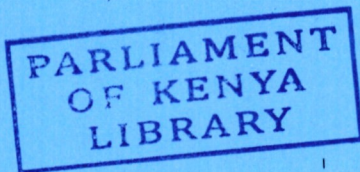


REPORT

OF



THE AUDITOR-GENERAL

ON

KITALE NATIONAL POLYTECHNIC

FOR THE YEAR ENDED
30 JUNE, 2021

THE NATIONAL ASSEMBLY PAROCS LAID	
DATE:	<u>28 NOV 2021</u>
TABLED BY:	
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THE KITALE NATIONAL POLYTECHNIC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING JUNE 30, 2021

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



THEKITALE NATIONAL POLYTECHNIC
Annual Reports and Financial Statements For the year ended June 30, 2021

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I. THE KITALE NATIONAL POLYTECHNIC 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 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 2018, 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.

(b) Principal Activities

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

(c) The Kitale National Polytechnic

P.O. Box 2162-30200,
Kipsongo Road,
Kitale, KENYA.

(d) Entity Contacts

Telephone : (020)2380086, 0721379304, 0780379304
E-mail: kitalenationalpolytechnic@gmail.com
Website: www.kitalenationalpolytechnic.ac.ke

(e) Entity Bankers

1. Kenya Commercial Bank
Kitale Branch
Kitale, Kenya
2. ABSA Kenya
Kitale Branch
Kitale, Kenya
3. The Co-operative Bank of Kenya Ltd
Kitale Branch
Kitale, Kenya

(f) Independent Auditors

Auditor General
OFFICE OF AUDITOR
GENERAL Anniversary Towers,
University Way
P.O. Box 30084 GPO
00100 Nairobi,
Kenya

(g) Principal Legal Adviser

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

II. COUNCILMEMBERS

Director's	Key Qualifications and Work Experience
 <p data-bbox="242 842 667 947">Dr. Benson Ririmpoi Longaritom Chairman, Governing Council BVM (UoN), MBA(KS)</p>	<p data-bbox="708 356 1505 965">Dr. Benson Ririmpoi was born on 16th February 1965. He is the Governing Council Chairman. He has a wealth of corporate and public administrative experience having worked as the District Veterinary Officer in the Ministry of Livestock Development and as the Project Coordinator of the FGCK Development Projects in Bungoma, West Pokot and Trans Nzoia Counties. He is currently the Managing Director of Paves Vetagro Limited an Agribusiness based in West Pokot and Trans Nzoia Counties. He is the Chairman of the Board of Management of Kapenguria Home Craft Centre and was a member of Police Recruitment Committee - West Pokot County. He holds a Bachelor of Veterinary Medicine from the University of Nairobi. He also has an MBA in Entrepreneurship from Kisii University.</p>
 <p data-bbox="169 1617 624 1789">Dr. Josephine D. Waudo, Doctor of Philosophy in Education Management, MEd, Bed, Higher Diploma in Psychological Counselling,</p>	<p data-bbox="708 969 1505 1742">Dr. Josephine D. Waudo, Ph.D. was born in 1955. She is the Chairperson of Education, Training and Research Committee and a member of Risk and Audit Committee. She has a rich background and experience in Leadership having undergone training in Transformative Leadership, Strategic Leadership Development Management (SLDP) and, Senior Management Course at the Kenya Institute of Administration. She has been a Senior Assistant Director - Research in charge of Policy, Planning and Strategy Division in the Directorate of Research Management and Development in the Ministry of Higher Education Science and Technology. She has a Certificate in Teacher Development from the State of Israel. She was also an Assistant Quality Assurance and Standards officer in the Ministry of Education in the line of Teacher Education Management issues. In addition, she was the Senior Quality Assurance and Standards Officer; a Senior Inspector of Schools; Inspector of Schools and a Graduate Teacher. She is currently the SecretaryGeneral of Jesus Glory Celebration Centre (Nairobi).</p>



Ms. Judith Jebichii Tuwei
MBA (Strategic Management)
BBA (Accounting)
Associate Member KIM

Judith Jebichii Tuwei is currently a student at JKUAT pursuing her doctorate studies in Business Administration. She has a Master's degree in Business Administration (Strategic Management option) and a Bachelor's degree in Business Administration (Accounting option). She has a certificate in Training of Trainers, Financial Education Program for Youth and Women and is she is an Associate Member of Kenya Institute of Management.

Judith Tuwei was a seasoned banker who worked with Equity Bank and National Bank of Kenya Ltd. She also worked with ICEA before joining banking industry. She has 10 years' experience in Insurance and Financesector.



Eng. Arthur Anam Rateng' OGW
Med. Entrepreneurship Education, BED Tech
(Technical and Vocational) University of New
Brunswick

Eng. Rateng was born on 14th September 1953. He is the Chairperson of the Risk and Audit Committee and a member of Education, Training and Research Committee and general purposes of the committee of the Polytechnic Governing Council. He has Med. Entrepreneurship Education, Bed, Tech (Technical and Vocational) from the University of New Brunswick. He is a Chairperson - Project Management Committee at Seme Technical Training Institute (under construction), a member of the Synod, ACK Diocese of Maseno South, a member of the ACK Magwar Parish Council and former (retired) Director TVET, former Principal and lecturer in Technical areas.



Michael K. Rugut
MBA(K.U), Bsc(Production and Technology)
Representative of the PS, State Department of
science and technology(TVET)

Mr Rugut was born on 10th June 1967. He is a career civil servant currently serving as the Trans-Nzoia County Director of TVET and represents the Principal Secretary, State Department of vocational & and Technical Training in the Governing Council. Previously he worked at the Head Office, Ministry of Education, science & technology Nairobi. He also worked for National Youth Service as a lecturer in the Department of Technology. He has a degree in production Technology from Moi University. He has also attended several training and seminars in the field of Technology. He attained a certificate in Automotive Engineering and Construction Plant Engineering from the Polytechnic University of Japan. Mr. Rugut holds a Master's Degree in Administration (Project Management) from Kenyatta University.



Akola John Otieno
BED (TECH), PURSING MPHIL
(TECH EDUCATION)

CHIEF PRINCIPAL

Akola John Otieno was born on 11th November 1968. He is the Chief Executive Officer of the Polytechnic Council and Secretary to the Governing Council.

He has versed experience in Education Management having served as Head of Department, Registrar and Principal in various Secondary and Technical Institutions.

He has attended Senior Management course and Strategic Leadership Development programme at Kenya School of Government.



Dr. Susan Wafula

Doctor of philosophy in Supply Chain
Operations Management (Ongoing)
MBA- Supply Chain Management B
Pharm. Pharmacy

Dr. Susan Nakhumicha Wafula is a PhD student in Operations Management & Supply Chain at Strathmore University. She has a Masters in Procurement and Supply Chain Management from Jomo Kenyatta University and a degree in Pharmacy from EGE University in Turkey. She holds certification in grants management from Strathmore University and other leadership, human resource, administration and management. She is a Supply Chain specialist with over 2 decades experience in Supply Chain. She has vast experience in Procurement, Inventory Management, Contracting, Logistics and Grants Management. She is well versed with Supply Chain Operations in Public, Private and InternationalNGOs.

She is currently Head of Supply Chain at UCSF Global Programs for Research and Training an affiliate of University of California, San Francisco. She previously worked at Nairobi Women Hospital, Mission for Essential Drugs and Supplies(MEDS), Pfizer Pharmaceuticals, AAR and other pharmaceutical firms and hospitals. She is a champion of development of Procurement manuals, Policies and SOPs leading to cost reduction and operations efficiency in organizations. Susan is well versed with quality management systems having been a lead auditor in ISO certification and COHSASA.

