

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
NYERI NATIONAL POLYTECHNIC

FOR THE YEAR ENDED

30 JUNE 2018

THE NATIONAL ASSEMBLY
PAPERS LAID

DATE: 30 JUL 2018

DAY.

TUESDAY

TABLED
BY:

MAJORITY LEADER

CLERK-AT
THE-TABLE:

PARLIAMENT
OF KENYA
LIBRARY



THE NYERI NATIONAL POLYTECHNIC

P.O. BOX 465-10100 – NYERI, KENYA
ALONG MUMBIC ROAD,
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THE NYERI NATIONAL
POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2018



Prepared on accrual basis under the International Public Sector Accounting Standards (IPSAS)

(a) Key Management

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

- Chief Principal
- Deputy Principal Administration
- Deputy Principal Academic Affairs
- Registrar
- Dean of Students
- Industrial Liaison Officer
- Guidance and Counselling
- Academic Heads of departments

(b) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Chief Principal	Anne N. Mwangi (Mrs)
2.	Head of Finance	CPA James Mungai Kamau
3.	Head of Procurement	Timothy Thuita Mwangi

Fiduciary oversight Arrangements

Finance and Resource Mobilization and Administration Committee.

This is a council committee concerned with the mobilization of resources and ensuring there is prudent utilization of the resources at the Polytechnic.

Entity Headquarters

(c) The Nyeri National Polytechnic

P.O. Box 465 - 10100
Along Mumbi Road,
Nyeri Municipality
Nyeri County.

(d) Polytechnic Contacts

Telephone: 061-2032330
E-mail: nyerinp@gmail.com
Website: www.thenyeripoly.ac.ke

(e) Polytechnic Bankers

1. Equity bank
Kimathi way
P.O. Box 2064- 0119Nyeri
Nyeri, Kenya

2. KCB Bank Kenya Ltd
Kimathi way
P.O Box 215- 01112
Nyeri

3. National Bank
P.O Box 1629-120122
Nyeri

(f) Independent Auditors



Office of the auditor General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(g) Principal Legal Adviser

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

THE GOVERNING COUNCIL

NAMES	POSITION	QUALIFICATIONS
 1. Richard K. Gikui	Chairman Council	He was born in 1952 and holds Masters in Business Administration in Strategic Management. He is a consultant in strategic management and corporate governance
 2. Anne N Mwangi(Mrs)	Chief Principal/Secretary Council	She was born in 1959 and holds Masters in Education Administration.
 3. Margaret Nduhiu	County Director of Education TVET	She was born in 1964 and holds Masters degree in Education Planning.
 4. Mahendrakumar Meghji Rupshi Shah	Council Member	He was born in 1944 and holds a Degree in Applied Sciences University of Scotland. He is a business man.
 5. Dr Victor Muyembe	Council Member	He was born in 1960 and holds a masters in Medicine degree in Surgery, a master in business Administration. He is a private practitioner.
 6. Eng. Callista Kina Gitobu	Council Member	She was born in 1954 and holds a bachelor in Electrical Engineering and Masters in Education Administration. She is a business person.
 7. Rev Julia Moraa Mwangi	Council Member	She was born in 1952 and holds Masters in Theology. She is a business person.

 8. Dominic Ileri Muriuki	Council Member	He was born in 1967 and holds Bachelors degree in Law, bachelors degree in Economics and a post graduate in law. He is an advocate of High court.
 9. Felix Juma Onyango	Council Member	He was born in 1989 and holds Bachelor of science in Software Engineering. He is a consultant.

COUNCIL COMMITTEES

Name of the Committee	Members
Finance and Resource Mobilization and Administration Committee.	1. Dr Victor Muyembe (Chair) 2. Mahendrakumar Meghji Rupshi Shah 3. Dominic Ileri Muriuki 4. Anne N. Mwangi (Mrs)
Audit and Risk Management Committee	1. Rev. Julia Moraa Mwangi (Chair) 2. Eng. Callista Kina Gitobu 3. Felix Juma Onyango
Academic committee	1. Callista Kina Gitobu (Chair) 2. Revered Julia Moraa Mwangi 3. Margaret Nduhiu 4. Anne N. Mwangi (Mrs)

Note

Chairman council is an Ex-official member of the Finance, Resource mobilization and administration Committee and Academic committee.

MANAGEMENT TEAM

	<p>Chief Principal Overall In charge of all activities in the Polytechnic</p>
<p>1. Anne N. Mwangi(Mrs)</p>	
	<p>Deputy Principal Administration Is in charge of administration affairs</p>
<p>2. Mary Macharia(Mrs)</p>	
	<p>Deputy Principal Academic Is in charge of academic affairs</p>
<p>3. David N. NThuci</p>	
	<p>The Registrar Is in charge of the Registry</p>
<p>4. Samuel Kimondo</p>	
	<p>Dean of Students Is in charge of student affairs</p>
<p>5. Ruth Ruita</p>	
	<p>Finance Officer Is in Charge of finance department</p>
<p>6 James Mungai Kamau</p>	
	<p>Procurement Officer Is in charge of procurement department</p>
<p>7 Timothy Thuita Mwangi</p>	

COUNCIL CHAIRMAN'S STATEMENT

The mandate of The Nyeri National Polytechnic is to provide education and training, research and innovation, consultancy and community service as stipulated in the TVET Act 2013 and the Legal Order No. 91 of 2016. In order to effectively fulfil its mandate, the Polytechnic has developed a credible strategic plan which provides a clear road map for its operations. In implementing its mandate during the year 2017/2018, the Polytechnic was guided by its strategic plan.

In order to cope with the increase in enrolment during the year under review, the Polytechnic undertook to improve the physical facilities and equipment. The Polytechnic renovated 5 hostels which had leaking asbestos roofs and constructed paved sheltered walkways connecting the main buildings with the aim of improving the working and training environment. We also improved the sanitation by putting up an ablution block. In its efforts to expose the students to the industry trends during their training, the institution procured two additional buses to ease transportation of trainees when they are visiting the industries and also while going for co-curricular activities outside the Polytechnic.

