditor-General and a copy of the statement to the Controller of Budget, the National Treasury and the Commission on Revenue Allocation; and

(b) Publish and publicize the financial statements.

(5) In the case of an entity that is a state corporation, the accounting officer shall submit the corporation's financial statements to the Cabinet Secretary responsible for matters relating to that corporation who shall, upon approving, submit a copy to the Ministry of Education

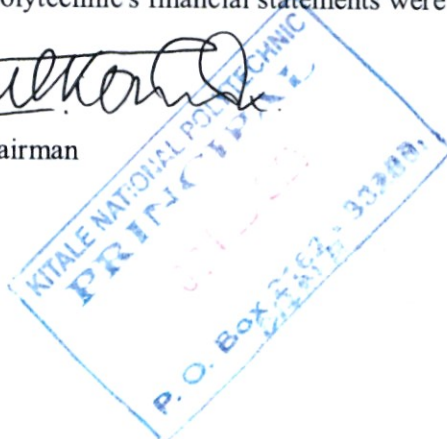
Approval of the annual financial statements

The Kitala National Polytechnic's financial statements were approved by the Governing Council and signed on its behalf

by ;

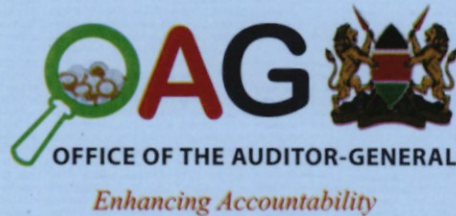

Council Chairman


Council Secretary



REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON THE KITALE NATIONAL POLYTECHNIC FOR THE YEAR ENDED 30 JUNE, 2023

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 the Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on the 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, risk management environment and 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 Kitale National Polytechnic set out on pages 1 to 42, which comprise the statement of financial position as at 30 June, 2023 and the statement of financial performance, statement of changes in net

Report of the Auditor-General on the Kitale National Polytechnic for the year ended 30 June, 2023

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

In my opinion, except for the effects of the 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 Kitale National Polytechnic as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Unconfirmed Assets Balance and Ownership of Land

The statement of financial position and Note 22 to the financial statements reflect property, plant & equipment balance of Kshs.3,169,035,600 (2021/2022: Kshs.3,138,467,751). Included in the balance is an amount of Kshs.2,041,389,000, being value of the 99 years leasehold parcel of land measuring 33.72 hectares that is held in trust by the Principle Secretary to The Treasury. The polytechnic may not therefore have absolute control over the property. Further, balance of Kshs.3,143,296,806 exclude the value of two (2) parcels of Land measuring approximately 9.057 Ha and 10.048 Ha owned by the Polytechnic through allotment letters. The two parcels of land have been encroached by outsiders and the Polytechnic cannot utilize the property.

In the circumstances, the accuracy of the property, plant & equipment balance of Kshs.3,143,296,806 could not be confirmed. The ownership of the land could also not be confirmed.

2. Accuracy of Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.232,108,453. The balance includes, student debtors of Kshs.202,095,466 as disclosed in Note 18 to the financial statements. Out of the student debtors amount, Kshs.119,334,865 has been outstanding for more than one year. There was no evidence of efforts made to recover the amount or a provision made for bad and doubtful debt.

In this circumstance, the accuracy of the receivables from exchange transactions balance of Kshs.232,108,453 could not be confirmed.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Kitale National Polytechnic Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical

requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total income budget and actual on a comparable basis of Kshs.632,197,800 and Kshs.408,355,626 respectively resulting to a shortfall of Kshs.223,842,174 or 35% of the budget. Similarly, the Polytechnic spent Kshs.397,111,774 against a budget of Kshs.642,498,100 resulting to an under-expenditure of Kshs.245,386,326 or 38% of the budget. Further, the Polytechnic's total expenditure budget of Kshs.642,498,100 exceeded total income budget of Kshs.632,197,800 by 10,300,300. Thus, the budget was unbalanced.

The shortfall in income and under-expenditure affected implementation of the planned activities and programs and may have impacted negatively on the delivery of services to the public.

2. Under-Disbursement of Capitation by The Ministry of Education

Review of the invoices and bank statements revealed that the Polytechnic received capitation totalling Kshs.137,386,000 against a budget of Kshs.271,147,500 as per the invoices for the three quarters resulting to under disbursement of Kshs.133,761,500. Further, disbursement of the capitation was delayed affecting operations of the Polytechnic.

The failure to disburse capitation and delay in disbursements negatively impacted on implementation of the Polytechnic programs and may have impacted negatively on the delivery of services to the public.

My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, 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 Information

The Management is responsible for the other information set out on page v to xxxvi which comprise of Key Entity Information and Management, Governing Council, Key Management Team, Chairman's Statement, Report of the Chief Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting Statement and Report of the Council of Governors.

The other information does not include the financial statements and my audit report thereon.

My opinion on the financial statements does not cover the other information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution and based on the audit procedures performed, except for the matters described in the Basis for Conclusion, 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. Delayed Completion of Automotive Engineering Workshop Block

The Polytechnic was appointed to mentor Sigor Technical Training Institute and was in charge of implementation of proposed erection and Completion of Automotive Engineering Workshop Block at the mentee institution. The contract for the project was awarded to a contractor at a contract sum of 48,433,780 and the project commenced on 23 July, 2019 to be completed after 52 weeks.

Review of the status reports revealed that the contractor abandoned the site in May, 2021 due to insecurity amongst two neighbouring communities. The contractor had been paid an amount of Kshs.43,789,362 or 90% of the contract sum. Further, there was no proof of ownership of the land on which the project was being implemented.

In the circumstances, the value for money for the expenditure of Kshs.43,789,362 and the ownership of the project land could not be confirmed.

2. Collapsed Automotive Engineering Workshop Block

The Ministry of Education Science and Technology undertook implementation of proposed Erection and Completion of Automotive Engineering Workshop Block at Chepararia Technical Training Institute at a contract sum of Kshs.48,820,604, The contract for 52 weeks commencing on 2 February, 2015. The contractor was paid a total of Kshs.26,611,252 being amount for 7 certificates of work done representing about 55% of the contract sum. Review of the contract records however, revealed that the building collapsed on 28 February, 2017. No evidence was provided on insurance for the building as required by Section 13.1 of the general conditions of contract. The contract requires that the contractor should have an insurance with joint names with the Ministry for among other risks, loss of or damage to the works, plant and materials.

Further, there was no evidence that the land on which the project was implemented was owned by the Institution and also whether environmental impact assessment had been carried out and the project approved.

In the circumstances, the value for money for the expenditure of Kshs. 26,611,252 and the ownership of the project land could not be confirmed.

3. Failure to Observe the Law on Ethnic

Review of the Polytechnic master payrolls revealed that the Polytechnic had total staff population of 353 out of which 168 or 48% of the staff population are from the dominant ethnic community contrary to Section 7(2) of the National Cohesion and Integration Act, 2008. The Act stipulates that no public establishment shall have more than one third of its staff from the same ethnic community.

The Management was therefore in breach of the law.

4. Non-Compliance with the One -Third Basic Rule

Review of the Polytechnic's payroll data revealed that fifty six (56) employees were earning less than a third (1/3) of their basic salary contrary to Section 19 (3) of the Employment Act, 2007. The Act states that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two-thirds of such wages or such additional or other amount as may be prescribed by the Minister either generally or in relation to a specified employer or employee or class of employers or employees or any trade or industry.

The Management was therefore in contravention of the law.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (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 comply, 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1. Lack of Proper Succession Management of the Governing Council

The Governing Council experienced a transition gap of more than four months contrary to the provisions of Paragraph 5(8) and Paragraph 12(1) of the Kitale National Polytechnic Order, 2016. The order requires that in appointing members of the Council, the Cabinet Secretary shall stagger the appointment of some members to maintain a proportion of new membership that ensures continuity in the services of the Council. The Council shall meet as often as necessary for the transaction of business, but not more than four months shall elapse between the date of one meeting and that of the next meeting. Old Council tenure lapsed on 13 November, 2022 while new Council was appointed on 23 March, 2023, resulting in a leadership vacuum of more than four months.

In addition, all the six independent council members including the Chairman were appointed at the same time without due consideration to succession management provided for under Paragraph 5 (8) of the Kitale National Polytechnic Order, 2016.

In the circumstances, the appointing authority did not comply with the provisions of the Kitale National Polytechnic Order, 2016, negatively impacting the effectiveness of governance of the Institution by the Council.