She brings to The Kitale National Polytechnic her expertise in Administration, Operations, Human Resource and Supply Chain Management.





Esther Njoki Chege
LLB(Hons) Nairobi University

Esther was born on 8th August 1959. She is married and has three adult children. She holds an LLB Degree from the University of Nairobi and a Diploma in Law from the Kenya School of Law. Esther has worked as a Magistrate at Meru Law Courts and later resigned from the Judiciary and opened a Law firm in Kitale town under the name and style of Esther Chege and Company Advocates in 1988. This Law Firm has previously operated branched in Molo Town and Eldoret Town. She is a Commissioner for Oaths. Esther has also offered services as Chancellor for the Anglican Church of Kenya Kitale Diocese for 20 years. She has also served in several Secondary and Primary School Boards of Management and currently is the Chairperson of St. Mark Girls Secondary School - Cherangani. She is a member of Finance and Administration Committee, Education, Training and Research Committee and general purposes of committee of the Polytechnic Governing Council

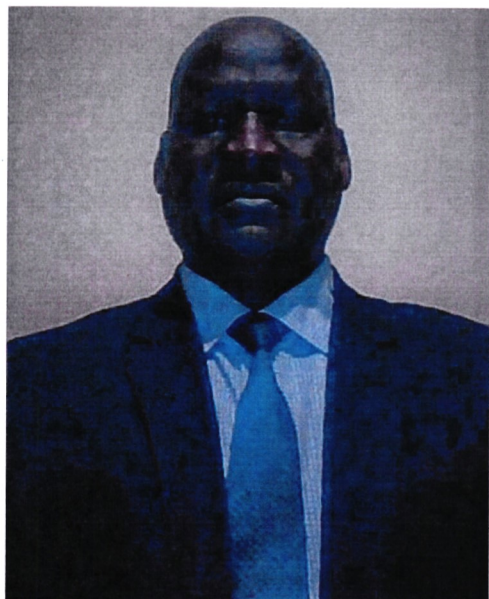
Council Committees

Name of the Committee	Members
Finance Administration and Infrastructure Committee	<ol style="list-style-type: none"> 1. Miss Judith Jebichii Tuwei 2. Dr. Susan Nakhumicha 3. Mrs. Esther Njoki Chege 4. Mr. Michael Rugut
Education, Training and Research Committee	<ol style="list-style-type: none"> 1. Dr. Josephine Waudu 2. Eng. Arthur A. Rateng' 3. Mrs. Esther Chege 4. Mr. Michael Rugut 5. Dr. Susan Nakhumicha
Audit Risk and Compliance Committee	<ol style="list-style-type: none"> 1. Eng. Arthur A. Rateng 2. Dr. Josephine Waudu 3. Mr. Michael Rugut

III. MANAGEMENTTEAM

Name of the Staff	Responsibility
<p style="text-align: center;">Akola John Otieno</p> 	<p>CHIEF PRINCIPAL</p> <p>Akola John Otieno was born on 11th November 1968. He is the Chief Executive Officer of the Polytechnic Council and Secretary to the Governing Council.</p> <p>He has versed experience in Education Management having served as Head of Department, Registrar and Principal in various Secondary and Technical Institutions.</p> <p>He has attended Senior Management course and Strategic Leadership Development programme at Kenya School of Government</p>
<p style="text-align: center;">Dr. Clare Muhuha</p> 	<p>Deputy Principal Administration</p> <p>Clare Muhuha PhD is an Educational Psychologist, Counselor, Nutritionist, Trainer and Researcher with Servant Leadership approach currently taking up the role of Deputy Principal Administration. She has trained Nutritionists in the subject areas of Food Science, Nutritional Behavior, Psychology, Employability Skills, HIV and AIDS nutritional management among others. She has also trained counselors. Her current research interest is in Competency Based Education Implementation and Child Protection issues within the Kenyan Society. Clare has presented papers at both local and international conferences and has a number of publications to her credit. She is a member of Kenya Nutritionists and Dietetics Institute, Kenya Guidance & Counseling and Psychologists Association.</p>

Matonyei K Leley



Deputy Principal Academics

Matonyei K Leley was born in 28th July 1963. He 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 .He attended **senior management course** and acquired certificates of senior management from Kenya school of government. He has served in various capacities such as head of sections, deputy head of departments, then Head of department in General Agriculture in Kaiboi TTI in the year 1997-2000; Head of guidance and counseling in Kurgung high school in Nandi County in the year 2002-2006.

In 2018 he became the Head of department of Mathematics and Applied Sciences in **The Kitale national polytechnic**. Currently he is the acting **deputy principal in charge of Academics** in The Kitale National polytechnic. He has vast experience of teaching and training having worked in High school, TTI, a National Polytechnic and a mentor trainer of teachers on practicum from Kenyatta University. He has attended several seminars of CBETS training and acquired certificate of TOT and certificates of participation.

Ruth Niva Ongachi



Internal Quality and Standards Assurance

Ruth Niva Ongachi Solomon was born on 23rd March 1966. 32 years' experience as an Electrical Engineering trainer trained in Senior Management Course and has additional training in entrepreneurship. Also currently working on the PHD in Entrepreneurship Thesis. Registered with Society of Educational Research and Evaluation of Kenya (CAPITAL SEREK) and with Institute of Engineering Technologists and Technicians of Kenya (IETTK)

Has proudly impacted significantly in training, imparting skills, counseling, mentoring and leading at the Kitale National Polytechnic.

Her goal is to continue to employ the position in empowering all those that look up to her at KNP in TVET and beyond.

Jane Waihenya – Kamau



Registrar – Admissions, Records

Jane Waihenya - Kamau was born on 22nd April 1964. She holds a Bachelors Degree in Education (English Literature). Has trained in the Senior management course. Has a teaching experience spanning 31 years in five public institutions in Kenya. She is a communication expert, an internal auditor and holds certification in leadership and performance management among others. Has served in several positions; classtutor, memberofvariouscommittees, AssistantExams Officer, Head of Department.

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<p style="text-align: center;">Norbert Wafula Wanyama</p>  <p>A photograph of Norbert Wafula Wanyama, a man with short grey hair, wearing a light-colored jacket over a white shirt. He is sitting at a table with a red cloth, with his hands clasped in front of him. The background is a plain white wall.</p>	<p>Registrar - Administration</p> <p>Norbert Wafula was born on 4th June 1970. He holds a Master's of Science (Analytical Chemistry), Bachelor of Education (Science) specializing in Chemistry and Mathematics. He has been Deputy Head of Section, Deputy Head of Department, Head of Section, Head of Department, Deputy Principal and Principal in various Secondary Schools. Currently he is the Dean of Students at the institution. He attended Kenya Education Staff Institute (Induction Course), Resource Mobilization, Prioritization and Utilization (CEMASTEIA) and Teacher- PastoralCounselling.</p>
<p style="text-align: center;">Jacob M'mbasu Shirandula</p>  <p>A photograph of Jacob M'mbasu Shirandula, a man with short black hair, wearing a light blue jacket over a white shirt. He is looking directly at the camera against a plain, light-colored background.</p>	<p>Jacob M'mbasu Shirandula</p> <p>Jacob M'mbasu was born on 16th August 1970. He holds a Master's MBA Entrepreneurships He has been a Principal at Kapsara Primary in 2003, a Principal at Geta Secondary school in 200 and a Principal at Boma Secondary School from 2007 to 2012. Currently he is the Dean of Students at The Kitale National Polytechnic.</p>

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David Kurgat



Finance Officer

David Kurgat was born in 1973. He holds a Bachelor of Business Management (Accounting Option). He also has MBM (Finance) Degree and is currently pursuing PhD in Finance. He is a member of ICPAK and KISM. He has worked as an Accounts Clerk, Internal Auditor, Accounts Assistant, Accountant and Currently the Finance Officer.