In our effort to support the reforms in the TVET sector, we embarked on a journey to implement Competency Based Education and Training (CBET) curricular in: Instrumentation & control, Mechanical Technology and Manual Arc welding. This was on pilot basis in readiness for the roll out of more CBET courses in the coming year. The Polytechnic also partnered with CICA (Colleges and Institutes Canada) under KEFEP programme and developed a CBET curriculum in dairy processing in consultation with stakeholders in milk industry. The Canadian partners were expected to provide the equipment for the dairy processing training workshop in the following year 2018/2019.

During the year under review, the Polytechnic had 140 training staff who were under the Teachers Service Commission and 37 additional trainers who were employed by the council to cater for shortages in various departments. The Polytechnic had engaged the services of 69 staff who offer essential services and were backed up with casual workers when need arose.

In order to assure quality of its services, processes and programmes, the Polytechnic initiated the process of transitioning from ISO 9001:2008 to ISO 9001:2015 which is expected to be completed in the FY 2018/2019. The Polytechnic also started the process of developing a new strategic plan 2018-2022. The new strategic plan was expected to be launched in 2018/2019 FY. We also recognize that information security is of paramount importance. To this end, the Polytechnic

initiated the process of being certified on ISO 27001:2013 standards on information security during the year under review. The process is expected to be completed in the 2018/2019 financial year. During the year under review, we were also entrusted with the responsibility of mentoring Ndaragwa Technical and Vocational Centre.

The institution managed to deliver services during the year under review satisfactorily. However, there were challenges that remain unresolved which provide opportunities for improvement for the Polytechnic to effectively deliver on its mandate. We continue to face the challenge of inadequate facilities which is compounded further by the leaking asbestos roofs in the old buildings that house some of the tuition rooms and workshops, the dining hall and also the staff houses. The management therefore faces the uphill task of mobilizing adequate resources to cater for renovation of the facilities and developing new infrastructure to cater for the increase in population and also match the industry trends to ensure relevance in training.

The increase in enrolment has led to huge classes which have overstretched the existing facilities especially for practical lessons. It has also resulted in large number of trainees residing off campus which has many demerits. The increase in population has also resulted in trainer shortages.

The management acknowledges the commitment of the government towards the TVET sector and thanks the Ministry of Education, the SAGAs in the Ministry and the development partners for supporting the Polytechnic in its endeavours. We remain committed to quality training and declare our resolve to continue addressing the opportunities and challenges that come our way.

Prepared by:



RICHARD KIANA GIKUHI – FCS(K)
Chairman of the governing Council

FOR

REPORT OF THE CHIEF PRINCIPAL

The year under review saw The Nyeri National Polytechnic continue to upscale efforts to fulfill its mandate of Providing education and training, research and innovation, consultancy and community service as stipulated in the TVET Act 2013 and the Legal Order No. 91 of 2016. In implementing its mandate during the year 2017/2018, the Polytechnic was guided by the following objectives: To produce quality and holistic graduates, enhance access and equity to quality TVET, provide adequate infrastructure for quality service delivery, undertake research and innovation that supports training and sustainable development, enhance student welfare, attract and retain skilled, motivated and productive staff and to promote a positive corporate image.

We continued to enhance access to quality TVET by enrolling 2071 new trainees during the year under review of which 523 were female trainees in Science, Engineering and Technical courses. This was a remarkable increase from the previous year where we had enrolled 754 new trainees, 226 being in SET. During the year under review the institution managed to avail all the necessary resources both physical and human needed for effective training. The trainees who were candidates were also booked for their KNEC and NITA examinations which were successfully administered without cases of irregularities.

On research and innovations, the Polytechnic presented 9 exhibits in the 2018 Regional TVET fairs and emerged top in Mechanical, Automotive, Building and Civil Engineering, Fashion Design category and position 2 in Business Category at the regional level. The Fashion Design exhibit emerged position one at the National level. In addition, trainers participated in international research conferences at Kabete National Polytechnic, Meru National Polytechnic and Rift Valley Technical Training Institute where they presented research papers.

In order to produce holistic graduates, we made efforts to expose the trainees to opportunities geared towards nurturing their talents. Towards this end, we ensured that trainees participated in sports and games, drama and music and in activities organized by various clubs and associations in the Polytechnic. In the 2018 Kenya National Drama Festivals the Polytechnic emerged position 1 in the Long Film category and the cultural creative dance was awarded a trophy for the best item on talent development.

In order to cope with the increase in enrolment during the year under review, the institution undertook to improve the physical facilities and equipment. We renovated 5 hostels which had leaking asbestos roofs and constructed paved sheltered walkways connecting the main buildings with the aim of improving the working and training environment. We also improved the sanitation by putting up an ablution block. In its efforts to expose the students to the industry trends during their training, we procured two additional buses to ease transportation of trainees when they are visiting the industries and also while going for co-curricular activities outside the Polytechnic.

In response to the security challenges in the country, the institution installed a biometric gate control system to restrict access to the Polytechnic to only authorized persons. In addition, the institution increased the CCTV cameras to enhance surveillance inside and outside the buildings.

In our effort to support the reforms in the TVET sector, we have embarked on a journey to implement Competency Based Education and Training (CBET) curricular in: Instrumentation & control, Mechanical Technology and Manual Arc welding. This was on pilot basis in readiness for the roll out of more CBET courses in the coming year. The Polytechnic also partnered with CIGC (Colleges and Institutes Canada) under KEFEP programme and developed a CBET curriculum in dairy processing in consultation with stakeholders in milk industry. The Canadian partners were expected to provide the equipment for the dairy processing training workshop in the following year 2018/2019.

During the year under review, we had 140 training staff who were under the Teachers Service Commission and 37 additional trainers who were employed by the council to cater for shortages in various departments. We had also engaged the services of 69 staff who offer essential services and were backed up with casual workers when need arose. We facilitated trainers to attend various trainings in an effort to capacity build and make them more effective in their training. Trainers in Mechanical Engineering, Electrical Engineering, Applied Sciences, Liberal, Hospitality and Tourism, Fashion Design and Beauty Therapy attended training on development of CBET curriculum. Three trainers were have already been accredited as assessors in CBET curriculum.