2. Failure to Implement Approved Staff Establishment

The total number of employees for Kitale National Polytechnic as at 30 June, 2023 was 353 as per the master payrolls. The actual establishment comprises of Council teachers (68) one-year contracted trainers, essential staff & interns (181) and Public Service Commission sponsored trainers (104). The organogram of the Polytechnic provided for Human Resource Department and position of Human Resource Manager but the same had not been filled. The Office of the Registrar Administration was handling employee matters including grievances, job promotions, Collective Bargaining Agreement approval and implementation, capacity building and non-compliance with a third basic rule.

In the circumstances, the operations of the polytechnic are ineffective in the human resource department

3. Lack of Payroll Reconciliation

The Institution had no mechanism in place of ensuring that payroll reconciliations are prepared and approved to explain and address payroll changes as provided for in Regulation 121 (3) of the Public Finance Management (National Government) Regulations, 2015.

There was therefore risk that payroll errors may go undetected leading to loss of funds and internal controls are weak.

4. Lack of Disaster Recovery Plan

The Polytechnic did not have a disaster recovery plan or business continuity plan in place to ensure that the Institution recovers its functionality in case of an unplanned incident or disaster. This is contrary to Section 110. (1) of the Public Finance Management (National Government) Regulations, 2015 requiring the Accounting Officer for a national government entity to institute appropriate access controls needed to minimize breaches of information confidentiality, data integrity and loss of business continuity.

In the circumstances, the Institution risk failure in operations and may not resume services promptly in the event of a disaster.

The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) 2315 and 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 the Management and the Governing Council

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

In preparing the financial statements, Management is responsible for assessing the Polytechnic's ability to sustain services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Polytechnic or 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 comply with the authorities which govern them and that public resources are applied in an effective way.

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

and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a

basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of 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 Fund 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

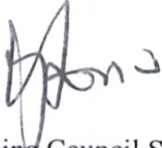
Nairobi

27 March, 2024

12. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2023

	NOTE	FY 2022/2023	FY2021/2022
		KES	KES
Revenue from non-exchange transactions			
Transfer from National Government Ministries(capitation)	6	137,386,000	198,471,407.00
Transfer from National Government Ministries(unconditional grants)		-	-
Total Revenue from non-exchange transactions		137,386,000	198,471,407.00
Revenue From Exchange Transactions			
Rendering of Services	7	242,415,906	248,594,737.00
Sale Of Goods	8	14,314,575	12,999,829.00
Rental revenue From Facilities and Equipment	9	7,914,255	4,419,567.00
Other Income	10	6,324,890	2,790,926.00
Total Revenue From Exchange Transactions		270,969,626	268,805,059.00
Total Revenue		408,355,626	467,276,466.00
Expenses			
Use of Goods and Services	11	232,869,511	185,132,734.00
Employee Cost	12	86,145,384	78,189,005.00
Remuneration of Directors	13	17,457,131	17,199,098.00
Depreciation and amortization expense	14	33,326,214	-
Repairs and Maintenance	15	27,313,535	16,415,785.00
Total Expenditure		397,111,774	296,936,622.00
Surplus for the period		11,243,852	170,339,844.00

The Financial Statements set out on page 1 to 25 were signed on behalf of the Board of Governing Council on 28th September, 2023 by:



Governing Council Secretary

Name: Akola John Otieno

Date.....



Finance Officer

Name: CPA David K. Kurgat

ICPAK NO. 14422

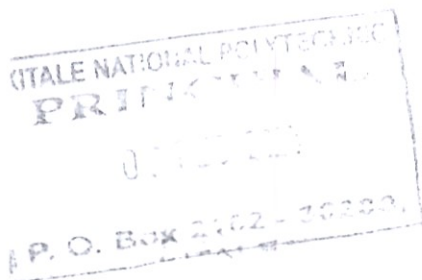
Date.....



Chairman Governing Council

Name: Rt. Rev'd Dr. Paul Kibirech


Date.....




13. STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30TH JUNE 2023

	NOTE	FY 2022/2023	FY 2021/2022
		KES	KES
Assets			
Current Assets			
Cash and Cash Equivalents	16(a)	356,657,867	366,427,524.00
Inventory	17	3,215,555	7,552,322.00
Receivables from Exchange Transactions	18(a)	232,108,453	207,261,644.00
Total Current Assets		591,981,875	581,241,490.00
Non-current Assets			
Property, Plant & Equipment	21(a)	3,143,296,806	3,138,467,751.00
Intangible Assets	19	7,624,320	1,906,080.00
Biological assets	23(a)	6,388,630	1,656,000.00
Total Non-current Assets		3,157,309,756	3,142,029,831.00
Total Assets		3,749,291,631	3,723,271,321.00
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange transactions	22	161,561,868	147,996,565.00
Refundable deposits from customers	20	2,549,870	2,549,870.00
Total Liabilities		164,111,738	150,546,435.00
Total Net Assets		3,585,179,893	3,572,724,886.00
Accumulated Surplus		396,103,523	384,859,671.00
Revaluation Reserves		1,518,193,814	1,539,199,978.00
Revenue Reserves		1,670,882,557	1,656,289,557.00
Total Net Assets		3,585,179,894	3,580,349,206.00
Total net assets and liabilities		3,749,291,631	3,730,895,641.00

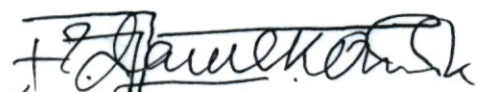
The Financial Statements set out on page 1 to 25 were signed on behalf of the Board of Governing Council 28th September, 2023 by:


 Governing Council Secretary
 Name: Mr. Akola John Otieno

Date.....


 Finance Officer
 Name: CPA David K. Kurgat
 ICPAK NO. 14422

Date... 7/2/2024


 Chairman Governing Council
 Name: Rt. Rev'd Dr. Paul
 Kibirech Korir

Date.....

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14. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30TH JUNE, 2023

Revaluation Reserves	Revaluation reserves	Fair Value Adjustment	Accumulated Surplus	Capital Reserves	Total
Balance as at July 1st 2020	-	-	194,799,364.00	1,525,193,010.00	1,719,992,374.00
Revaluations gain	-	-	-	-	-
Fair value adjustment	-	-	(106,885,416.00)	-	(106,885,416.00)
Total Comprehensive income	-	-	157,529,881.00	-	157,529,881.00
Capital/Development grants Received	-	-	-	131,096,547.00	131,096,547.00
Transfer of Dep/amortization from capital funds to retained earnings	-	-	-	-	-
As at 30th June 2021	-	-	245,443,829.00	1,656,289,557.00	1,901,733,386.00
Balance as at July 1st 2021	-	-	245,443,829.00	1,656,289,557.00	1,901,733,386.00
Revaluations gain	1,539,199,978.00	-	-	-	1,539,199,978.00
Fair value adjustment	-	-	(30,924,002.00)	-	(30,924,002.00)
Total Comprehensive income	-	-	170,339,844.00	-	170,339,844.00
Capital/Development grants Received	-	-	-	-	-
Transfer of Dep/amortization from capital funds to retained earnings	-	-	-	-	-
As at 30th June 2022	1,539,199,978.00	-	384,859,671.00	1,656,289,557.00	3,580,349,206.00
Balance as at July 1st 2022	1,539,199,978	-	384,859,671	1,656,289,557	3,580,349,206
Revaluations gain	-	-	-	-	-
Prior Year adjustment (W.I.P)	(25,738,794)	-	-	-	(25,738,794)
Revaluation gain (biological assets) note 23(ii)	4,732,630	-	-	-	4,732,630
Total Comprehensive income	-	-	11,243,852	-	11,243,852
Capital investment	-	-	-	14,593,000	14,593,000
Transfer of Dep/amortization from capital funds to retained earnings	-	-	-	-	-
As at 30th June 2023	1,518,193,814	-	396,103,523	1,670,882,557	3,585,179,894

15. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE 2023

		FY 2022/2023	FY 2021/2022
	NOTE	30 TH JUNE 2023	30 TH JUNE 2022
		KES	KES
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Transfer from other Government entities/ Government grants	6	137,386,000	198,471,407.00
Public contribution and donations		-	-
Rendering of services – fees from students		-	248,594,737.00
Rendering of services – fees from students(adjusted)	24(a)	226,772,964	-
Sale of goods	8	11,827,285	12,999,829.00
Rental revenue from facilities and equipment	9	-	4,419,567.00
Other income	10	6,324,890	2,790,926.00
Total receipts		382,311,139	467,276,466.00
Payments			
Use of goods and services(adjusted)		-	185,132,734.00
Use of goods and services(adjusted)	24(b)	249,833,298	-
Employee costs	12	86,145,384	78,189,005.00
Remuneration of Directors	13	17,457,131	17,199,098.00
Repair, maintenance and improvements	15	-	16,415,785.00
Total payments		353,435,813	296,936,622.00
Cash flows from operating activities		28,875,326	170,339,844.00
Increase/decrease in inventory	17	-	(1,444,212.00)
Increase in Non-Current Receivables	18(a)	-	(19,594,347.00)
Increase in None Current Payables	22	-	26,989,008.00
Increase/decrease in Refundable Deposits	20	-	-
Net cash flows From Operating Activities		28,875,326	176,290,293.00
Cash flows from Investing activities			
Purchase of Intangible Assets	19	-	(3,534,000.00)
Purchase of Property, plant and Equipment	25	(38,644,983)	(34,804,586.00)
Biological Assets		-	-
Net cash flows used in financing activities		(38,644,983)	(69,262,588.00)
Cash flow from Financing Activities			
Proceeds from Borrowing		-	-
Repayment of Borrowings		-	-
Increase in Deposits		-	-
Decrease in Reserves		-	-
Net cash flows Used in Financing Activities		-	(30,198,679.00)
Net Increase in Cash and Cash Equivalent		(9,769,657)	107,027,705.00
Cash and cash equivalent as at 1 st July 2022		366,427,524	259,399,819.00
Cash and cash equivalents as at 30th June 2023	16 (a)	356,657,867	366,427,524.00

16. STATEMENT OF COMPARISON OF BUDGET & ACTUAL FOR THE YEAR ENDED 30TH JUNE 2023

	BUDGET	ACTUAL	VARIANCE	% INCREASE /DECREASE
	KES	KES	KES	%
Revenue				
Other Income				
Public contributions and Donations				
Rendering of Services	284,658,800	242,415,906	(42,242,894)	-15%
Rental revenue From Facilities and Equipment	3,000,000	7,914,255	4,914,255	164%
Sale Of Goods	22,294,000	14,314,575	(7,979,425)	-36%
Transfer from Government				
Transfer from National Government Ministries (capitation)	322,245,000	137,386,000	(184,859,000)	-57%
Other Income	-	6,324,890	6,324,890	
Total Income	632,197,800	408,355,626	(223,842,174)	
Expenses				
Depreciation and amortization expense	39,629,635	33,326,214	6,303,421	16%
Employee Cost	97,742,500	86,145,384	11,597,116	12%
Remuneration of Directors	16,446,718	17,457,131	(1,010,413)	-6%
Repairs and Maintenance	95,460,340	27,313,535	68,146,805	71%
Use of Goods and Services	341,218,907	232,869,511	108,349,396	32%
Capital Project (Renovation of Buildings)	52,000,000	-	52,000,000	100%
Total expenditure	642,498,100	397,111,774	245,386,326	
Surplus for the period	(10,300,300.00)	11,243,851	(21,544,152)	

17. NOTES TO THE FINANCIAL STATEMENTS**General Information**

The Kitale National Polytechnic (KNP) was established in 1980 as a Technical Secondary School and later became Kitale Technical Training Institute (KTTI) under the provisions of the Education Act (Cap 211). The Polytechnic was built by the Kenya Government with the assistance of the Swedish International Development Agency (SIDA) Technical Education Project.

The Institution was elevated to a National Polytechnic in June 2016 through the Legal Notice No. 95 of June 2016, and was granted power to award Higher Diplomas, Diplomas, Certificates and Degrees in collaboration with recognized universities. As a National Polytechnic, KNP operations are guided by various legislative acts and regulations including the TVET Act, 2013, Science, Technology and Innovation Act, 2013 (ST&I).

In 2018, the polytechnic developed a strategic plan covering a five-year period 2018 - 2023 with a focus on improving service delivery, enhancing operational efficiency and effectiveness as well as positioning the Polytechnic for global competitiveness in training and research.

The principal activity/mission of the Polytechnics' is to produce globally Competitive Graduates through Competency Based Education and Training, Research and Innovation for Sustainable Development.

Statement of compliance and basis of preparation – IPSAS1

The Kitale 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 Kitale National Polytechnic, 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 an accrual basis.

Adoption of new and revised standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2023. 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.

Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions—IPSAS23 Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to The Kitale National Polytechnic and can be measured reliably.

ii. Revenue from exchange transactions – IPSAS9

Rendering of services

The Kitale National Polytechnic 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 labor hours incurred to date as a percentage of total estimated labor 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 Kitale National Polytechnic.

Interest income

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

Rental income

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

Budget information – IPSAS24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Kitale National Polytechnic. As a result of the

adoption of the accrual basis for budgeting purposes, there are no basis, timing or The Kitale National Polytechnic differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

b) Taxes – IAS12

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 Kitale 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

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.

c) Investment property – IPSAS16

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.

d) Property, plant and equipment – IPSAS17

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 Kitale 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.

e) Intangible assets – IPSAS31

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.

f) Research and development costs

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

g) Financial instruments – IPSAS 29

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 Kitale 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 Kitale 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 Kitale 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)

ii. Financial liabilities**1. 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 Kitale 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.

2. 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.

IPSAS 29.65

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.

h) Inventories – IPSAS12

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

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

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

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

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

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

i) Provisions – IPSAS19

Provisions are recognized when The Kitale 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 Kitale 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.

3. Contingent liabilities

The Kitale 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.

4. Contingent assets

The Kitale 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.

h) Nature and purpose of reserves

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

i) Changes in accounting policies and estimates – IPSAS3

The Kitale 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.

i) Employee benefits – IPSAS**Retirement benefit plans**

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

j) Foreign currency transactions – IPSAS4

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.

k) Borrowing costs – IPSAS5

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.

l) Related parties – IPSAS20

The Kitale 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 Kitale 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.

m) Service concession arrangements – IPSAS 32

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

n) Cash and cash equivalents

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

o) Comparative figures

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

p) Subsequent events – IPSAS14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

q) Fixed assets and depreciation –IPSAS17

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 fully depreciated.

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

Assets	Rate (p.a)
Buildings	2%
Furniture, plant and equipment	10%
Motor vehicles	12.5 %
Computers	20 %
Amortization	20 %

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

r) 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.

Significant judgments and sources of estimation uncertainty – IPSAS 1

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

State all judgments, estimates and assumptions made: e.g.

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 Kitale 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 Kitale 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 Kitale 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 the passage of time is recognized as finance cost in the statement of financial performance.

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

NOTES TO THE FINANCIAL STATEMENTS AS AT 30TH JUNE 2023

Description	NOTE	FINANCIAL YEAR	FINANCIAL
		2022/2023	YEAR 2021/2022
		KES	KES
Transfer from National Government Ministries (unconditional grants)	6		
Tuition Fees -Capitation		137,386,000	198,471,407.00
Total Transfer from National Government Ministries(unconditional grants)		137,386,000	198,471,407.00

Description	NOTE	FINANCIAL YEAR	FINANCIAL
		2022/2023	YEAR 2021/2022
		KES	KES
Rendering of Services	7		
Tuition Fees		8,421,794	13,954,517.00
Activity Fees		26,832,050	26,564,390.00
Electricity Water and Conservancy		26,101,010	26,042,400.00
Personal Emoluments		92,041,200	91,608,148.00
Repair , Maintenance and Improvement		13,155,735	13,082,900.00
Medical, insurance and industrial attachment		23,913,220	23,854,080.00
Local Transport and Travelling		29,313,140	29,409,315.00
Accommodation Fee		14,621,180	10,567,520.00
Application Fees		1,764,813	2,004,385.00
Library Penalty		34,399	51,632.00
Student I.D		4,500	1,000.00
Supplementary Income		300,000	328,400.00
Tuition-Driving School		3,477,000	5,861,350.00
Administration (Contingencies)		-	1,501,500.00
Center fee		151,965	-
Examination materials		2,283,900	3,037,500.00
Graduation		-	725,700.00
Total Rendering of Services		242,415,906	248,594,737.00

Description	NOTE	FINANCIAL YEAR	FINANCIAL
		2022/2023	YEAR 2021/2022
		KES	KES
Sale Of Goods	8		
Farm Produce			
Cabbages Income		536,224	79,972.00
Maize Income		754,000	473,100.00
Milk Income		330,190	272,620.00
Sale of Animal		98,500	241,530.00
Sukuma Wiki Income		237,588	388,788.00
Sale of Chicken		180,600	-
Other Vegetable Income		350,188	103,978.00
Hay		-	40,000.00
Total sale of farm produce		2,487,290	1,599,988.00
Pay As You Eat Income		11,827,285	11,399,841.00
Total Sale Of Goods		14,314,575	12,999,829.00