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IV. GOVERNING COUNCIL CHAIRMAN'S STATEMENT

The Governing Council of the Kitale National Polytechnic during the FY2020/2021 aligned the Strategic Plan 2018/2019 –2022/2023 to the Big FOUR agenda so as to enable the Polytechnic to contribute towards the attainment of our Country's Vision 2030. In order to give guidance/leadership to the institution, the council undertook Induction program for all Council members in the National Polytechnic. The team has developed policies that guide the operations of the Polytechnic.

The approved budget FY 2020/2021 was revised and capped as per the directive from the Ministry of Education; State Department of Vocational and Technical Training from Kshs. 609 million to Kshs. 365 million. With regard, some of the activities have been hindered by COVID-19 Pandemic. However, with the measures put in place to mitigate against Covid-19 pandemic, the Polytechnic objectives shall be realized.

As a Governing Council we were able to be in the forefront in ensuring that financial resources were utilized efficiently and effectively for optimum output.

The Governing Council of the Kitale National Polytechnic is committed to improving infrastructure for effective learning and teaching during the Financial Year 2020/2021.

The Council undertook the following projects; Construction of Open Shed, Therapy Centre, Painting of the Polytechnic, Cabros laying from the Main Gate to Administration Block and ongoing tuition block.



Dr. Benson Ririmpoi Council Chairman
The Kitale National Polytechnic

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V. REPORT OF THE CHIEF EXECUTIVE OFFICER

I am pleased to present the Kitale National Polytechnic Financial Statement for the year ended 30th June 2021. The financial statement highlights the financial performance of the polytechnic and implementation of the Strategic Plan 2018/2019-2022/2023.

During the Financial Year 2020/2021, the Polytechnic had put in place the necessary internal controls on resources and ensured that we achieved the targeted revenue collections.

The Polytechnic received from the National Government Kshs. 169,305,416 Capitation for recurrent expenditure, Internally Generated Revenue from fees of Kshs. 187,199,253, Sale of Goods of Kshs. 1,031,877 and Rental Revenue of Kshs. 5,609,482.

The Polytechnic registered 3,236 new trainees in the financial year 2020/2021 across the various Academic Departments. To meet our trainees' needs the following measures had been put in place;

- (i) For effective and efficient communication, the Polytechnic upgraded Internet Bandwidth from 30mbps to 100mbps.
- (ii) Open Distance E-Learning to mitigate against high enrollment of some academic programmes
- (iii) Upgrade of ERP systems from MIS to UNISOL system.

Training/Centre of Excellence

The Polytechnic in the financial year 2020/2021 enhanced quality and relevance training in the various departments of center of excellence by;

- (i) Collaborating with Colleges Institutes Canada (CICaN) through the Ministry of Education to rolled out CBET courses in Electrical and Mechanical departments.
- (ii) With the assistance of the Council, the Polytechnic constructed Open Sheds to increase Classrooms and Social Distancing, Therapy Centre for Guidance and Counseling and Gabro paving of the Polytechnic road from the gate to the Administration Block.

In conclusion, I take this opportunity to convey by appreciation and gratitude to the Polytechnic Council, Management and all members of staff for their commitment to work and splendid effort that have seen the Polytechnic move towards achieving its Vision and Mission.


John Otieno Akola

Principal

The Kitale National Polytechnic

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Annual Reports and Financial Statements For the year ended June 30, 2021

VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

Strategic Theme	Objectives	Key Performance indicators	Activities	Achievement
1. Quality and Relevant Graduates	1. To produce qualified, relevant and holistic graduates	Capacity building of Trainers	Undertake capacity building of trainers	<ul style="list-style-type: none"> i. Supervisory Course – Trained 4 Secretaries ii. Senoir Mngement Course – Trained 17 Trainers at Kenya School of Government iii. 5 members of Gender mainstreaming Committee trained in Gender Main streaming activities iv. 36 County Government oemployees and 8 KNP Employees trained on Road Safety Mainstreaming v. 1 CBET Champion was trained on CBET Programme Implimentation
		Launch CBET market driven programmes	Form Industrial Advisory committee to liase with the industry	<ul style="list-style-type: none"> i. KNP – Industrial Advisory Committee was formed ii. Launched Agricultural Machinery and Equipment Technician Level 4(26 Trainee were admitted)
		Enhance access to training and learning resources	<ul style="list-style-type: none"> i. Subscribe to online journal and leaning resources ii. Provide computers for increased access 	<ul style="list-style-type: none"> i. Subscribed to 1000 online e-books during the financial year <p>During the financial year, 70 Computers were acquired.</p>
2. Infrastructure Development	To provide adequate infrastructure to support expanded mandate of the polytechnic	Upgrade the existing physical Infrastructure	Implement re-painting and hostel Partitioning	8 Hostels(4 Female and 4 Male) were partitioned. The following areas were repainted;- all labs were repainted(Mechanical and automotive, Building and Civil Engineering labs, ICT Labs and Applied Science Labs), Dinning hall and Kitchen and Classes.
		Develop new physical Infrastructure	Construct Practical Yards	-4Practical yards were constructed within the FY 2020/2021. - New Tuition block was to be constructed within the FY but is 50% complete
			Undertake construction of Student centre	Student centre was constructed during the FY 2020/2021
3. Trainees welfare	To increase trainees' satisfaction from 68% in 2017/18 to 80% by 2022/23	Strengthen Trainee's Governance	Provide support for review of Trainee's Council Constitution	Interim Student Council were trained and assisted on reviewing of trainee's Council Constitution during the FY2020/2021
			Induct of Build capacity for elected leaders	12 Interim trainee's council were inducted and reports prepared
		Enhance guiding and Counselling services	Train peer counsellors	30 peer counsellors were trained
			Engage professional counsellors	The polytechnic engaged 1 professional counsellor during the FY 2020/2021 to assist Trainee's
4. Research & Innovation	To undertake research that will broaden and deepen knowledge, and stimulate innovation	Enhance the Polytechnic's research and innovation capacity	Develop a research and innovation policy	A Research and Innovation Draft Policy was developed during the FY2020/2021. It is awaiting the full council approval during FY2021/2022

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5.	Institutional Capacity	To increase operational efficiency	Automate business processes	Acquire and install identified ICT hardware and Software	70 computers were installed
				Review ICT Policy	Revision of ICT Policy in progress
		To attract and retain Skilled, Motivated and productive staff	Enhance performance management	Carry out performance appraisal	Performance appraisal carried out in May 2021

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Annual Reports and Financial Statements For the year ended June 30, 2021

VII. CORPORATE GOVERNANCE STATEMENT

The Kitale National Polytechnic is committed to good corporate governance, which promotes the long-term interests of the Government of Kenya and any other stakeholder, strengthens Governing Council and management accountability and helps build public trust in the Polytechnic.

The Governing Council is appointed by the Government of Kenya through the Cabinet Secretary, Ministry of Education, Science and Technology to oversee their interest in the long-term health and the overall success of the business and its financial strength in order to discharge its mandate in training. The Governing Council serves as the ultimate decision making body of the Polytechnic, except for those matters reserved to or shared with the Government of Kenya. The Governing Council selects and oversees the members of senior management, who are charged by the Governing Council with conducting the business of the Polytechnic in line with the Technical, Vocational, Education & Training Act of 2013 and the constitution of the Republic of Kenya.