The main source of finance for the Polytechnic during the year under review was the fees paid by the trainees. The other source was the production units in the areas of hire of facilities and short courses offered at the institution. We managed an A-in-A of Kshs. 137,573,246 exceeding the target for the year of Kshs. 121,000,000. The Polytechnic also managed to absorb 95% of the allocated resources and had no pending bills at the end of the financial year 2017/2018. The Polytechnic was

able to utilize its resources prudently during the year under review and was therefore able to undertake all its planned operations.

In order to assure quality of its services, processes and programmes, we initiated the process of transitioning from ISO 9001:2008 to ISO 9001:2015 which is expected to be completed in the FY 2018/2019. We also started the process a new strategic plan since the existing was coming to an end. The new strategic plan was expected to be launched in 2018/2019 FY. The institution also recognizes that information security is of paramount importance. To this end, we initiated the process of certification on ISO 27001:2013 on information security during the year under review. The process is expected to be completed in the 2018/2019 financial year.

We managed to deliver services during the year under review satisfactorily. However, there were challenges that remain unresolved which provide opportunities for improvement in order to effectively deliver on our mandate.

The increase in enrolment has led to huge classes which have overstretched the existing facilities especially for practical lessons. The Polytechnic is only able to accommodate 726 out of the 4432 trainees. The others reside off campus which exposes them to many risks hence the need for more accommodation space in the institution. The increase in population has also resulted in trainer shortages and during the year under review the Council had to engage 37 trainers with a total wage bill of Kshs. 14, 438, 681. This figure may be unsustainable in the long run.

The Hospitality and Tourism department currently has a trainee population of 850 trainees from 300 in 2016. The department has been forced to come up with innovative ways to deal with the large numbers. This includes pitching tents for theory lessons so that the tuition rooms can be modified into kitchens and restaurants. Staff houses have also been modified to provide facilities for training in housekeeping hence the dire need for hospitality complex.

The challenge of inadequate facilities is compounded further by the leaking asbestos roofs in the old buildings that house some of the tuition rooms and workshops, the dining hall and also the staff houses. The institution therefore faces the challenge of mobilizing adequate funds to cater for renovation of the facilities and developing new infrastructure to cater for the increase in population and also match the industry trends to ensure relevance in training.

Annual report and financial statement
For the year ended June 30, 2018

As an institution, we acknowledge the commitment of the government towards the TVET sector. We recognize in a special way the efforts of H.E. The President to make TVET accessible and affordable by reducing the tuition fee and increasing the number of TVET institutions in the country. We wish to note here that during the year under review we were tasked with the responsibility of mentoring Ndaragwa Technical and Vocational College. We also thank the Ministry of Education, the SAGAs in the Ministry and the development partners for supporting the Polytechnic in its efforts to deliver quality and market driven programmes. We remain committed to quality training and declare our resolve to continue addressing the opportunities and challenges that come our way more so, in playing our role in the realization of the Big Four Agenda.

Report prepared and signed by:



ANNE N. MWANGI (MRS)
CHIEF PRINCIPAL

CORPORATE GOVERNANCE STATEMENT FOR THE FINANCIAL YEAR 2017/2018

The corporate governance structure ensures that we act with high standards of corporate behavior and in the best interest of our stakeholders. The Council has the authority to perform the functions and determine the policies that control the Polytechnic's activities.

The Council is responsible for our overall corporate governance and approves strategic directions and budgets. On the other hand, the management ensures that all statutory requirements are complied with, internal control systems are in place and operate effectively; in addition to ensuring that Council decisions are fully implemented.

The Council comprises 9 members appointed by the Cabinet Secretary for Education. The Principal sits in the Council as a full time member and as a secretary to the council.

The members are appointed for a term of three years and are eligible for re- appointment for another final term of three years

The members have broad range of professions, skills and experience.

The Council has three committees namely; Finance and Resource Mobilization Committee, Academic and Audit Risk and Governance Committee.

Any issue(s) outside the above committees may be handled by specially constituted ad hoc committee, made by a resolution of the Council including its membership.

The Council, in consultation with management, develops strategic direction for the annual and long-term period

The Council also prepares for the Annual General Meeting and determines the agenda in which annual audited accounts are presented.

At its regular meetings, the Council considerations include:

- Quarterly Financial Statements
- Annual Financial Statements

The Council held induction and corporate governance training for all the members during the year under review.

Composition of the Council

The Council is chaired by Mr. Richard K. Gikuhi who also attends both the Finance & Resource Mobilization Committee and Academic and Audit Risk and Governance Committee as an Ex officiomember. He chairs the Council meetings providing direction during Council meetings.

The committees of the council are as shown below:

Academic Committee

1. Eng. Callista K. Gitobu (Chair)
2. Rev. Julia M. Mwangi
3. Mrs. Margaret N. Nduhiu
4. Mrs. Anne N. Mwangi

Finance, Resource Mobilization and Administration Committee

1. Dr. Victor M. Muyembe (Chair)
2. Mr. Mahendrakumar M. R. Shah
3. Adv. Dominic I. Muriuki
4. Mrs. Anne N. Mwangi

Audit and Risk Management Committee

1. Rev. Julia M. Mwangi (Chair)
2. Eng. Callista K. Gitobu
3. Mr. Felix J. Onyango

Corporate Social Responsibility Policy

The Polytechnic recognizes the need for corporate social responsibility (CSR) and engages in various activities. In the year under review, we engaged in an environmental clean-up exercise where we cleared the bushes along Mumbi road and unblocked the drainage system. We also attended public forums and visited secondary schools to offer career guidance.

Human Resource

The Polytechnic recognizes that health, safety and training, play a key in ensuring our employees commitment to responsibility in the workplace and a working environment in which personal and employment rights are upheld. Effective policies and procedures are aligned with the Polytechnic's needs and the promotion of good communication processes, to assist timely and consistent delivery of relevant information to employees.

We provide equal opportunity for all employees and job applicants. We have in place policies covering issues such as performance management, training and family friendly policies e.g. compassionate leave, paternity leave among others.