		FINANCIAL YEAR 2022/2023	FINANCIAL YEAR 2021/2022
Description	NOTE	KES	KES
Rental revenue From Facilities and Equipment	9		
exams photos		21,665	322,877.00
Hire of Facility		5,212,290	2,115,010.00
Production Unit Income		210,000	432,720.00
Rent Income		2,470,300	1,548,960.00
Total Rental revenue From Facilities and Equipment		7,914,255	4,419,567.00

		FINANCIAL YEAR 2022/2023	FINANCIAL YEAR 2021/2022
Description	NOTE	KES	KES
Other Income	10		
sale of tender		-	1,000.00
Modern Garage		950,000	-
Interest Earned From Deposit		5,374,890	2,789,926.00
Total Other Income		6,324,890	2,790,926.00

		FINANCIAL YEAR 2022/2023	FINANCIAL YEAR 2021/2022
Description	NOTE	KES	KES
Use of Goods and Services	11		
Activity		23,650,348	18,395,743.00
Accommodation		3,689,691	3,691,205.00
Administration Cost		33,382,333	19,748,856.00
Bank charges		120,730	126,134.00
Advertising		906,730	2,818,565.00
Capacity Building		2,146,560	5,902,668.00
Professional Subscriptions and Training		162,800	-
Supplementary		-	211,040.00
Driving School Expenses		267,311	635,135.00
Electricity, Water and Conservancy		9,920,132	8,601,948.00
Farm Expenses		-	928,060.00
Graduation		-	4,759,353.00
Fire Equipment		452,280	-
Hire of Facilities		2,437,423	1,139,708.00
I.S.O		646,592	2,756,294.00
Insurance, Attachment and Medical		7,892,385	5,345,983.00
ICT Integration		8,170,226	2,714,379.00
K.A.T.T.I		1,067,950	846,200.00
Library		2,191,314	96,540.00
Local Transport and Travelling Expense		23,203,052	22,064,860.00
Pay As You Eat		28,426,595	27,335,489.00
Performance Contract		435,947	764,794.00

Production unit		580,454	1,346,614.00
Assets Valuation Exp		2,900,265	-
Research and Innovations		1,294,891	1,910,427.00
Security Costs		3,089,424	2,590,000.00
Training expense (Tuition)		65,064,007	43,232,630.00
Vehicle Cover Insurance		1,492,259	596,643.00
Marketing		4,279,638	3,629,881.00
KEFEB		1,209,330	656,813.00
C.A.P.A		312,500	-
DAIRY EXP		244,365	161,110.00
Undisbursed funds		-	331,800.00
Application exp		788,500	1,142,000.00
MAIZE EXP		472,882	292,500.00
Vegetable Expenses		278,770	44,400.00
Chicken Expenses		888,850	-
Tax on Interest Earned From Deposits		802,978	314,962.00
Total Use of Goods and Services		232,869,511	185,132,734.00

Description	NOTE	FINANCIAL YEAR	FINANCIAL
		2022/2023	YEAR 2021/2022
		KES	KES
Employee Cost	12		
Salaries and Wages		52,156,811	44,787,384.00
Housing Benefits and Allowances		4,775,400	4,388,390.00
Leave Allowances		308,000	247,000.00
Service Gratuity		1,484,990	1,641,921.00
NSSF Employer Contribution		848,880	979,560.00
Basic Salary		21,167,395	20,425,065.00
Medical Allowance		722,700	716,280.00
Risk Allowance		60,000	60,000.00
Responsibility Allowance		360,000	348,000.00
Commuter Allowance		3,126,000	3,081,000.00
Overtime payments		61,749	60,015.00
Acting Allowance		-	29,260.00
Other payments (staff uniforms)		70,736	425,950.00
Helb loan		26,400	-
STAFF CHRISMASS GIFT		976,323	999,180.00
Total Employee Cost		86,145,384	78,189,005.00

Description	NOTE	FINANCIAL YEAR	FINANCIAL
		2022/2023	YEAR 2021/2022
		KES	KES
Remuneration of Directors	13		
Per Diem		5,356,400	4,320,900.00
Sitting allowance		6,190,000	7,378,270.00
Transport		1,995,315	1,938,811.00
Airtime		83,000	200,000.00
Chairman Monthly Allowance		755,000	540,000.00

P.A.Y.E		1,650,000	1,698,733.00
Capacity Building		912,720	240,000.00
Insurance		514,696	882,384.00
Total Remuneration of Directors		17,457,131	17,199,098.00

Description	NOTE	FINANCIAL YEAR	FINANCIAL
		2022/2023	YEAR 2021/2022
		KES	KES
Depreciation and amortization expense	14		
Buildings and Structures		16,442,520	-
Motor Vehicles		4,707,300	-
Furniture and Fittings		4,435,324	-
Computers		1,320,300	-
Plant & Equipment		4,514,690	-
Amortization		1,906,080	-
Total Depreciation and amortization expense		33,326,214	-

Description	NOTE	FINANCIAL YEAR	FINANCIAL
		2022/2023	YEAR 2021/2022
		KES	KES
Repairs and Maintenance	15		
Property Repairs		23,311,303	8,983,184.00
Equipment and Machinery Repairs		-	75,746.00
Vehicles Repairs		2,535,635	2,173,842.00
Furniture and Fittings Repairs		616,405	373,350.00
Computer Repair		-	7,000.00
Other General Repairs		520,069	2,627,602.00
Road re-carpeting		141,100	1,515,000.00
R.M.I Plumbing Works		-	73,170.00
R.M.I Students Play Field		189,022	535,491.00
R.M.I ELECTRICAL		-	51,400.00
Total Repairs and Maintenance		27,313,535	16,415,785.00

Description	NOTE	Account Number	F.Y 2022/2023	F.Y 2021/2022
			KES	KES
Cash and Cash Equivalents	16(a)			
Petty Cash			79,468.99	861,899.00
Un deposited Funds			751,305.00	1,730,338.00
Absa bank -Fees Account.		38219650	272,463,043.46	261,637,021.00
Kenya Commercial Bank - College Account		110808921	2,383,792.01	1,507,473.00
Kenya Commercial Bank - Meals Account		1128048566	4,512,335.18	6,361,834.00
COOP Farm Account		1120085509400	303,659.27	862,726.00
COOP Development Account		1139085509401	39,461,812.42	56,763,933.00

COOP-CHEPARERIA TTI - 0113985509403	1139085509403	24,179,951.40	24,179,801.00
Kenya Commercial Bank -Sigor T.T.I	115735212	12,522,499.46	12,522,499.00
Total Cash and Cash Equivalents		356,657,867.19	366,427,524.00

Description	NOTE	Account Number	FINANCIAL YEAR 2022/2023 KES	FINANCIAL YEAR 2021/2022 KES
Cash and Cash Equivalents	16(b)			
Description		Account Number	F.Y 2022-2023	
1. Absa (main Account)/School Fees Account		00-38219650		
Cash			79,468.99	861,899.00
Cheques In Transit (Un- deposited Funds)			751,305.00	1,730,338.00
Cash at Bank			272,463,043.46	261,637,021.00
Sub-Total			273,293,817.45	264,229,258.00
2. Kcb-College Account		110808921		
Cash			-	-
Cash at Bank			2,383,792.01	1,507,473.00
Sub-Total			2,383,792.01	1,507,473.00
3. Kcb Kapenguria (Students meals) Account		1128048566		
Cash			-	-
Cash at Bank			4,512,335.18	6,361,834.00
Sub-Total			4,512,335.18	6,361,834.00
4. Co-operative Bank (Farm) Account		1120085509400		
Cash			-	-
Cash at Bank			303,659.27	862,726.00
Sub-Total			303,659.27	862,726.00
5. Co-operative Bank (Development) Account				
Cash			-	-
Cash at Bank				
Cash at bank	(i)	1139085509401	6,440,107.55	56,763,933.00
Cash at bank (on call deposit)	(ii)	1139085509402	33,021,704.87	
Sub-Total			39,461,812.42	56,763,933.00
6. Co-operative Bank (Chepareria T.T.I) Account		1139085509403		
Cash			-	-
Cash at Bank			24,179,951.40	24,179,801.00
Sub-Total			24,179,951.40	24,179,801.00

7. Kcb (Sigor T.T.I) Account		115735212	
Cash			-
Cash at Bank		12,522,499.46	12,522,499.00
Sub-Total		12,522,499.46	12,522,499.00
Total Cash and Cash Equivalent as at Year End		356,657,867.19	366,427,524.00