The Governing Council has established Corporate Governance Guidelines which provide a framework for the effective governance of the Polytechnic. The guidelines address matters such as the Governing Council's Vision and mission, overall strategy, members' responsibilities, Governing Council committee structure, recommendation of the Chief Executive Officer, Over-sighting the performance and evaluation of management. The Governing Council regularly reviews developments in corporate governance and updates the Corporate Governance Guidelines and other governance materials as it deems necessary and appropriate.

The Polytechnic's corporate governance materials, including the Corporate Governance Guidelines, the Polytechnic's legal order, the terms of reference for each Governing Council committee, the Polytechnic's Codes of Business Conduct, information about how to report concerns about the Polytechnic and the Polytechnic's public policy engagement and technological contributions policy.

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SECTION D

Major risks facing the entity

The following are the major risks

1. Low fee collection from government and parents
2. Encroachment of the Polytechnic land approximately 47 acres
3. Extraneous plans brought about by COVID-19 Pandemic
4. Failure by contractors to complete project works on time.

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.

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

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VIII. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

The entity's operational and financial performance

During the Financial Year 2020/2021 recurrent capitation grants allocated was Kshs. 169 million. However during the financial year the Polytechnic received Kshs. 132 million. The accrued capitation during the year amounted to Kshs. 37 million.

The Polytechnic recurrent expenditure is funded through government support, internally generated funds, and fees from students. The percentage of public funding for FY 2020/2021 comprise of capitation funding of 169 million. Students related fees contribution is 186 million and IGAs 15 million as shown in the table below.

Table: Polytechnic Funding – Recurrent

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
GOK	50,250,000	50,250,000	63,690,278	24,765,000	169,305,416
Fees	140,875,154	153,160,409	289,695,306	218,064,630	187,199,253
IGAs	8,799,910	5,885,376	31,795,376	165,353,689	15,967,259
TOTAL	199,925,064	209,295,785	385,180,960	408,183,319	372,471,928

SECTION B

Entity's compliance with statutory requirements

Currently the Polytechnic fully complies with the statutory requirements i.e. NSSF, NHIF, tax compliance, PFM Act 2012

SECTION C

2020/2021 Key Achievements

1. Construction of Open Shed
2. Construction of Therapy Centre
3. Painting of the Polytechnic
4. Cabro laying from the Main Gate to Administration Block
5. Tuition Block

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IX. ENVIROMETAL AND SUSTAINABILITY REPORTING

Kitale National Polytechnic exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence.

- Incinerator
- Sewerage treatment plan
- Tree planting

Employee welfare

The Kitale National Polytechnic has taken in the gender ratio through Gender Equality at the recruitment level, Trainings and Promotions using the Kitale National Polytechnic Manuals e.g Staff Manual, Career Progression and Training Policy.

X. 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 it, submit a copy to the Ministry of Education.

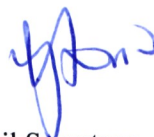
THE KITALE NATIONAL POLYTECHNIC
Annual Reports and Financial Statements For the year ended June 30, 2021

Approval of the annual financial statements

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



Council Chairman



Council Secretary

XI. STATEMENT OF RESPONSIBILITY OF GOVERNING COUNCIL

The **Technical and Vocational Education & Training Act, 2013**, requires The Governing Council be responsible for the preparation and presentation of the *Kitale National Polytechnic's* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *Kitale National Polytechnic's*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in .

The Governing Council accepts responsibility for the *Kitale National Polytechnic's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by **the Public Finance Management Act, 2012** and **the State Corporations Act 2012[2010]**. The Governing Council is of the opinion that the *Kitale National Polytechnic's* financial statements give a true and fair view of the state of *Kitale National Polytechnic's* transactions during the financial year ended June 30, 2021, and of the *Kitale National Polytechnic's* financial position as at that date. The Governing Council further confirm the completeness of the accounting records maintained for the *Kitale National Polytechnic*, which have been relied upon in the preparation of the *Kitale National Polytechnic's* financial statements as well as the adequacy of the systems of internal financial control.

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

THEKITALE NATIONAL POLYTECHNIC
Annual Reports and Financial Statements For the year ended June 30, 2021

Auditors

The Auditor General is responsible for the statutory audit of the *Kitale National Polytechnic* in accordance with **Article 229 of The Constitution of Kenya 2010** and **The Public Audit Act 2015** nominated by the Auditor General to carry out the audit of the entity for the year/period ended **June 30, 2021** in accordance to **Section 23** of the **Public Audit Act, 2015**

Approval of the annual financial statements

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

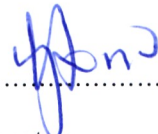


Council Chairman



Finance Officer

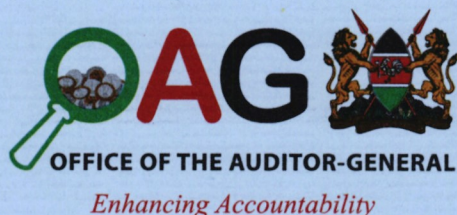
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14422



Council Secretary

REPUBLIC OF KENYA

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E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

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

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kitale National Polytechnic set out on pages 1 to 23, which comprise of the statement of financial position as at

30 June, 2021, and the statement of financial performance, statement of changes in net 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 effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kitale National Polytechnic as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (accrual basis) and comply with the Public Finance Management Act, 2012, and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1.0 Variance between Ledgers and the Financial Statements

The statement of financial performance and statement of financial position reflect variances between the reported balances in the financial statements and the supporting schedules as detailed below

Item	Ledgers (Kshs)	Financial Statements (Kshs)	Variance (Kshs)
Use of Goods and Services - Farm Expenses	1,394,325	1,416,725	22,400
Revenue from Exchange Transactions – Rendering of Services	187,155,933	187,199,253	43,320
Receivables - Student Debtors	178,003,534	178,438,522	434,988

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

2.0 Inaccuracies in Cash and Cash Equivalents

The statement of financial position reflects a cash and cash equivalents balance of Kshs.259,399,819 as disclosed in Note 17 to the financial statements, comprises of balances in the Polytechnic's seven (7) bank accounts and a petty cash balance. However, bank reconciliation statements for the month of June, 2021, for four (4) accounts reflect payments in the cash book not in bank statements amounting to Kshs.5,378,471. Further, bank reconciliation statements for two (2) bank accounts reflect receipts in the bank not in the cash book totalling to Kshs.4,829,198. No explanation was provided for the failure to update the cash book with these receipts.

In addition, the reconciled balances for two (2) bank accounts differ from the cash book balances provided for audit as indicated below:

Bank Account	Reconciled Balance Kshs.	Cash Book Balance Kshs.	Variance Kshs.
KCB College Account	4,370,922.66	4,371,922.66	(1,000)
KCB Account	12,524,755.46	12,523,438.46	1,317.00

In the circumstances, the accuracy and completeness of the cash and cash equivalents balance of Kshs.259,399,819 could not be confirmed.

3.0 Lack of Valuation of Property, Plant and Equipment

The statement of financial position reflects a balance of Kshs.1,554,086,458 under property, plant and equipment while Note 22 to the financial statements reflects a balance of Kshs.1,532,945,325 resulting in an unreconciled variance of Kshs.21,141,133. Further, included in this balance is Kshs.581,000,000 being the value of the Polytechnic's land measuring 33.77 hectares located in Kitale Municipality. However, Management did not provide a valuation report to confirm the correct value of the land.

In addition, the Polytechnic is in possession of allotment letters for two (2) more pieces of land measuring 9.057 and 10.048 hectares which have not been included in the property, plant and equipment balance. The two parcels of land have been encroached on by informal settlers.

In the circumstances, the accuracy and completeness of the property, plant, and equipment balance of Kshs.1,554,086,458 as at 30 June, 2021, could not be confirmed.