Stakeholders

The Polytechnic actively encourages open communication with stakeholders. Principally through the Council, the Polytechnic endeavours to establish and maintain healthy relationships with its institutional stakeholders by holding regular consultations on issues requiring stakeholder participation as enshrined in the Constitution of Kenya 2010.

STATEMENT OF THE COUNCIL RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and the TVET Act 2013, require the Council to prepare financial statements of The Nyeri National Polytechnic, which give a true and fair view of the state of affairs of the Polytechnic at the end of the financial year/period and the operating results of the Polytechnic for that year/period. The Council is also required to ensure that the Polytechnic keeps proper accounting records which disclose with reasonable accuracy the financial position of the Polytechnic. The Council is also responsible for safeguarding the assets of the Polytechnic.

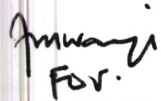
The Council is responsible for the preparation and presentation of the Polytechnic financial statements, which give a true and fair view of the state of affairs of the Polytechnic for and as at the end of the financial year ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Polytechnic; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Polytechnic; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

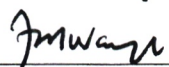
The Council accept responsibility for the Polytechnic financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012. The Council is of the opinion that the Polytechnic financial statements give a true and fair view of the state of the Polytechnic transactions during the financial year ended June 30, 2018, and of the Polytechnic financial position as at that date. The Council further confirm the completeness of the accounting records maintained by the Polytechnic, which have been relied upon in the preparation of the polytechnic financial statements as well as the adequacy of the systems of internal financial control.


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

Approval of the financial statements

The polytechnic financial statements were approved by the council on 08/05/2019 and signed on its behalf by:


Richard K. Gikuhi
Council Chairman


REV Julia Moraa Mwangi
Council Member


Anne N Mwangi (Mrs)
Chief Principal

CHIEF PRIN
THE NYERI NATIONAL
P.O. Box 465 - 1011
Email: nyerinp@gr
Tel: 061 - 2032

Surplus remission

In accordance with Section 219 (2) of the Public Financial Management Act regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year.

In the Financial Year 2017/2018 The polytechnic did not receive any funds from the consolidated fund and the entity did not made any surplus in that year.

Auditors

The Nyeri National Polytechnic was audited by Directorate of schools audit Nyeri County in the FY 2016/2017

THE POLYTECHNIC OPERATED THE FOLLOWING VOTE-HEADS

1. T.E.S/Materials:

T.E.S stands for Tuition Equipment and Stores. In this vote we charge stationary and training materials.

2. Personal Emolument

In this vote we pay employee compensation.

3. Local Transport and Travel

This vote head caters for expenses relating to staff and lecturers while on official duties, Polytechnic vehicles fuel, repairs, maintenance and vehicles insurance.

4. Electricity Water and Conservancy (E.W.C)

This vote head caters for electricity bills, water bills and repairs related to water and electricity.

5. Repair, Maintenance and Improvement (R.M.I)

This vote head caters for repair, maintenance and improvement of the Polytechnic facilities

6. Activity Expense

This vote head caters for co-curricular and extracurricular activities

7. Medical Expense

This vote head caters for medical expenses.

8. Insurance expense

This vote head is used to cover our students against accidents while in session and on attachment.

9. Library expense

This vote head caters for the library expenses

10. Student Welfare

This vote head is used to finance student welfare activities in the Polytechnic.

11. Development

This vote head is used to finance development projects.

12. Administration

This vote caters for administration expenses

13. Generator Maintenance

This vote is used in the maintenance and servicing of the Polytechnic standby generator.

14. Attachment

This vote caters for supervision fee for the students on attachment, Logbooks for the students, placement and certificates.

15. Hostel

This vote is used in the repair and maintenance of polytechnic hostels.

16. Caution fee

This vote caters for caution fee which is refundable after a student has completed the course and upon clearing with the Polytechnic.

17. Application fees

This vote head caters for application fees paid by applicant when applying for the courses

18. Registration fees

This vote head caters for the registration of the students at the polytechnic.

19. Student ID Card

This vote head caters for the production of student ID card.

20. Examination

Each student is expected to pay his/her examination fees. This amount is forwarded to examining bodies such as KNEC and NITA.

21. Grant and Grant in Aid

This vote head caters for the aid received from the government. The amount is used in consultation with the Governing Council.

22. Rent

This vote caters for rent received from staff houses and business centres

23. Farm/Dairy Unit

This vote head caters for dairy farming.

24. Pay As You Eat system

This vote caters for the student meals.

25. Production units

This vote head caters for hire of facilities and short courses.

REPUBLIC OF KENYA

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NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON NYERI NATIONAL POLYTECHNIC FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Adverse Opinion

I have audited the accompanying financial statements of Nyeri National Polytechnic set out on pages 24 to 44, which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, in all material respects, the financial position of Nyeri National Polytechnic as at 30 June 2018, 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 do not comply with the Public Finance Management Act, 2012.

Basis for Adverse Opinion

1. Presentation of the Financial Statements

The financial statements presented for audit review do not include a statement of changes in net assets contrary to the requirements of International Public Sector Accounting Standards 1 on presentation of financial statements.

2. Students' Fees

The other income of Kshs.337,348,003 disclosed under Note 5 to the financial statements includes students' fees amounting to Kshs.218,850,976 for the year ended 30 June 2018. However, a review of records presented for audit revealed that the students' fees disclosed were actual cash paid by students during the year instead of revenue earned or billed contrary to the requirements of paragraph 9 of the International Public Sector Accounting Standards 19 on revenue recognition. Consequently, the students' fees figure of Kshs.218,850,976 for the year ended 30 June 2018 is not fairly stated.

Report of the Auditor-General on the Financial Statements of Nyeri National Polytechnic for the year ended 30 June 2018

3. Property, Plant and Equipment

The statement of financial position as at 30 June 2018 reflects property, plant and equipment balance of Kshs.33,207,450. However, a review of the Nyeri National Polytechnic list of assets revealed values parcel of land, several buildings, laboratory equipment, machinery furniture and fittings were not determined and included in these financial statements.