Description	NOTE	FINANCIAL YEAR	FINANCIAL
		2022/2023	YEAR 2021/2022
		KES	KES
Inventories	17		
Consumable Stores		1,947,804	2,189,001.00
Maintenances stores		668,514	4,044,894.00
Health unit stores		74,280	47,185.00
Electrical stores		96,280	279,050.00
Catering stores		323,715	884,132.00
Cleaning stores		104,962	108,060.00
Total Inventories		3,215,555	7,552,322.00

Description	NOTE	FINANCIAL YEAR	FINANCIAL
		2022/2023	YEAR 2021/2022
		KES	KES
Receivables from Exchange Transactions	18 (a)		
Students Debtors		202,095,466	178,675,834.00
Sundry Debtors		21,948,896	18,379,400.00
C.F.A.O (Prepayment For Motor Vehicle)		-	9,035,000.00
Salary Advance		-	64,000.00
Internal Debtors		2,511,230	1,107,410.00
Examination fee (KNEC)		2,327,565	-
Opening balances at system change over		3,225,296	-
Total Receivables from Exchange Transactions		232,108,453	207,261,644.00

Description	NOTE	FINANCIAL YEAR	FINANCIAL
		2022/2023	YEAR 2021/2022
		KES	KES
Ageing Analysis of Receivables from Exchange Transactions	18(b)	Student debtors	% Distribution
1-92 Days		51,259,977	25.36
93-184 Days		17,897,837	8.86
185-275 Days		4,514,481	2.23
276-366 Days		9,088,305	4.5
More Than 366 Days		119,334,865	59.05
Total		202,095,465	100

Intangible Assets	19	Valued 27/09/2022	Amortization	N.B.V
Intangible Assets		9,530,400	1,906,080	7,624,3
Total Intangible Assets		9,530,400	1,906,080	7,624,3

		F.Y 2022/2023	F.Y 2021/2022
Description	NOTE	KSHS	KSHS
Refundable deposits from customers	20		
Caution Money		2549870	2549870
Total Refundable deposits from customers		2549870	2549870

Property, Plant & Equipment	21 (a)	Valued 27/09/2022	Accumulated Dep	N.B.V
Land		2,041,389,000	-	2,041,389,00
Buildings		822,126,000	16,442,520	805,683,48
Motor Vehicle		47,073,000	4,707,300	42,365,70
Furniture		35,482,590	4,435,324	31,047,26
Computers		6,601,500	1,320,300	5,281,20
Plant and Equipment		45,146,900	4,514,690	40,632,21
Work In Progress		176,897,950	-	176,897,95
Total		3,174,716,940	31,420,134	3,143,296,80

18. PROPERTY, PLANT, AND EQUIPMENT

NOTE 21(b) PROPERTY, PLANT AND EQUIPMENT									
	LAND	Buildings and structures	Motor vehicles	Furniture and fittings	Computers	Other Assets	Plant And Equipment	Capital	Total
Depreciation %		2%	10%	12.5%	20%		10%	Work in progress	
Cost		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2020	581,000,000.00	615,312,299.00	30,414,176.00	17,251,153.00	26,853,398.00	-	162,441,824.00	36,014,696.00	1,469,287,547.00
Additions 30th June 2021	-	15,742,857.00	-	2,644,750.00	501,090.00	-	3,774,341.00	102,640,853.00	125,303,891.00
Book values 30th June 2021	581,000,000.00	631,055,156.00	30,414,176.00	19,895,903.00	27,354,488.00	-	166,216,165.00	138,655,549.00	1,594,591,437.00
Depreciation for the year ending 30/6/2021	-	12,621,103.00	3,801,772.00	1,989,590.00	5,470,898.00	-	16,621,617.00	-	40,504,980.00
Accumulated Depreciation 1st July 2020	-	37,653,172.00	6,780,596.00	6,294,948.00	15,147,458.00	-	45,720,001.00	-	111,596,175.00
Accumulated Depreciation 30th June 2021	-	50,274,275.00	10,582,368.00	8,284,538.00	20,618,356.00	-	62,341,618.00	-	152,101,155.00
Net Book Values 30/6/2021	581,000,000.00	618,434,053.00	26,612,404.00	17,906,313.00	21,883,590.00	-	149,594,548.00	138,655,549.00	1,554,086,457.00
At 1 July 2021	581,000,000.00	618,434,053.00	26,612,404.00	17,906,313.00	21,883,590.00	-	149,594,548.00	138,655,549.00	1,554,086,457.00
Additions During the Year	-	-	-	2,903,500.00	977,084.00	-	-	30,198,681.00	34,079,265.00
Book Values 30th June 2022	581,000,000.00	618,434,053.00	26,612,404.00	20,809,813.00	22,860,674.00	-	149,594,548.00	168,854,230.00	1,588,165,722.00
Depreciation for the Year Ending 30/6/2022	-	-	-	-	-	-	-	-	-
Accumulated Depreciation 1st July 2021	-	50,274,275.00	10,582,368.00	8,284,538.00	20,618,356.00	-	62,341,618.00	-	152,101,155.00
Accumulated Depreciation as at 30th June 2022	-	50,274,275.00	10,582,368.00	8,284,538.00	20,618,356.00	-	62,341,618.00	-	152,101,155.00
Net Book Values 30/6/2022	581,000,000.00	618,434,053.00	26,612,404.00	20,809,813.00	22,860,674.00	-	149,594,548.00	168,854,230.00	1,588,165,722.00
At 1 July 2022	581,000,000.00	618,434,053.00	26,612,404.00	20,809,813.00	22,860,674.00	-	149,594,548.00	168,854,230.00	1,588,165,722.00
Revaluation reserves as at 30th June 2023	1,460,389,000.00	203,691,947.00	(2,882,404.00)	9,084,987.00	(16,259,174.00)	-	(104,447,648.00)	-	1,549,576,708.00
Net Book Value as per the Value as at 30th June 2022	2,041,389,000.00	822,126,000.00	23,730,000.00	29,894,800.00	6,601,500.00	-	45,146,900.00	169,579,551.00	3,138,467,751.00
Net Book Value as at 1st July 2022	2,041,389,000.00	822,126,000.00	23,730,000.00	29,894,800.00	6,601,500.00	-	45,146,900.00	169,579,551.00	3,138,467,751.00
Adjustment prior Year , Opening Balance	-	-	-	-	-	-	-	(25,738,794.00)	(25,738,794.00)
Additions During the F.Y 2022-2023	-	-	23,343,000.00	5,587,790.00	-	-	-	33,057,193.00	61,987,983.00
Book Values as at 30th June 2023	2,041,389,000.00	822,126,000.00	47,073,000.00	35,482,590.00	6,601,500.00	-	45,146,900.00	176,897,950.00	3,174,716,940.00
Provision for Depreciation as at 30th June 2023	-	16,442,520.00	4,707,300.00	4,435,323.75	1,320,300.00	-	4,514,690.00	-	31,420,133.75
Accumulated Depreciation 30th June 2023	-	16,442,520.00	4,707,300.00	4,435,323.75	1,320,300.00	-	4,514,690.00	-	31,420,133.75
Net Book Values 30/06/2023	2,041,389,000.00	805,683,480.00	42,365,700.00	31,047,266.25	5,281,200.00	-	40,632,210.00	176,897,950.00	3,143,296,806.25

NOTE 21 (c) WORK IN PROGRESS					
PROJECT	Budgeted cost	Contract Sum	Amount paid	Amount paid	cumulative
			as at 2021/2022	as at 2022/2023	
Tuition Block BUMULA	23,781,991.00	23,781,991.00	23,781,991.00	-	23,781,991.00
	-	-	1,670,000.00	-	1,670,000.00
Tuition Block-CHELINI	18,169,690.00	18,169,690.00	12,254,698.00	-	12,254,698.00
Tuition Block -Building department	5,914,992.00	5,914,992.00	-	3,675,985.00	3,675,985.00
Open Shade Phase one	10,447,823.00	10,447,823.00	9,850,365.00	522,395.00	10,372,760.00
Sigor T.T.I	53,735,530.00	53,735,530.00	44,444,916.00	-	44,444,916.00
Chepareria T.T.I	48,743,504.00	48,743,504.00	24,563,582.00	-	24,563,582.00
Modern Garage	11,000,000.00	11,000,000.00	2,374,495.00	6,310,724.00	8,685,219.00
Open Shade phase II	12,116,016.00	12,116,016.00	24,900,710.00	590,691.00	25,491,401.00
Work in progress C.C.T.V	12,998,438.00	12,998,438.00	-	6,758,622.00	6,758,622.00
Institutional Management	56,123,878.00	56,123,878.00	-	15,198,776.00	15,198,776.00
TOTAL	253,031,862.00	253,031,862.00	143,840,757.00	33,057,193.00	176,897,950.00