4.0 Receivables from Exchange Transactions

The statement of financial position reflects a balance of Kshs.187,667,297 under receivables from exchange transactions which, as disclosed in Note 18 to the financial statements includes an amount of Kshs.178,438,522, Kshs.8,001,800 and Kshs.1,226,975 relating to student debtors, sundry debtors and internal debtors respectively. However, the balances were not supported by debtor's ledgers and aging analyses.

In the circumstances, the accuracy and completeness of the receivables from exchange transactions balance of Kshs.187,667,297 could not be confirmed.

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

that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Key Audit Matters

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

Other Matter

1.0 Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.274,446,932 and Kshs.372,471,928 respectively resulting to an over-funding of Kshs.98,024,996 or 36% of the budget. Further, the Polytechnic spent Kshs.214,942,046 against an approved budget of Kshs.281,307,932 resulting in an under-expenditure of Kshs.66,365,885 or 24% of the budget.

The under-funding and under-expenditure could have adversely affected the polytechnic from achieving its objectives.

2.0 Unresolved Prior Year Matters

In the audit of the previous year several issues were raised. However, Management has not resolved the issues nor disclosed all the prior year matter as provided by the Public Sector Accounting Standards Board templates.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Lack of Retirement Scheme for Permanent and Contracted Staff

Review of the Polytechnic's records revealed that the Institution did not have a pension scheme for the permanent staff and does not deduct or pay service gratuity to the contracted staff after the end of their contract periods. This was contrary to the provisions of Section 15 of the Collective Bargaining Agreement signed between the Polytechnic and the staff union which states that all members of staff who are employed on permanent basis shall be eligible to join the pension scheme. Further, the agreement requires the

employer to contribute 20% and employees 10% per month and for contract staff, the employer shall pay such members a staff gratuity at the rate 31% of basic salary and payable upon expiry of the member of staff's appointment.

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

2.0 Delayed Completion of the Construction of the Tuition Complex

The Polytechnic entered into a contract for the construction of a four storey tuition complex at a contract sum of Kshs.38,866,106. The contract was to take a period of two (2) years from 6 September, 2018 to 6 September, 2020. However, at the expiry of the contract period, the project had not been completed. The project was terminated and awarded to another contractor at a contract sum a sum of Kshs.18,169,190 and a new completion date of 30 November, 2021. Although the Polytechnic paid Kshs.23,771,989 during the year under review, an audit inspection conducted in the month of December, 2021 revealed that the contract was at 50% completion stage.

In the circumstances, the Polytechnic did not obtain value for money from the investment in the project.

3.0 Unsupported Construction of Guidance and Counselling Block

During the year under review, the Polytechnic entered into a contract for construction of a guidance and counselling block at a contract sum of Kshs.5,137,700 for a period of 4 months from 5 October, 2020 to 5 February, 2021. However, procurement documents, including appointment letters for tender opening and evaluation committee members, tender opening and evaluation minutes, regret letters, professional opinion and Bills of Quantity were not provided for audit review.

In the circumstances, it was not possible to confirm whether proper procurement procedures were followed and that value for money was realised in the investment.

4.0 Delay in Implementation of the Integrated Enterprise Resource Planning (ERP) System

The Polytechnic Management entered into a contract for the supply, installation, testing, training, commissioning and maintenance of Integrated Enterprise Resource Planning (ERP) system that was to be implemented in three (3) phases. The Management paid Kshs.8,442,000 towards the project during the year under review. However, tender register, appointment letters to both opening and evaluation committee members, notification of award letter, professional opinion and acceptance and rejection letters were not provided for audit review.

Audit inspection conducted in December, 2021 revealed the implementation of the project was not complete with the human resource management module, payroll management module, procurement management module and system administration module not functioning.

In the circumstances, it was not possible to confirm whether proper procurement procedures were followed and that value for money was realised in the investment.

5.0 Irregular Comingling of Funds

The Polytechnic did not open and maintain a deposit bank account in which caution money for students as well as retention money for contractors are kept. Failure to operate a separate account has led comingling of the Polytechnic's funds with those of third parties.

In the circumstances, Management was in breach of law.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1.0 Lack of Approved Staff Establishment

Review of the Polytechnic's records revealed that the institution operated without an approved staff establishment which helps in managing staff affairs like staffing, posting, training, skills retention and succession. It was, therefore, not possible to establish the criteria used by the Polytechnic to fill positions in the various job groups and control over recruitment may not be functional.

In the circumstances, the existence of an effective Human Resource could not be established.

2.0 Lack of Risk Management and Finance Controls

Review of records revealed that Management had not put in place risk management policy, strategies, and risk register to mitigate against risk. It was, therefore, not clear how Management manages risk exposures. This is in contravention of Regulation 165

(1)(a) and (b) of the Public Finance Management (National Government) Regulations, 2015 which requires the Accounting Officer to ensure that the county government entity develops risk management strategies, which include fraud prevention mechanism; and the County Government entity develops a system of risk management and internal control that builds robust business operations.

In the circumstances, the existence of a Vibrant Risk Management mechanism could not be confirmed.

3.0 Lack of an updated Fixed Assets Register

The assets register of the Polytechnic did not conform with the revised template issued by the National Treasury. It did not reflect serial numbers, source of funds, depreciation rate, net book value, opening balances, additions during the year, disposals and the closing balances at the end of the year.

In the circumstances, the existence of an effective mechanism to safeguard public assets could not be confirmed.

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

Responsibilities of Management and those Charged with Governance

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

20 September, 2022

THEKITALE NATIONAL POLYTECHNIC
Annual Reports and Financial Statements For the year ended June 30, 2021

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

	Note	2020/2021	2019/2020
		KES	KES
Revenue from non-exchange transactions			
Transfer from National Government Ministries(conditional grants)	6	0.00	12,641,750.00
Transfer from National Government Ministries(unconditional grants)	6	169,305,416.00	111,240,000.00
Total Revenue from non-exchange transactions		169,305,416.00	123,881,750.00
Revenue From Exchange Transactions			
Rendering of Services	7	187,199,253.00	212,935,060.00
Sale Of Goods	8	10,318,777.00	18,883,073.00
Rental revenue From Facilities and Equipment	9	5,609,482.00	1,470,030.00
Other Income	10	39,000.00	0.00
Total Revenue From Exchange Transactions		203,166,512.00	233,288,163.00
Total Revenue		372,471,928.00	357,169,913.00
Expenses			
Use of Goods and Services	11	80,547,964.98	199,382,204.00
Employee Cost	12	64,943,080.79	63,536,691.00
Remuneration of Directors	13	12,727,114.00	14,547,893.00
Depreciation and amortization expense	14	40,504,979.90	43,931,674.00
Repairs and Maintenance	15	16,090,552.50	12,180,134.00
Finance Costs	16	128,354.62	132,697.00
Total Expenses		214,942,046.79	333,711,293.00
Other Gains/(Loss)		0.00	0.00
SURPLUS/(DEFICIT) FOR THE YEAR		157,529,881.21	23,458,620.00

THEKITALE NATIONAL POLYTECHNIC
Annual Reports and Financial Statements For the year ended June 30, 2021