Further, the fixed asset register maintained by the institution was not comprehensive and lacked details such as cost, accumulated depreciation, location of the assets, serial numbers or tag numbers for the assets.

Under the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.33,207,450 as at 30 June 2018 could not be ascertained.

4. Sundry Debtors

Disclosed in Note 13 to the financial statements is a balance of Kshs.25,025,305 in respect of sundry debtors as at 30 June 2018. However, no aging analysis of debtors was provided to support the balance.

Further, provision for bad and doubtful debts was not made in these financial statements although records indicate existence of long outstanding debts which may not be recovered.

Consequently, the accuracy and recoverability of sundry debtors' balance Kshs.25,025,305 as at 30 June 2018 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Nyeri National Polytechnic in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. Except for the matters discussed in the Basis for Adverse Opinion section, I have determined that there are no other key audit matters to communicate in my report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed except for the matters discussed in the Basis for Adverse Opinion section, 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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7 (1) (a) of the Public Audit Act, 2015, based on the audit procedures performed except for the matters discussed in the Basis for Adverse Opinion section, 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

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. The standards require that I plan and perform the audit to obtain assurance about whether processes and systems of internal control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and Those Charged with Governance

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

In preparing the financial statements, management is responsible for assessing the ability of Nyeri National Polytechnic to sustain services, disclosing, as applicable, matters related to sustainability of services and using the going concern basis of accounting unless the management either intends to cease operations, or have no realistic alternative but to do so.

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

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

Those charged with governance are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the entity 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 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 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 the management.
- Conclude on the appropriateness of the management's use of the going concern 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 ability of Nyeri National Polytechnic 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 National Polytechnic to cease sustaining 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 Nyeri National Polytechnic to express an opinion on the financial statements.

- Perform such other procedures as I consider necessary in the circumstances.

I communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal 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 Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

31 May 2019

**STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2018**

	Notes	2017-2018	2016-2017
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the governments (grants)	1	79,629,729	110,040,420
Revenue from exchange transactions			
Rendering of services	2	6,485,000	2,777,241
Water and electricity	3	7,048,356	6,092,019
Rental revenue from (staff houses)	4	891,900	854,205
Other income	5	337,348,003	281,163,450
Total revenue		431,402,988	400,927,335
Expenses			
Use of goods and services	6	16,752,634	13,550,000
Employee costs	7	28,656,049	20,585,799
Remuneration of Polytechnic council	8	2,484,000	2,000,000
Repairs and maintenance	9	28,363,509	5,361,691
General expenses	10	250,006,157	270,009,549
Total expenses		326,262,349	311,507,039
Operating Surplus	12	105,140,639	89,420,296
Remission to National Treasury		0	0
Net Surplus for the year		105,140,639	89,420,296

Note : the surplus are the bank balances for the services to be rendered in the following year eg payment of on-going projects, Repairs maintenance and improvement, payment of examinations, salaries, suppliers and others (a going concern concept) since our sector is Educational hence a non-profit making.

Annual report and financial statement
For the year ended June 30, 2018

**THE NYERI NATIONAL POLYTECHNIC
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018**

	Notes	2017-2018	2016-2017
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	12	94,894,645	89,420,296
Sundry debtors/student debtors	13	25,025,305	29,899,365
Total Current Assets		119,919,950	119,319,661
Non- Current Assets			
Property Plant and Equipment	14	33,207,450	0
Total Assets		153,127,400	119,319,661
Current liabilities			
Trade payables from exchange transaction	16	15,074,386	10,618,770
Development account	17	9,643,427	6,720,224
Library account	18	370,767	554,293
Caution money	19	1,772,925	776,675
Examination money	20	7,760,900	12,672,498
Prepaid fees/ student creditors	21	13,364,356	6,791,238
Total liabilities		47,986,761	38,133,698
Financed By:			
Accumulated Fund	15	105,140,639	81,185,963
Total net assets and liabilities		153,127,400	119,319,661

James Mungai Kamau
Head of Finance
ICPAK Member Number: 14097

Anne N. Mwangi(Mrs)
Chief Principal

For Richard K. Gikuhi
Council Chairman

[Signature]
FINANCE OFFICER
THE NYERI NATIONAL
POLYTECHNIC

CHIEF PRINCIPAL
THE NYERI NATIONAL POLYTECHNIC
P.O. Box 465 - 10100, NYERI
Email: nyering@gmail.com
Tel: 061 - 2032330

[Signature]
8/05/2019

Date: 08/05/2019

Date: 08/05/2019

Date: 8/05/2019

**THE NYERI NATIONAL POLYTECHNIC
STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 30 JUNE 2018**

		2017-2018	2016-2017
		Kshs	Kshs
Cash flows from operating activities	Notes		
Receipts			
Government grants and grants in Aid	1	79,629,729	110,040,420
Rendering of services	2	6,485,000	2,777,241
Sale of services	3	7,048,356	6,092,019
Rental revenue	4	891,900	854,205
Other incomes	5	337,348,003	281,163,450
Total Receipts		431,402,988	400,927,335
Payments			
Goods and services	6	16,752,634	13,550,000
Compensation of employees	7	28,656,049	20,585,799
Remuneration to polytechnic council	8	2,484,000	2,000,000
Repair and maintenance	9	28,363,509	5,361,691
Other payments/general expenses	10	250,006,157	270,009,549
Depreciation	11	10,057,406	0
Total Payments		336,508,343	300,205,486
Net cash flows from operating activities		94,894,645	100,721,849
Cash and cash equivalents as at June 2018	12	94,894,646	89,420,296