Revaluation Reserve	NOTE 21 (d)	Revaluation 27/09/2022	Gain 2022-23	N.B.V
Land		1,460,389,000	-	1,460,389,000
Buildings		203,691,947	-	203,691,947
Motor Vehicle		(2,882,404)	-	(2,882,404)
Furniture		9,084,987	-	9,084,987
Computers		(16,259,174)	-	(16,259,174)
Plant and Equipment		(104,447,648)	-	(104,447,648)
Intangible Assets		(11,097,230)	-	(11,097,230)
Biological Assets		720,500	4,732,630	5,453,130
Prior Year Adjustment (W.I.P)		(25,738,794)	-	(25,738,794)
Total Revaluation Reserves		1,513,461,184	4,732,630	1,518,193,814

Description	NOTE	F.Y 2022/2023	F.Y 2021/2022
		KSHS	KSHS
Trade and Other Payables from Exchange transactions	22		
Recurrent Creditors		8,531,743	8,090,604.00
Fees Prepayments		135,461,435	97,023,797.00
Withholding Tax		1,632,258	1,353,675.00
Retention		4,007,239	2,711,028.00
Opening Balance Equity		-	(1,554,913.00)
Bursary		6,564,053	5,010,343.00
Control Account		-	(816,367.00)
Examination Fee		-	18,113,914.00
HELB Loan		3,941,005	2,380,005.00

Capitation		-	214,046.00
Salary		1,169,746	2,485,158.00
NSSF Employee Contribution		144,720	-
Value added tax (V.A.T)		-	172,178.53
Tuition Fee- N.Y.S Students		-	12,297,940.00
HELB Loan Deduction		26,400	-
Pay As You Earn (P.A.Y.E)		83,270	515,156.00
Total Trade and Other Payables from Exchange transactions		161,561,868	147,996,565.00

Description	NOTE	F.Y 2022/2023	F.Y 2021/2022
	23(a)	KSHS	KSHS
Biological Assets			
Cattle		925,000	476,000
Goats		141,120	195,000
Pigs		397,000	264,500
Chicken		1,225,510	-
Trees		3,700,000	-
Revaluation Reserves		-	720,500
Total biological assets		6,388,630	1,656,000

	NOTE	F.Y 2022/2023	F.Y 2021/2022	GAIN
	23(b)	KSHS	KSHS	
Biological Assets Revaluation Gain				
Cattle		925,000	476,000	449,000
Goats		141,120	195,000	(53,880)
Pigs		397,000	264,500	132,500
Chicken		1,225,510	-	1,225,510
Trees		3,700,000	-	3,700,000
Revaluation Reserves (as per the valuer)		-	720,500	(720,500)
Total biological assets		6,388,630	1,656,000	4,732,630

Description	NOTE	F.Y 2022/2023
	24(a)	KSHS
Reconciliation for receivables from exchange transactions		
opening balance of receivables		207,261,644
add invoices during the year		252,817,451
Total Available for collections		460,079,095
Less closing balance of receivables		233,306,131
Net cash received during the year		226,772,964

		F.Y 2022/2023
Description	NOTE	KSHS
Reconciliation for Payables	24(b)	
opening balance of payables		150,546,435
add expenses during the year		260,183,046
TOTAL AVAILABLE FOR payments		410,729,481
Less closing balance of payables		164,111,738
net cash payments during the year		246,617,743
inventory (consumables)		3,215,555
Net cash payments during the year		249,833,298

		F.Y 2022/2023
Description	NOTE	KSHS
cash flow summary notes to investing activities	25	Amount 2022-23
Tuition Block -Building department		3,675,985
Open Shade Phase one		522,395
Modern Garage		6,310,724
Open Shade phase II		590,691
Work in progress C.C.T.V		6,758,622
Institutional Management		15,198,776
Furniture and Fitting		5,587,790
Total cash outflow in Investing Activities		38,644,983

19. TRIAL BALANCE AS AT 30TH JUNE 2023 FINANCIAL YEAR 2022/2023

DETAILS	DEBIT KES	CREDIT KES
Cash and Cash Equivalents Note 16		
Petty Cash	79,468.99	
ABSA	272,463,043.46	
KCB College Account	2,383,792.01	
KCB Kapenguria Account	4,512,335.18	
COOP Farm Account	303,659.27	
COOP Development Account	39,461,812.42	
Un-deposited Funds	751,305.00	
SIGOR TTI - KCB-1159735212	12,522,499.46	
CHEPARERIA TTI -0113985509403	24,179,951.40	
Receivables from Exchange Transactions Note 18		
Students Debtors	202,095,466.00	
Sundry Debtors	21,948,896.00	
Internal Debtors	2,511,230.00	
Opening balances during system change over	3,225,296.00	
Control Account	1,256,258.00	
Examination Fee	2,327,565.00	
Inventories Note 17		
Consumable Stores	1,947,804.00	
Maintenance Stores	668,514.00	
Health Unit Stores	74,280.00	
Electrical Stores	96,280.00	
Catering Stores	323,715.00	
Cleaning Materials Stores	104,962.00	
Property, Plant & Equipment Note 22 (a)		
Land	2,041,389,000.00	
Buildings	822,126,000.00	
Motor Vehicle	47,073,000.00	
Furniture	35,482,590.00	
Computers	6,601,500.00	
Plant and Equipment	45,146,900.00	
Depreciation Note 14		
Accumulated Depreciation- Buildings		16,442,520.00
Accumulated Depreciation- Motor Vehicle		4,707,300.00
Accumulated Depreciation- Furniture and Fittings		4,435,324.00
Accumulated Depreciation- Computers		1,320,300.00
Accumulated Depreciation ;plant and equipment		4,514,690.00
Work in Progress 22 (b)		
C.C.T.V	6,758,622.00	
Sigor Technical Training Institute	44,444,916.00	
Chepareria Technical Training Institute	24,563,582.00	
Modern Garage	8,685,219.00	
Construction of the Hospitality and Institutional Management	15,198,776.20	
Work in Progress-Tuition Block- Bumula	23,781,991.00	

Construction co. ltd		
Work in Progress-Tuition Block- Building Department	3,675,985.00	
Work in Progress-Tuition Block-Chelini Contractors	12,254,698.00	
Work in Progress -Open Shades phase I	10,372,760.00	
Work in Progress -Open Shades phase II	25,491,401.00	
Intangible Asset Note 19		
Intangible Assets	9,530,400.00	
Biological Assets Note 24 (a)		
Cattle	925,000.00	
Goats	141,120.00	
Pigs	397,000.00	
Chicken	1,225,510.00	
Trees	3,700,000.00	
Trade and Other Payables from Exchange Transactions Note 23		
Recurrent Creditors		8,531,742.58
Fees Prepayments		135,461,434.65
Withholding Tax		1,632,258.00
Retention		4,007,238.92
Bursary		6,564,052.50
HELB Loan		3,941,005.00
Net Salaries		1,169,746.00
NSSF Employee Contribution		144,720.00
PAYE		109,670.00
Refundable Deposit Note 21		
Caution Money		2,549,870.00
Net Assets		
Revaluation Reserves		1,539,199,978.00
Capital Reserves		1,670,882,557.00
Accumulated Surpluses		332,019,629.00
Revenue from None-exchange transactions Note 6		
Tuition Fees (Capitation)		137,386,000.00
Revenue from exchange transactions Note 7		
Tuition Fees		8,421,794.00
Activity Fees		26,832,050.00
Electricity Water and Conservancy		26,101,010.00
Personal Emoluments		92,041,200.00
Repair , Maintenance and Improvement		13,155,735.00
Medical, insurance and industrial attachment		23,913,220.00
Local Transport and Travelling		29,313,140.00
Accommodation Fee		14,621,180.00
Application Fees		1,764,813.00
Library Penalty		34,399.00
Students ID		4,500.00
Supplementary Income		300,000.00
Tuition-Driving School		3,477,000.00
Centre Fee		151,965.00