XIV. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2020/2021	2019/2020
		KES	KES
ASSETS			
Current Assets			
Cash and Cash Equivalents	17	259,399,819.00	181,653,440.00
Receivables from Exchange Transactions	18	187,667,297.00	71,472,306.00
Inventories	19	6,108,110.00	837,642.00
Biological Assets	20	935,500.00	-
Total Current Assets		454,110,726.00	253,963,388.00
Non-current Assets			
Intangible Assets	21	17,093,630.00	8,651,630.00
Property, Plant & Equipment	22	1,554,086,458.00	1,469,287,546.00
Total Non-current Assets		1,571,180,088.00	1,477,939,176.00
Total Assets		2,025,290,814.00	1,731,902,564.00
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange transactions	23	121,007,557.00	9,309,820.00
Refundable deposits from customers	24	2,549,870.00	2,600,370.00
Total Current Liabilities		123,557,427.00	11,910,190.00
Total Liabilities		123,557,427.00	11,910,190.00
Net Assets		1,901,733,387.00	1,719,992,374.00
Reserves		1,656,289,557.00	1,525,193,010.00
Revenue Reserves		245,443,830.00	194,799,365.00
Total Net Assets		1,901,733,387.00	1,719,992,375.00
Total net assets and liabilities		2,025,290,814.00	1,731,902,564.00

The Financial Statements set out on pages 1 to 2 were signed on behalf of the Board of Governing Council by:

Governing Council Secretary.
 Name: Akola John Otieno

Date: 14/09/2022

Finance Officer Chairman Governing Council
 Name: David K. Kurgat

Date: 14/09/2022

Name: Benson Ririmpoi

Benson Ririmpoi

14/09/2022

THEKITALE NATIONAL POLYTECHNIC
Annual Reports and Financial Statements For the year ended June 30, 2021

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

	Revaluation Reserve	Fair value Adjustment Reserve	Retained Earnings	Capital/Development Grants / Funds	Total
	-	-	-		
Balance as at July, 1 st 2020	-	-	194,799,365.00	1,525,193,010	1,719,992,375.00
Revaluation 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 depreciation/amortization from capital funds to retained earnings	-	-	-		
As at 30th June 2021			245,443,830.00	1,656,289,557.00	1,901,733,387.00

XVI. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2021

		2020/2021	2019/2020
	NOTE	KES	KES
Cash flows from operating activities			
Receipts			
Transfer from National Government Ministries(unconditional grants)		169,305,416.00	123,881,750.00
Rendering of Services		187,199,253.00	212,935,060.00
Rental revenue From Facilities and Equipment		5,609,482.00	1,470,030.00
Sale Of Goods		10,318,777.00	18,883,073.00
Other Income (tenders& newspapers)		39,000.00	0.00
Total		372,471,928.00	357,169,913.00
Payments			
Use of Goods and Services		80,547,964.98	199,382,204.00
Employee Cost		64,943,080.79	63,536,691.00
Remuneration of Directors		12,727,114.00	14,547,893.00
Repairs and Maintenance		16,090,552.90	12,180,134.00
Finance Costs		127,037.62	132,697.00
Total		174,435,750.29	289,779,619.00
Cash flows from operating activities		198,036,177.71	67,390,294.00
Increase/ Decrease in current receivables		(116,194,990.00)	23,291,647.00
Increase/ Decrease in current payables		111,647,237.00	(14,092,920.00)
Increase/ Decrease in inventory		(5,270,468.00)	-
Increase/ Decrease in refundable deposit		(50,500.00)	
Net Cash flows from operating activities		(9,868,721.00)	76,589,021.00
Cash flows from investing activities			
Property plant and equipment		(101,100,677.85)	(4,291,748.00)
Intangible assets		(8,442,000.00)	-
Biological assets		(935,500.00)	-
Net cash flows from financing activities		(113,540,259.00)	(4,291,748.00)
Net increase/(decrease) in cash & cash equivalents		77,689,278.86	71,682,042.00
Cash and Cash Equivalent as at 1st July		181,710,540.00	109,971,398.00
Cash and Cash Equivalent at End of the Year		259,399,818.86	181,710,540.00

THEKITALE NATIONAL POLYTECHNIC
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For the year ended June 30, 2021

XVII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	ORIGINAL BUDGET	ADJUSTMENTS	FINAL BUDGET	ACTUAL ON COMPARISON BASIS	VARIANCE	% VARIANCE
	KES	KES	KES	KES	KES	KES
INCOME						
Revenue from non-exchange transactions						
Transfer from Government	50,000,000.00	0.00	50,000,000.00	0.00	(50,000,000.00)	
Transfer from National Government Ministries(unconditional grants)	103,230,000.00	0.00	103,230,000.00	169,305,416.00	66,075,416.00	64%
Total Revenue from non-exchange transactions	153,230,000.00	0.00	153,230,000.00	169,305,416.00	16,075,416.00	10%
Revenue From Exchange Transactions						
Rendering of Services	113,722,132.00	0.00	113,722,132.00	187,199,253.00	73,477,121.00	65%
Rental revenue From Facilities and Equipment	1,894,800.00	0.00	1,894,800.00	5,609,482.00	3,714,682.00	196%
Sale Of Goods	5,600,000.00	0.00	5,600,000.00	10,318,777.00	4,717,777.00	84%
Other Income	0.00	0.00	0.00	39,000.00	39,000.00	
Total Revenue From Exchange Transactions	121,216,932.00	0.00	121,216,932.00	203,166,512.00	81,949,580.00	68%
TOTAL INCOME	274,446,932.00	0.00	274,446,932.00	372,471,928.00	98,024,996.00	36%
EXPENSES						
Expenses						
Use of Goods and Services	115,279,271.00	(1,300,000.00)	113,979,271.00	80,547,964.98	33,431,306.02	29%
Employee Cost	87,035,846.00	0.00	87,035,846.00	64,943,080.79	22,092,765.21	25%
Remuneration of Directors	13,038,058.00	0.00	13,038,058.00	12,727,114.00	310,944.00	2%
Depreciation and amortization expense	42,066,500.00	0.00	42,066,500.00	40,504,979.90	1,561,520.10	
Repairs and Maintenance	25,188,257.00	0.00	25,188,257.00	16,090,552.50	9,097,704.50	36%
Finance Costs	0.00	0.00	0.00	128,354.62	(128,354.62)	
TOTAL EXPENSES	282,607,932.00	(1,300,000.00)	281,307,932.00	214,942,046.79	66,365,885.21	24%
SURPLUS/DEFICIT	(8,161,000.00)	1,300,000.00	(6,861,000.00)	157,485,931.21	(164,346,931.21)	

XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. 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 legislations and regulations including the TVET Act, 2013, Science, Technology and Innovation Act, 2013(ST&I).

In 2018, 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.

(b) Principal Activities

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

2. 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 accrual basis.

3. Adoption of new and revised standards

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

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4. 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.

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b) 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.

c) 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.

d) 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.

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

e) Property, plant and equipment – 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.

g) 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.

i) 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.

h) 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)

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ii) Financial liabilities

Initial recognition and measurement

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

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.

i) 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.

j) 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.

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.

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.

k) 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.

l) 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.

m) Employee benefits – IPSAS 25

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

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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.

n) 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.

o) 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.

p) 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.

q) 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.

r)Cash and cash equivalents

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

s)Comparative figures

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

t) Subsequent events – 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, 2021.

u)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:-

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

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

v) Agriculture – IPSAS 27

Biological assets were dealt as per IPSAS 27 which outlines the accounting treatment for agricultural activity, the biological transformation and harvest of biological assets and conversion into agricultural produce. Biological assets were measured at fair value less costs to sell unless fair value measurement is unreliable.

5. 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

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the land fill. The provision is based on the advice and judgment of qualified engineers.