**THE NYERI NATIONAL POLYTECHNIC
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2018**

	Original budget	Final budget	Actual on comparable basis	Performance difference	variance
	2017-2018	2017-2018	2017-2018	2017-2018	%
	Kshs	Kshs	Kshs	Kshs	Kshs
Revenue					
Tuition fees/Material	30,704,700	30,704,700	26,811,428	(3893272)	(12)
Personal Emolument	31,903,500	31,903,500	20,623,459	(11280041)	(35)
Local Transport & Travel	5,522,400	5,522,400	3,945,900	(1576500)	(28)
Electricity & Water	10,152,000	10,152,000	7,048,356	(3103644)	(30)
Repairs & Maintenance	2,707,200	2,707,200	1,955,940	(751260)	(27)
Administration	6,091,200	6,091,200	4,384,331	(1706869)	(28)
Activity	6,768,000	6,768,000	4,721,847	(2046153)	(30)
Medical	1,353,600	1,353,600	714,673	(638927)	(47)
Library	1,353,600	1,353,600	771,930	(581670)	(42)
Insurance	1,128,000	1,128,000	1,018,229	(109771)	(9)
Student Welfare	1,692,000	1,692,000	1,052,224	(639,776)	(37)
Generator Maintenance	1,353,600	1,353,600	715,735	(637865)	(47)
Development Fees	20,304,000	20,304,000	17,952,395	(2351605)	(11)
Attachment Fees	3,375,000	3,375,000	3,167,891	(207109)	(6)
Hostels	10,530,000	10,530,000	6,205,122	(4324878)	(41)
Application fees	2,349,000	2,349,000	2,018,690	(330310)	(14)
Registration Fees	783,000	783,000	698,915	(84085)	(10)
Caution Fees	1,566,000	1,566,000	1,358,000	(208000)	(13)
Student ID	469,800	469,800	486,370	(16570)	(3)
Examination	20,000,000	20,000,000	23,250,533	(3250533)	(16)
Rent	1,014,600	1,014,600	891,900	(122700)	(12)
Farm	945,000	945,000	333,517	(611483)	(64)
Driving course	0	0	82,200	0	0
Pay as you Eat	4,380,003	4,380,003	7,933,251	3553248	81
Bank transfer pay as you Eat	0	0	13,041,739	13041739	0
Production units	12,926,500	12,926,500	19,722,735	6796235	52
Grants and Grants in Aid	50,250,000	50,250,000	50,250,000	0	0
GOK Development Grant	0	0	14,279,729	14279729	0
Tuition block IIIC	0	0	4,500,000	4,500,000	0
Mathira TVC	0	0	4,500,000	4,500,000	0
Other developments accounts incomes through bank transfers			38,979,370	38,979,370	0
NYS Funds	0	0	36,655,430	36,655,430	0
			0	0	0
Ndaragwa TVC mentorship fun	20,936,366	20,936,366	10,600,000	(10336366)	0

Short courses income	0	0	142,595	142595	0
Student Meals	0	0	16,350	16350	0
Helb loans	0	0	36,602,880	36602880	0
Tenders	0	0	66,000	66000	0
Ndaragwa TVC Revenue B/F	0	0	195,987	195987	0
Main account revenue B/F	0	0	53,673,565	53673565	0
National bank balance B/F	0	0	1,622,800	1622800	0
Production Unit revenue B/F	0	0	4,220,561	4220561	0
Production unit incomes from b	0	0	4,179,470	4179470	0
Fund account revenue B/F	0	0	923,179	923179	0
Development account revenue B/F	0	0	3,395,291	3395291	0
Disposal of idle assets	600,000	600,000	192,471	(407529)	(67)
Total income	341,159,069	341,159,069	431,402,988		0
Expenses					
Tuition fees/Material	30,704,700	30,704,700	25,920,095	6,678,778	21
Personal Emolument	31,903,500	32,022,522	28,101,990	2,328,997	7
Local Transport & Travel	5,522,400	5,522,400	6,317,236	(794836)	(14)
Electricity & Water	10,152,000	10,152,000	13,882,067	(3730067)	(37)
25					
Repairs & Maintenance	2,707,200	2,707,200	7,707,429	(5000229)	(184)
Administration	6,091,200	6,091,200	12,930,200	(6839399)	112
Activity	6,768,000	6,768,000	3,620,599	3147401	46
Medical	1,353,600	1,353,600	683,889	669711	49
Library	1,353,600	1,353,600	955,456	398144	29
Insurance	1,128,000	1,128,000	949,712	178288	15
Student Welfare	1,692,000	1,692,000	802,530	889470	52
Generator Maintenance	1,353,600	1,353,600	88,841	1264759	93
Development Fees	20,304,000	20,304,000	19,392,928	911072	4
Attachment Fees	3,375,000	3,375,000	1,625,099	1749901	51
Hostels	10,530,000	10,530,000	6,228,857	4301143	40
Application fees	2,349,000	2,349,000	1,042,885	1497885	63
Registration Fees	783,000	783,000	222,389	560611	71
Caution Fees	1,566,000	1,566,000	361,750	1204250	76
Student ID	469,800	469,800	16,000	453800	96
Examination	20,000,000	20,000,000	28,162,131	(8162131)	(40)
Rent	1,014,600	1,014,600	282,032	732568	(72)
Farm	945,000	945,000	984,829	39829	(4)
Pay as you Eat	4,380,003	4,380,003	18,523,600	(14143597)	(322)
Bank charges	0	0	173,766	0	0
Mathira TVC expense	0	0	4,500,000	0	0

Bank transfer main Ac	0	0	37,269,897	0	0
Production units	12,926,500	12,926,500	19,152,481	(6225981)	8
Grants(operational grants)	50,250,000	50,250,000	28,835,645	(21414355)	43
GOK Development Grants(Rep)	90,000,000	90,000,000	53,259,099	36,740,901	40
Ndaragwa TVC mentorship fun	20,936,366	20,936,366	10,058,112	10878254	52
HELB refunds	0	0	266,205	0	0
Disposal of idle assets	600,000	600,000	0	600000	100
Closing revenue Main Ac	0	0	77,073,804	77073804	0
NYS student accommodation ex	0	0	921,511	921511	0
Refunds	0	0	1,521,663	1521663	0
closing revenue production unit	0	0	5,862,212	5862212	0
Closing revenue fund account	0	0	2,377,990	2377990	0
Closing revenue Ndaragwa TVC	0	0	736,665	736665	0
Closing revenue development a	0	0	9,643,427	9643427	0
Closing revenue development a	0	0	947,967	947967	0
Total expenditure	341,159,069	341,159,069	431,402,988		
Surplus for the period	0	0			

Notes on the statement of comparison of budget and actual amounts

1) Pay As You Eat vote

this vote head has unfavourable variance of 14.1M this occurred since we admitted more student where student were provided with meals and at the close of the year NYS paid the for them.