KITALE NATIONAL POLYTECHNIC

Annual Report and Financial Statements for the year ended 30th June 2023

Examination Materials fee		2,283,900.00
Sale Of Goods Note 8		
Cabbages Income		536,224.00
Maize Income		754,000.00
Milk Income		330,190.00
Sale of Animal		98,500.00
Sukuma Wiki Income		237,588.00
Sale of Chicken		180,600.00
Vegetable Income		350,188.00
Pay As You Eat Income		11,827,285.00
Rental Revenue Note 9		
exams photos		21,665.00
Hire of Facility		5,212,290.00
Production Unit Income		210,000.00
Rent Income		2,470,300.00
Other Income Note 10		
Modern Garage		950,000.00
Interest From Bank Deposit		5,374,889.77
Use Of Goods And Services Note 11		
Activity	23,650,348.00	
Accommodation	3,689,691.00	
Administration Cost	33,382,332.78	
Bank Charges	120,729.61	
Advertising	906,730.00	
Capacity Building	2,146,560.00	
Professional Subscriptions & Training	162,800.00	
Driving School Expenses	267,310.60	
Electricity, Water and Conservancy	9,920,132.21	
Fire Equipments	452,280.00	
Hire of Facilities	2,437,423.00	
I.S.O	646,592.00	
Insurance, Attachment and Medical	7,892,384.90	
ICT Integration	8,170,226.00	
K.A.T.T.I	1,067,950.00	
Library	2,191,314.00	
Local Transport and Travelling Expense	23,203,051.81	
Pay As You Eat	28,426,595.20	
Performance Contract	435,947.00	
Production Unit	580,454.00	
Assets Valuation Expenses	2,900,264.65	
Research and Innovations	1,294,891.00	
Security Costs	3,089,423.66	
Training Expenses (Tuition)	65,064,007.47	
Vehicle Cover Insurance	1,492,259.00	
Marketing	4,279,638.46	
KEFEB	1,209,330.00	
C.A.P.A	312,500.00	
Dairy Expense	244,365.00	

KITALE NATIONAL POLYTECHNIC

Annual Report and Financial Statements for the year ended 30th June 2023

Application Expenses	788,500.00	
maize expenses	472,882.00	
Vegetable Expenses	278,770.00	
Chicken Expenses	888,850.00	
Tax on Interest Earned From Bank Deposit	802,977.65	
Employee Cost Note 12		
Salaries and Wages	52,156,811.00	
Housing Benefits and Allowances	4,775,400.00	
Leave Allowances	308,000.00	
Service Gratuity	1,484,990.00	
NSSF Employer Contribution	848,880.00	
Basic Salary	21,167,395.00	
Medical Allowance	722,700.00	
Risk Allowance	60,000.00	
Responsibility Allowance	360,000.00	
Commuter Allowance	3,126,000.00	
Overtime Allowance	61,749.00	
Staff uniforms	70,736.00	
H.E.L.B remittance	26,400.00	
Staff Gifts	976,323.00	
Council Remuneration Note 13		
Per-diem and Accommodations	5,356,400.00	
Sitting Allowance	6,190,000.00	
Transport	1,995,315.00	
Airtime	83,000.00	
Chairman Monthly allowance	755,000.00	
P.A.Y.E	1,650,000.00	
Capacity building	912,720.00	
Medical Cover	514,696.00	
Repair and Maintenance Note 15		
Property Repairs	23,311,303.16	
Vehicles Repairs	2,535,635.36	
Furniture and Fittings Repairs	616,405.00	
Other (General Repairs)	520,069.00	
Road Re-carpeting	141,100.00	
R.M.I Students Play Field	189,022.00	
	4,145,989,662.00	4,145,989,662.00

Appendixes



MOROWI COMPANY LIMITED

Valuers and Property Consultants

P.O Box 13977-00400
Nairobi-Kenya
E-mail: morowicompany@gmail.com/
info@morowicompany.co.ke
Tel: +254
723854188/+254722256790/+25471846
9

Westlands Commercial Centre
2nd Floor

REF: KNP/VAL 066/VIII

26TH OCTOBER 2022


VALUATION CERTIFICATE

Having regard to the foregoing particulars in the current economic circumstances, we value the leasehold interest for a **SURVEYED PLOT FOR KITALE NATIONAL POLYTECHNIC, PROPERTY AND BUILDINGS, COMPUTERS, EQUIPMENTS, FURNITURE AND FITTINGS, BIOLOGICAL ASSETS, and MOTOR VEHICLES** as follows:

Market Value: KENYA SHILLINGS TWO BILLION, NINE HUNDRED AND EIGHTY, SEVENTY-FOUR THOUSAND SIX HUNDRED ONLY. (KES. 2,980,074,600.00) broken down as follows:

NO	ITEM	VALUE (KSHS)
1	Land	2,041,389,000.00
2	Buildings	822,126,000.00
3	Furniture and fittings	29,894,800.00
4	Computers	6,601,500.00
5	Equipment and machinery	45,146,900.00
6	Biological assets	1,656,000.00
7	Motor vehicles	23,730,000.00
8	Intangible assets	9,530,400.00
	Total Assets Value	2,980,074,600.00

WAINAINAKIRONYO


B. A Land Econ. UoN M.I.S.K
Registered & Licensed Valuer

Date: 26th October 2022.



MOROWI COMPANY LIMITED
Valuers and Property Consultants

Westlands Commercial Centre
2nd Floor

P.O. Box 22632-00100
Tel/Fax: 343788
Cell: 0722-256790/0726897982

LAND AND BUILDINGS AND IMPROVEMENTS VALUATION SUMMARY

Based on the valuation of the Institute Assets, the summaries of the value of land and buildings are as follow:

1. Land	Kshs. 2,041,389,000.00
2. Buildings and improvements	<u>Kshs. 822,126,000.00</u>
Total	Kshs. 2,863,515,000.00

(KENYA SHILLINGS TWO BILLION, EIGHT HUNDRED AND SIXTY THREE MILLION, FIVE HUNDRED AND FIFTEEN THOUSAND ONLY)

For: **MOROWI COMPANY LIMITED**

WAINAINA KIRONYO

B.A Land Econ. UoN M.I.S.K
Registered & Licensed Valuer

26th OCTOBER 2022



MOROWI COMPANY LIMITED
Valuers and Property Consultants

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**FURNITURE AND FITTINGS, COMPUTERS, EQUIPMENT AND MACHINERY,
BIOLOGICAL ASSETS, MOTOR VEHICLES AND INTANGIBLE ASSETS
VALUATION SUMMARY AND**

Based on the valuation of the Institute Assets, the summaries of the value of furniture and fittings, computers, equipment and machinery, biological assets and motor vehicles are as follow:

1. Furniture and fittings	Kshs. 29,894,800.00
2. Computers	Kshs 6,601,500.00
3. Equipment and machinery	Kshs. 45,146,900.00
4. Biological assets	Kshs. 1,656,000.00
5. Motor vehicles	Kshs. 23,730,000.00
6. Intangible Assets	<u>Kshs. 9,530,400.00</u>
TOTAL	<u>Kshs. 116,559,600.00</u>

**(KENYA SHILLINGS ONE HUNDRED AND SIXTEEN MILLION, FIVE HUNDRED
AND FIFTY-NINE THOUSAND, SIX HUNDRED ONLY)**

For: **MOROWI COMPANY LIMITED**

WAINAINA KIRONYO

B.A Land Econ. UoN M.I.S.K
Registered & Licensed Valuer
26TH OCTOBER 2022

Implementation Status of Auditor-General Recommendations for the year ended 30th June ,2022

The following is the summary of issues raised by the external auditor, and management comments and actions undertaken,

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Time frame (Put a date you expect issue to be resolved)
Report for the Year ended 30 th June,2022	<p>Receivables from Exchange Transactions</p> <p>The statement of financial position reflects Kshs.207,261,644 for receivables from exchange transactions as disclosed in Note 18 to the financial statements, which in turn includes student debtors of Kshs.178,675,834. An analysis of student debtors indicated that the receivables were due from the year 2009 when students were first admitted in the College and has remained so without any recoverability. Further, the National Polytechnic has not effectively applied its debtor's management policy to control the accumulation of debts as evidenced by an increase of Kshs.19,594,348 from previous year's balance of Kshs.187,667,297</p>	<p>The management will continue to implement its debt management guidelines as outlined by the KNP Finance Policy which has yielded positive outcome as evidenced by reduction in the receivables since the audit period. The management has;</p> <ol style="list-style-type: none"> i. Ensured that the debtors ledgers are updated and accurate. ii. Debtors are notified on regular basis iii. Follow up mechanisms are continuously implemented such as; <ul style="list-style-type: none"> • Trainees are not cleared unless they pay outstanding fees • Non- Issuance of results slips • Enforcement of landlord tenancy agreements amongst other measures. <p>Further the management will consult the National Treasury on possible write off of bad debts amongst arrears related government capitation which was not</p>	Resolved	Continuous