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

		2021	2020
		KES	KES
6	Revenue from non-exchange transactions		
	Food and Beverage Workshop	0.00	12,641,750.00
	Tuition Fees -Capitation	169,305,416.00	111,240,000.00
	Total Revenue from non-exchange transactions	169,305,416.00	123,881,750.00
7	Revenue from exchange transactions		
	Tuition Fees	23,941,510.00	138,467,278.90
	Activity Fees	19,145,450.00	17,702,880.00
	Electricity Water and Conservancy	18,724,535.00	7,152,729.00
	Personal Emoluments	65,906,963.00	18,922,519.00
	Repair , Maintenance and Improvement	9,555,670.00	2,416,255.00
	Medical, insurance and industrial attachment	17,459,663.00	6,083,141.00
	Local Transport and Travelling	21,268,525.00	7,057,095.00
	exams photos	42,950.00	0.00
	Accommodation Fee	8,347,460.00	5,856,228.00
	Application Fees	711,510.00	800,990.00
	Library Penalty	31,935.00	61,346.00
	Supplementary Income	297,182.00	387,300.00
	Tuition-Driving School	1,514,500.00	522,740.00
	LIBRARY INCOME	200.00	0.00
	Contingencies	11,000.00	53,715.00
	Student union	0.00	16,450.00
	Registration Fee	0.00	108,263.00
	Students ID	0.00	8,250.00
	Student Association	0.00	9,045.00
	Centre Fee	240,200.00	185,500.00
	Graduation	0.00	617,220.00
	Development Fund	0.00	11,500.00
	Hire of facilities		6,494,615.00
	Total Revenue from exchange transactions	187,199,253.00	212,935,060.00
8	SALE OF GOODS		
	Pay as you Eat income	9,241,031.00	18,112,827.00
	Farm Income		
	Cabbages Income	59,464.00	151,614.00
	Maize Income	432,490.00	296,000.00
	Milk Income	306,030.00	74,800.00
	Sale of Animal	55,000.00	0.00
	Sukuma Wiki Income	137,850.00	244,332.00
	Vegetable Income	37,512.00	3,500.00
	Sale of Hay	49,400.00	0.00

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	Total Sale of Goods	10,318,777.00	18,883,073.00
9	Rental Revenue from facilities and equipments		
	Rent Income	1,407,150.00	1,470,030.00
	Production Unit Income	2,262,482.00	0.00
	Hire of Facility	1,939,850.00	0.00
	Total Rental Revenue from facilities and equipments	5,609,482.00	1,470,030.00
10	Other Income		
	sale of tender	2,000.00	0.00
	Sale of Newspapers	37,000.00	0.00
	Total Other Income	39,000.00	0.00
11	Expenses		
	Activity	4,156,998.00	9,626,980.00
	Accommodation	3,025,110.00	4,039,440.00
	Administration Cost	13,678,093.80	11,434,043.00
	Advertising	1,610,202.00	4,030,536.00
	Academic Trips	0.00	2,926,550.00
	Books	149,330.00	4,157,094.00
	C.A.P.A	100,000.00	1,694,400.00
	Capacity Building	748,224.00	4,475,680.00
	Center Fee	0.00	18,000.00
	Driving School Expenses	443,601.00	214,357.00
	Electricity, Water and Conservancy	3,382,539.12	6,913,551.00
	Farm Expenses	1,416,725.00	12,555.00
	Furniture Purchase	0.00	5,706,239.00
	Graduation Expense	0.00	3,938,487.00
	Hire of Facilities	871,304.00	5,509,457.00
	I.S.O	0.00	450,137.00
	Insurance, Attachment and Medical	2,915,200.00	4,805,483.00
	ICT Integration	8,862,190.00	6,146,777.00
	K.A.T.T.I	75,000.00	391,000.00
	KEFEB	430,470.00	489,900.00
	Library	0.00	23,793.00
	Local Transport and Travelling Expense	5,358,178.83	7,879,946.00
	Pay As You Eat	10,029,893.00	12,278,459.00
	Performance Contract	124,500.00	2,018,557.00
	Research and Innovations	93,210.00	3,657,719.00
	Security Costs	2,605,000.00	3,299,080.00
	Shows and Exhibition	9,465.00	256,370.00
	Training Expenses (Tuition)	17,575,261.23	48,029,854.00
	Supplementary	0.00	162,189.00
	Vehicle Cover Insurance	479,638.00	337,009.00
	Marketing	415,297.00	658,536.00
	Production Unit	1,824,385.00	1,751,649.00

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	Bus Shed Construction	0.00	6,000.00
	Examination Expenses	168,150.00	40,462,864.00
	maize expenses	0.00	940,881.00
	Imprest expense	0.00	122,000.00
	HELB refund expense	0.00	416,131.00
	Caution money expense	0.00	500.00
	Total Use of Goods and Services	80,547,964.98	199,382,204.00
12	Employee Cost		
	Salaries and Wages	43,978,072.79	29,774,475.00
	Housing Benefits and Allowances	2,722,790.00	4,413,540.00
	Part time Teachers	0.00	19,608,170.00
	Performance and Other Allowances	1,500.00	794,728.00
	Leave Allowances	157,000.00	313,000.00
	Service Gratuity	1,460,023.00	0.00
	NSSF Employer Contribution	1,151,520.00	2,984,778.00
	Basic Salary	12,396,250.00	0.00
	Medical Allowance	435,925.00	0.00
	Risk Allowance	35,000.00	0.00
	Responsibility Allowance	234,000.00	0.00
	Commuter Allowance	1,840,000.00	3,044,000.00
	Medical Insurance Cover	531,000.00	0.00
	CBA Increment	0.00	2,604,000.00
	Total Employee Cost	64,943,080.79	63,536,691.00
13	Remuneration of Directors		
	Council Remuneration	12,727,114.00	14,547,893.00
	Total Remuneration of Directors	12,727,114.00	14,547,893.00
14	Depreciation		
	Buildings	12,621,103.18	12,557,394.00
	Motor Vehicle	3,801,772.04	4,147,388.00
	Furniture & Fittings	1,989,590.00	2,464,450.00
	Computers	5,470,897.80	6,713,350.00
	Plants& Equipments	16,621,616.88	18,049,092.00
	Total Depreciation	40,504,979.90	43,931,674.00
15	Repairs, Maintenance & Improvement		
	Property Repairs	3,672,668.00	0.00
	Equipment and Machinery Repairs	460,291.00	11,454,134.00
	Vehicles Repairs	178,224.00	0.00
	Furniture and Fittings Repairs	47,450.00	726,000.00
	Computers and Accessories Repairs	90,060.00	0.00
	Other (General Repairs)	8,652,891.50	0.00
	RMI Plumbing	230,460.00	0.00
	RMI Electrical	50,870.00	0.00
	Road Re -carpeting	2,680,100.00	0.00

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	Renovation of Burnt Houses	27,538.00	0.00
	Total Repairs, Maintenance & Improvement	16,090,552.50	12,180,134.00
16	Finance Cost		
	BANK CHARGES	128,354.62	132,697.00
	Total Finance Cost	128,354.62	132,697.00
	Total Expenses	214,942,041.89	333,711,293.00
17	Cash and Cash Equivalents		
	Petty Cash	626,658.49	532,309.00
	ABSA	189,919,267.25	153,357,024.00
	KCB College Account	4,371,422.66	17,721,569.00
	KCB Kapenguria Account	5,616,560.80	1,294,623.00
	COOP Farm Account	584,943.65	475,110.00
	COOP Development Account	21,576,289.15	8,272,905.00
	SIGOR TTI - KCB-	12,524,755.46	0.00
	CHEPARERIA TTI -	24,179,921.40	0.00
	Total Cash and Cash Equivalents	259,399,818.86	181,653,440.00
18	Receivables from Exchange Transactions		
	Students Debtors	178,438,521.55	70,715,036.00
	Sundry Debtors	8,001,800.00	0.00
	Internal Debtors	1,226,975.00	757,270.00
	Total Receivables from Exchange Transactions	187,667,296.55	71,472,306.00
19	Inventories		
	Consumables stores	1,615,572.00	837,642.00
	Maintenance store	2,566,700.00	0.00
	Health unit stores	305,690.00	0.00
	Electrical Stores	330,994.00	0.00
	Catering stores	1,289,154.00	0.00
	Total Inventories	6,108,110.00	837,642.00
20	Biological Assets		
	Cattles	476,000.00	0.00
	Goats	195,000.00	0.00
	Pigs	264,500.00	0.00
	Total Biological Assets	935,500.00	0.00
21	Intangible Asset		
	Intangible Asset (MIS & UNISOL)	17,093,630.00	8,651,630.00
	Total Intangible Asset	17,093,630.00	8,651,630.00
23	Trade and Other Payables from Exchange Transactions		
	Recurrent Creditors	7,704,904.04	9,309,820.00
	Fees Prepayments	65,185,292.35	0.00
	Withholding Tax @ 2% / 3%	714,914.28	0.00
	Withholding tax (VAT)	172,178.53	0.00
	Retention	1,570,569.40	0.00
	Opening Balance Equity	(174,858.35)	0.00
	Bursary	1,981,522.50	0.00