2) Administration Vote

This vote head has unfavourable variance of 8.6M this occurred since the polytechnic had to increase marketing and publicity to comply with with the Ministry of Education requirement to enroll 10,000 students by 2022.

3) Repairs and Maintenance

this votehead had unfaovourable variance of 5M this was variance occurred since the Polytechnic had to renovate and maintain the hostels in good conditions.

4) Electricity and water

This vote recorded unfavourable variance of 3.7M this was brought by increase in Elecricity and water bills in the year

5)Farm

Farm recorded unfouvarable variance of 611,483 this was caused due to poor weather in the year. hence low production.

6) Ndaragwa TVC

We had budgeted to receive ksh 20,936,366 but the ministry wired ksh 10,600,000 hence resulting to unfavourable variance of ksh 10,336,366.

7) Rent Expenses

This Vote recorded a fovourable variance since we had a budget of ksh 10,014,600 but during the year minimum staff houses were repaired as per the request from the request from the persorn who occupied the house. this implies that the minor repairs reduced since most of the staff houses are in good condition a part from the asbestors roof which has been budgeted as a capital expenditure

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Nyeri Polytechnic is established by and derives its authority and accountability from TVET Act 2013. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is to offer training services.

2. Statement of compliance and basis of preparation – IPSAS 1

The financial statements have been prepared in accordance with the international public sector accounting standards IPSAS accrual. That allows the use of estimates and assumptions. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *Polytechnic*. *The cashflow statement is prepared using the direct method. The financial statements are prepared on accrual basis.*

The financial statements have been prepared in accordance with the PFM Act, TVET Act 2013 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and revised Standards

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2018

Standard	Impact
IPSAS 39: Employee Benefits	Applicable: 1st January 2018 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.

Impact of the standard to the Polytechnic

The Polytechnic has not been affected by the standard since is in been on the employee contribution plans and is in the process of engaging a pension Provider

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – IPSAS 3

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Fees

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

Transfers from other government entities

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

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

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

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

Sale of goods

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

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.

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

J) Budget information – IPSAS 24

The original budget for FY 2017-2018 was approved by the Council on 30/06/2017

The Polytechnic Budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

h) Comparative figures

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

I) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2018.

j) Provisions – IPSAS 19

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

1 TRANSFERS FROM THE GOVERNMENTS

Description	2017-2018	2016-2017
	KShs	KShs
Unconditional grants		
Operational grant	50,250,000	77,816,263
Conditional grants		
Development grants Tuition block	14,279,729	25,509,782
Ndaragwa TVC metorship funds	10,600,000	6,714,375
Mathira TVC Mentorship funds	4,500,000	0
Total government grants	79,629,729	110,040,420

TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2017-2018
			KShs	KShs	KShs
Ministry of Education State Department of technical and vocational training	79,629,729	0	0	79,629,729	79,629,729
Total	79,629,729	0	0	79,629,729	79,629,729

2 RENDERING OF SERVICES

Description	2017-2018	2016-2017
	KShs	KShs
Hire of facilities: workshops and seminars.	6,485,000	2,777,241
Total revenue	6,485,000	2,777,241

3 SALE OF SERVICE

Description	2017-2018	2016-2017
	KShs	KShs
Sale of service		
water and electricity	7,048,356	6,092,019
Total revenue	7,048,356	6,092,019

4 RENTAL REVENUE

Description	2017-2018	2016-2017
	KShs	KShs
Receipts from rental (staff houses and business centers)	891,900	854,205
Totalrentals	891,900	854,205

5 OTHER INCOME

Description	2017-2018	2016-2017
	KShs	KShs
Students fees	218,850,976	160,632,578
Development account	60,161,957	30,895,103
Ndaragwa TVC account	10,795,987	33,858,575
Production unit account	25,014,693	19,155,670
Fund account	20,901,590	9,609,911
National bank account	1,622,800	1,623,000
Fixed deposit	0	25,388,613
Totalotherincome	337,348,003	281,163,450

6 USE OF GOODS AND SERVICES

Description	2017-2018	2016-2017
	KShs	KShs
Water &Electricity	13,882,067	11,400,000
Security Services	2,670,567	1,950,000
Subscriptions to KETISA, KATTI & CAPA	200,000	200,000
Total	16,752,634	13,550,000

7 EMPLOYEE COSTS

	2017-2018	2016-2017
	KShs	KShs
Salaries and wages	25,532,515	17,653,789
Pay as You Earn	1,160,401	1,664,520
Contributions to NHIF	817,100	672,650
Contributions to NSSF	471,200	594,840
National bank account (payment of retirees)	674,833	0
Employee costs	28,656,049	20,585,799

8 REMUNERATION OF POLYTECHNIC COUNCIL

Description	2017-2018	2016-2017
	KShs	KShs
Polytechnic governing council allowances	2,484,000	2,000,000
Total		

9 REPAIRS, MAINTENANCE AND IMPROVEMENT

Description	2017-2018	2016-2017
	KShs	KShs
Repairs and renovation works at the hostels and walkways.	22,149,989	
Equipment and machinery	1,600,400	1,500,201
Vehicles	400,000	250,000
Furniture and fittings	500,200	600,250
Computers and accessories	400,000	500,240
Other	3,312,920	2,511,000
Total repairs and maintenance	28,363,509	5,361,691

10 GENERAL EXPENSES

Description	2017-2018	2016-2017
	KShs	KShs
Expense on Rendering of services to the students.	208,836,935	208,847,449
Development account	31,111,110	27,499,512
Ndaragwa TVC account	10,058,112	33,662,588
Net General expenses	250,006,157	270,009,549