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Time frame: (Put a date when you expect the issue to be resolved)
		disbursed.		
	<p>Refundable Deposits/Caution Money</p> <p>The statement of Financial Position reflects refundable deposits from customers of Kshs. 2,549,870 as disclosed in Note 24 to the financial statements. A review of the supporting schedules for refundable deposits from customers indicates that the amount refers to caution money received from students, although the Polytechnic stopped charging caution money four years ago. In addition, the following unsatisfactory matters were noted on refundable deposits;</p> <ol style="list-style-type: none"> The Polytechnic does not have a deposit account for separately accounting for the caution money. During the period under review, no evidence for claim of caution money from students was provided, and the money has never earned any interest as it has remained the same several years. 	<p>The management has transferred the Ksh.2,549,870 caution money to the Polytechnic Account No. 01139085509401 where it will earn interest. In addition, through the student alumni management is reaching out to former students to claim the money.</p>	Resolved	Immediate.
	<p>Motor Vehicle Insurance</p> <p>Included in the statement of financial performance Kshs. 185,132,734 for use of goods and services as disclosed in Note 11 to the financial statements is Kshs.596,643 paid to an insurance service provider under number TKNP/40/2021-2023 for provision of comprehensive motor vehicle insurance services of which the following;</p>	All the documents needed have since been availed.	Resolved.	Immediate.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Time frame (Put a date you expect issue to be resolved)
	<p>a. The valuation reports for motor vehicles were not availed for audit review. As a result, it was difficult to ascertain how the insurance company arrived at the premiums paid for the motor vehicles.</p> <p>b. The professional indemnity guarantee for the insured motor vehicles were not availed for audit review</p> <p>c. The original motor vehicle insurance policy was not availed for audit.</p>			
	<p>Ownership of Land</p> <p>Records provided for audit indicate that the main parcel of land approximately 33.72 ha (83.322) acres was supported by a leasehold certificate referenced lease title , Kitale Municipality Block 6/63 of a term 99 years, starting from 1.12.2001.Parcel Block A of approximately 9.057 Ha was supported by the allotment letter, referenced allotment number 20089/XXXI for a term period of term 99 years starting from 1.10.1995.However, it was noted that the institution valued their land using the leasehold certificate and letters of allotment to be used as ownership documents instead of original title deed. The management has not acquired title deeds for the Polytechnic's land.</p> <p>In addition, Parcel Block A of approximately 9.057 Ha and Parcel Block B of approximately 10.048 Ha are already encroached by the</p>	<p>The management has written to the Lands Ministry to resolve matters land and paid the costs for survey as well as titling. Further, the matter land encroachment has been reported to the Ethics and Anti-Corruption commission for action.</p>	Not Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Time frame: (Put a date when you expect the issue to be resolved)
	Public and no effort has been taken by management to properly secure the Institutions land.			
	<p>Un-disclosed Biological Assets The statement of financial position reflects biological assets valued at Kshs.1,656,000 as disclosed in Note 20 to the financial statements. However, an audit verification done on 24 January, 2023 confirmed that the National Polytechnic owns approximately three (3) acres of mature trees, which was not disclosed in the financial statements as part of biological assets. The management did not provide satisfactory explanation for not disclosing the assets in the financial statements and hence the institute’s assets are understated by an undetermined amount. Further, the Polytechnic has not developed and documented a biological asset valuation policy and therefore the fair value of the assets may not have been set or carried out in an objective manner as documented in the valuation report of 30 September, 2022.</p>	The management has allocated budget resources in the FY 2023/2024 to value all biological assets which involve internal and external experts.	Not Resolved	30 TH June 2024.
	<p>Unresolved Prior Year Matters In the audit of the previous year several issues were raised. However, the management has not resolved the issues nor disclosed the prior year matters as provided by the Public Sector Accounting Standards Board reporting templates</p>	The issues were discussed by the Council, resolved and reported.	Resolved	30 th June 2023.
	Budgetary Control and	The management has	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Time frame (Put a date you expect issue to be resolved)
	<p>Performance</p> <p>The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs. 639,443,500 and Kshs. 467,276,466 respectively resulting to underfunding of Kshs. 26,936,622 against an approved budget of Kshs. 689,443,500 resulting in under-expenditure of Kshs.392,506,878</p>	formulated the Budget Implementation Committee to do follow up and advise.		
	<p>Non-Compliance with the One-Third Basic Rule</p> <p>Review of the Payroll data for the months of July,2021 to June,2022 indicated that some members of staff earned net salaries that was less than a third (1/3) of their basic pay, contrary to section 19(3) of the Employed Act,2007, which prohibits officers from over committing their salaries</p>	Affected employees have been advised to renegotiate the loans repayment terms so as they comply with the One – Third Basic Rule. Henceforth, the management does not approve any loan that contravenes a third rule.	Not Resolved	
	<p>Delayed Completion Four (4) Storey Tuition Block Complex</p> <p>During the year under review, the Polytechnic made payments totalling to Kshs.12,140,615 vide payment voucher nos. KNP/3044, KNP/3807 and KNP/4690 respectively to a contractor for the proposed completion of a four – floor storey building block.</p> <p>The company was awarded the contract on 04/08/2021 vide tender no KNP/OT/04/2020-2021 at a contract sum of Kshs.18,169,690 for a contract period of five (5)</p>	The Four(4) Storey Tuition Block was completed and handed over for use.	Resolved	

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	<p>months hence 21 weeks. Further, the contract was revised by another eight (8) weeks after its elapse dated on 21 February, 2022. However, the following observations were made in relation to the project;</p> <p>a. Despite, the contract period for the completion of the project of five (5) months which commenced on 4 August, 2021 and completion date of 23 December, 2021, having elapsed, the project is still not complete as at the time of audit on 23 January 2023, being one (1) year from the date of expiry of the contract period. Further, review of the progress report dated on 23 August, 2022, revealed that percentage level of completion was at 90%</p> <p>b. The contract period was extended without the recommendation report and attendance register of the Evaluation Committee ratifying the extension of the contract for a further eight (8) weeks which elapsed on 23 February, 2022, contrary to section 139(2) of the Public Procurement and Asset Disposal Act, 2015</p> <p>c. The original copy on the performance security that is equivalent or not more than 10% of the contract sum was not availed. Further, there is no evidence to show that management fully seized the</p>			

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	<p>performance bond for the contract that was not fully executed or well done, contrary to section 141(2) of the Public Procurement and Asset Disposal Act,2015.</p> <p>d. Due diligence was not done on the financial capability of the contractor hence evaluation was not done competitively since the contractor issued a letter dated 7 October, 2022 indicating lack of finances to complete the project.</p>			
	<p>Lack of Approved Staff Establishment</p> <p>A review of the Polytechnic's records revealed that the institution operated without an authorized staff establishment; there were no structures to manage staffing, posting, training, skill retention, and succession plans. Consequently, it was not possible to establish the criteria used by the Council to fill positions in the various job groups.</p> <p>In addition, the organogram of the Polytechnic is not clear on the roles and duties of the Human Resource Department and the office of the Registrar Administration.</p> <p>Currently, the office of the Registrar Administration is the one that handles grievances /matters, job promotions, Collective Bargaining Agreement Approval and implementation, capacity building and non-compliance with a third basic rule, yet these are</p>	<p>The management developed the Polytechnics' staff establishment and submitted to the relevant ministries in 2022 for approval</p> <p>The duties of the office of the registrar administration are as per the Polytechnic legal Order, No 95 of 2016.</p>	Resolved	

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Time frame: (Put a date when you expect the issue to be resolved)
	<p>functions that are best handled by the human resource department, adding professional input on human resource matters.</p>			
	<p>Information Technology Controls A review of the Polytechnic's IT Controls revealed that the IT department lacks the basic controls that enable the department to function effectively. This is largely caused by insufficient allocation of resources both financial and human to the department, thus rendering it unable to meet the mandate for which it was established. The IT department was found to be lacking in the following capabilities</p> <ol style="list-style-type: none"> a. Deficit of computers vis-a-vis number of students, which entails 6000 students in full session sharing less than 200 computers. b. Low bandwidth for data availability as many students are connected to the provided 100 Mbps. c. Lack of technical staff such as system administrator and network administrator. d. Lack of fire suppression systems in data centre. e. Lack of air conditioners in data centre for temperature regulation. f. Data center ground is not gated. g. Data center is operating on a limited capacity with no room for expansion as more hardware devices are 	<p>Management allocated Ksh.19M for acquisition of the ICT equipment and accessories in the FY 2023/2024. The Polytechnic Procured 200 additional computers. Further, the Government through Jitume Programme donated 100 computers. The management has also begun the process of building a server room.</p>	<p>Resolved</p>	

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	installed.			



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AKOLA JOHN OTIENO
Accounting Officer/Principal
Kitale National Polytechnic
27.09.2023