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	Control Account	58,650.00	0.00
	Examination Fee	19,703.00	0.00
	HELB Loan	2,423,400.00	0.00
	Capitation	47,521,459.00	0.00
	Salary Advance	69,911.35	0.00
	Kenya Tertiary and School	(10,816.00)	0.00
	Bank Transfer Control Account	(6,669,000.00)	0.00
	Student Clearance account	38,420.00	0.00
	Undeposited Funds	381,262.00	0.00
	Total Trade and Other Payables from Exchange Transactions	120,987,512.00	9,309,820.00
24	Refundable Deposits from Customers/students		
	Caution Money	2,549,870.00	2,600,370.00
	Total Refundable Deposits	2,549,870.00	2,600,370.00

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XXIV. PROPERTY, PLANT AND EQUIPMENT

22) PROPERTY, PLANT AND EQUIPMENT																	
Depreciation Rates/class Cost	LAND	Buildings and structures		Motor vehicles		Furniture and fittings		Computers		Other Assets (Specify)		Plant And Equipment		Capital		Total	
		2% Kshs	12.5% Kshs	10% Kshs	20% Kshs	10% Kshs	20% Kshs	10% Kshs	20% Kshs	10% Kshs	20% Kshs	10% Kshs	20% Kshs	Work in progress Kshs	Work in progress Kshs	Total	
At 1 st July 2019	581,000,000.00	611,110,736.00	9,031,793.00	14,009,364.00	18,771,750.00	18,771,750.00	180,490,916.00	8,230,322.00	36,014,696.00	1,422,644,879.00	98,804,664.00	-	-	-	-	-	-
Additions 30 th June 2020	-	16,758,957.00	25,529,772.00	5,706,239.00	14,795,000.00	-	-	-	-	-	-	-	-	-	-	-	-
Disposals as at June 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Donations as at June 2020	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets 30 th June 2020	581,000,000.00	627,869,693.00	34,561,564.00	19,715,603.00	33,566,748.00	33,566,748.00	180,490,916.00	36,014,696.00	1,521,449,543.00	43,931,674.00	-	-	-	-	-	-	
Depreciation	-	12,557,394.00	4,147,388.00	2,464,450.00	6,713,350.00	6,713,350.00	18,049,092.00	36,014,696.00	1,521,449,543.00	43,931,674.00	-	-	-	-	-	-	
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation balance b/d	-	25,095,778.00	2,633,208.00	3,830,498.00	8,434,108.00	8,434,108.00	27,670,909.00	54,345,806.00	1,594,591,438.47	67,664,502.00	-	-	-	-	-	-	
Accumulated dep as at 30 th June 2020	-	37,653,172.00	6,780,596.00	6,294,948.00	15,147,458.00	15,147,458.00	45,720,001.00	90,465,806.00	1,662,161,650.00	111,596,175.00	-	-	-	-	-	-	
Net book values 30 th June 2020	-	615,312,299.00	30,414,176.00	17,251,153.00	26,853,398.00	26,853,398.00	162,441,824.00	36,014,696.00	1,469,287,547.00	1,469,287,547.00	-	-	-	-	-	-	
Net Book values 1 st July 2019	581,000,000.00	611,110,736.00	9,031,793.00	14,009,364.00	18,771,750.00	18,771,750.00	180,490,916.00	8,230,322.00	1,422,644,879.00	98,804,664.00	-	-	-	-	-	-	
At 1 July 2020	581,000,000.00	615,312,299.00	30,414,176.00	17,251,153.00	26,853,398.00	26,853,398.00	162,441,824.00	36,014,696.00	1,469,287,547.00	1,469,287,547.00	-	-	-	-	-	-	
Additions 30 th June 2021	-	15,742,857.00	-	2,644,750.00	501,090.00	501,090.00	3,774,341.00	102,640,853.00	125,303,891.47	125,303,891.47	-	-	-	-	-	-	
Book values 30 th June 2021	581,000,000.00	631,055,156.00	30,414,176.00	19,895,903.00	27,354,488.00	27,354,488.00	166,216,165.00	102,640,853.00	1,594,591,438.47	1,594,591,438.47	-	-	-	-	-	-	
Depreciation for the year ending 30/6/2021	-	12,621,103.00	3,801,772.00	1,989,590.00	5,470,898.00	5,470,898.00	1,662,161,617.00	33,345,157.00	40,504,980.00	40,504,980.00	-	-	-	-	-	-	
Accumulated Depreciation 1 st July 2020	-	37,653,172.00	6,780,596.00	6,294,948.00	15,147,458.00	15,147,458.00	45,720,001.00	90,465,806.00	1,662,161,617.00	1,662,161,617.00	-	-	-	-	-	-	
Accumulated Depreciation 30 th June 2021	-	50,274,275.00	10,582,368.00	8,284,538.00	20,618,356.00	20,618,356.00	62,341,618.00	123,813,963.00	1,785,975,580.00	1,785,975,580.00	-	-	-	-	-	-	
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	21,883,590.00	149,594,548.00	138,655,549.47	1,554,086,458.47	1,554,086,458.47	-	-	-	-	-	-	
Net Book Values 1/07/2020	581,000,000.00	615,312,299.00	30,414,176.00	17,251,153.00	26,853,398.00	26,853,398.00	162,441,824.00	36,014,696.00	1,469,287,547.00	1,469,287,547.00	-	-	-	-	-	-	

Work in progress

Project Title	Budget cost	Contract sum	Amount paid	Outstanding balance
Tuition block	41,951,681.00	41,951,681.00	23,781,991	18,169,690.00
Open shade	10,447,823	10,447,823	9,850,365.00	597,458.00
Sigor T.T.I	53,735,530.00	53,735,530.00	44,444,915.47	9,290,145.00
Chepareria T.T.I	48,743,504.00	48,743,504.00	24,563,582.00	24,179,922.00
TOTAL			102,640,853.47	52,237,215.00

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DEPRECIATION SUMMARY

	2020/2021	2019/2020	2019/2019	2017/2018
LAND	-	-	-	-
BUILDING	12,621,103.00	12,557,394.00	12,471,648.00	12,624,130.00
MOTOR VEHICLE	3,801,772.00	4,147,308.00	1,231,608.00	1,401,600.00
EQUIPMENTS	1,989,590.00	18,049,092.00	20,054,546.00	7,616,363.00
COMPUTERS	5,470,898.00	6,713,350.00	4,692,937.00	3,741,171.00
FURNITURE	1,662,617.00	2,464,450.00	2,001,338.00	1,829,160.00
TOTAL	40,504,980.00	43,931,674.00	40,452,077.00	27,212,424.00