11 DEPRECIATION

Description	2017-2018	2016-2017
	KShs	KShs
Depreciation charge	10,057,406	0

12 CASH AND CASH EQUIVALENTS

Description	2017-2018	2016-2017
	KShs	KShs
All accounts	94,695,855	89,420,296

DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Financial institution	Account number	2017-2018 KShs	2016-2017 KShs
a) Current account			
Kenya Commercial bank			
Main Account	1101922435	6,759,378	1,761,335
Fund Account	1101922656	618,071	845,910
Production Unit Account	1178564029	5,862,212	4,220,561
Development Account	1112948198	9,643,427	3,395,591
Fees Collection Account	044112497256	7,239,182	256,253
Ndaragwa TVC Account	1178382435	936,665	195,987
Fixed Deposit	-	0	25,388,613
Equity Bank, etc	0110291894787	62,852,913	51,571,802
National Bank	01025043119400	947,967	1,622,800
Sub- total		94,859,815	89,258,852
b) Others(specify)			
cash in hand		34,830	161,444
Sub- total		34,830	161,444
Grand total		94,894,645	89,420,296

13 Sundry debtors

Description	2017-2018 KShs	2016-2017 KShs
Sundry debtors b/f 2016/2017	29,899,365	29,899,365
Less recovered 2017/2018	4,874,060	-
Debtors balance as at june 2018	25,025,305	-

14 Property Plant and Equipment (PPE)

	Land	Building	Motor Vehicles	Computer accessories	Plant and machinery	Tractor	Furniture and fittings	Total
	Nil	2%	25%	30%	12.5%	37.5%	12.5%	
Valuation June 2017	-	-	21,508,000	-	6,071,250	-	-	27,579,250
Additions in the period	-	-	15,686,000	-	-	-	-	15,686,000
Total	-	-	37,194,000	-	6,071,250	-	-	43,265,250
Depreciation charge	-	-	9,298,500	-	758,906	-	-	10,057,406
Net book value june 2018	-	-	27,895,500	-	5,312,344	-	-	33,207,450

15 Accumulated fund

Description	2017-2018	2016-2017
	KShs	KShs
Accumulated fund as at june 2017	81,185,963	81,185,963
Surplus/deficit for the year	23,954,676	-
Accumulated fund as at june 2018	105,140,639	

16 Trade and other payables from exchange transactions

Description	2017-2018	2016-2017
	KShs	KShs
Trade payables	15,074,386	10,618,770

17 Development account

Description	2017-2018	2016-2017
	KShs	KShs
Balance B/F 2016/2017	3,395,591	6,720,224
Receipt	59,506,935	-
Payments	53,259,099	-
Balance as at 30/06/2018	9,643,427	-

18 Library account

Description	2017-2018	2016-2017
	KShs	KShs
Balance b/f 2017/2018	554,293	554,293
Receipt	771,930	-
Payments	995,456	-
Balance at 30/09/2018	370,767	-

19 Caution fees

Description	2017-2018	2016-2017
	KShs	KShs
Balance B/F	776,675	776,675
Receipt	1,358,000	-
Payments	361,750	-
Balance	1,772,925	-

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20 Examination fees

Description	2017-2018	2016-2017
	KShs	KShs
Balance B/F	12,672,498	12,672,498
Receipt	23,250,533	-
Payments	28,162,131	-
Balance	7,760,900	-

21 Prepaid fees

Description	2017-2018	2016-2017
	KShs	KShs
Prepaid fees vote	13,364,356	6,791,238

22 Contingent Liability

The polytechnic has only one legal case involving a clinical officer. As at June 2018 there were no financial implications resulting from this case which is on-going

23 Pension Schemes

Currently the Polytechnic does not have a pension scheme. Employees are paid by the council, hence the polytechnic remit to the NSSF ksh 400 per employee. The Polytechnic is in the process of procuring a pension scheme provider.

24 Loans and statutory obligations

The Polytechnic does not have any loan. The statutory obligations are remitted as required.



Status of Projects completion FY 2017-2018

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	New tuition Block phase IIIC	27,380,245	27,380,245	100%	27,380,245	27,380,245	GOK dev grants
2	Proposed Renovations of Hostels and walk ways	17,333,651	15,600,287	100%	17,333,651	15,600,287	A-IN-A
3	Proposed renovations of ladies hostels	19,216,183	17,294,565	100%	19,216,183	17,294,565	A-IN-A
4	Proposed construction of ablution block	5,990,576	5,391,519	100%	5,990,576	6,000,030	A-IN-A
5	Proposed construction of perimeter fence ladies hostels	4,973,642	4,476,278	100%	4,973,642	4,973,642	A-IN-A



Annual report and financial statement

For the year ended June 30, 2018

APPENDIX III: INTER-ENTITY TRANSFERS

THE NYERI NATIONAL POLYTECHNIC				
Break down of Transfers from the State Department of Technical and Vocational Training				
FY 2017/2018				
a.	Recurrent Grants			
		Bank Statement Date	Amount (KShs)	FY to which the amounts relate
		13/10/2017	12,562,500	2017/2018
		4/12/2017	12,562,500	
		27/03/2018	12,562,500	
		25/04/2018	12,562,500	
		Total	50,250,000	
b.	Development Grants			
		Bank Statement Date	Amount (KShs)	FY to which the amounts relate
		04/07/2017	6,000,000	2017/2018
		08/12/2017	5,777,898	
		06/06/2018	2,501,831	
		Total	14,279,729	
c.	Ndaragwa TVC Mentorship funds	06/07/2017	600,000	For mentorship
		08/12/2017	10,000,000	
		Total	10,600,000	
d.	Mathira TVC Mentorship funds	15/11/2017	500,000	For mentorship
		04/12/2017	500,000	
		27/03/2018	3,000,000	
		25/04/2018	500,000	
		Total	4,500,000	

The above amounts have been communicated to and reconciled with the parent Ministry

Finance Manager
Nyeri National Polytechnic

Sign-----

FINANCE OFFICER
THE NYERI NATIONAL
POLYTECHNIC

Head of Accounting Unit
Ministry

Sign-----

For: PRINCIPAL SECRETARY
State Dept. of Vocational
& Technical Training
P. O. Box 9583-00200
NAIROBI

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