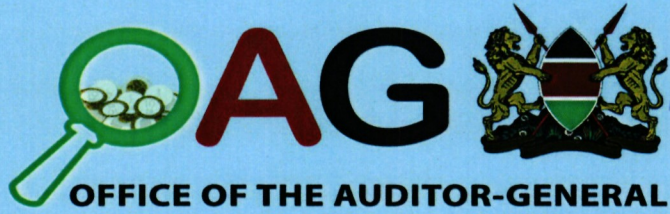



REPUBLIC OF KENYA



*Enhancing Accountability*



 THE NATIONAL ASSEMBLY <b>REPORT</b> <small>TABLED</small>	
DATE: 24 MAR 2022	DAY: 177 (PM)
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**THE AUDITOR-GENERAL**

**ON**

**KITALE NATIONAL POLYTECHNIC**

**FOR THE YEAR ENDED  
30 JUNE, 2020**

the date of my audit report. However, future events or conditions may cause the Fund to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Fund to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

**CPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**16 February, 2022**



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**THEKITALE NATIONAL POLYTECHNIC**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING JUNE 30, 2020**

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**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, 2019**

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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 Polytechnics' 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](mailto:kitalenationalpolytechnic@gmail.com)

Website: [www.kitalenationalpolytechnic.ac.ke](http://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  
Nairobi, Kenya

**(h) Councilmembers**

Director's	Key Qualifications and Work Experience
 <p data-bbox="363 842 798 949">Dr. Benson Ririmpoi Longaritom Chairman, Governing Council BVM (UoN), MBA(KS)</p>	<p data-bbox="858 309 1485 1032">Dr. Benson Ririmpoi was born on 16<sup>th</sup> February 1965. He is the Governing Council Chairman. He was appointed on 13<sup>th</sup> November 2019. 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="285 1713 788 1859">Dr. Josephine D. Waudu, Doctor of Philosophy in Education Management, MEd, Bed, Higher Diploma in Psychological Counseling,</p>	<p data-bbox="858 1041 1485 1944">Dr. Josephine D. Waudu, 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 was appointed on 13<sup>th</sup> November 2019. 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 Secretary General of Jesus Glory Celebration Centre (Nairobi).</p>



**Ms. Judith Jebichii Tuwei**  
MBA BA(CUEA), KIMS Member

Judith Jebichii Tuwei is a student at JKUAT pursuing her doctorate studies in Business Administration. She was appointed on 13<sup>th</sup> November 2019. 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 Finance sector.



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

Eng. Rateng was born on 14<sup>th</sup> September 1953. he was appointed on 13<sup>th</sup> November 2019. 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 10<sup>th</sup> June 1967. He was appointed on 13<sup>th</sup> November 2019. 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), PURSUEING MPHIL  
(TECH EDUCATION)

#### **PRINCIPAL**

Akola John Otieno was born on 11<sup>th</sup> November 1968. He was appointed as council member on 13<sup>th</sup> January 2021. He has worked as registrar at Ol'lessos Technical Training institute, Deputy Principal and currently Principal at the Kitale National Polytechnic.



**Dr. Susan Nakhumicha**  
Doctor of philosophy in Supply Chain  
Operations Management  
MBA- Supply Chain Management  
B Pharm. Pharmacy

Dr. Susan Wafula is a PHD student in Operations Management & Supply Chain at Strathmore University. She was appointed on 13<sup>th</sup> November 2019. 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 International NGOs.

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 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 8<sup>th</sup> August 1959. She was appointed on 13<sup>th</sup> November 2019. 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

**(i) Council Committees**

Name of the Committee	Members
Finance and Administration Committee	1. Judith Chebii Tuwei 2. Dr. Susan Nakhumicha 3. Esther Njoki Chege 4. Michael Rugut
Education, Training and Research Committee	1. Josephine Waudu 2. Arthur A. Rateng' 3. Esther Chege 4. Michael Rugut 5. Dr. Susan Nakhumicha
Risk and Audit Committee	1. Arthur A. Rateng 2. Josephine Waudu 3. Michael Rugut

(a) Management Team

Name of the Staff	Responsibility
 <p><b>AKOLA JOHN OTIENO</b> <b>BED (TECH), PURSUEING MPHIL (TECH EDUCATION)</b></p>	<p><b>Chief Executive Officer/Principal</b> Akola John Otieno was born on 11<sup>th</sup> November 1968. He was appointed as council member on 13<sup>th</sup> January 2021. He has worked as registrar at Ol'lessos Technical Training institute, Deputy Principal and currently Principal at the Kitale National Polytechnic</p>
<p><b>Kariuki G. Kiarie</b></p> 	<p><b>Deputy Principal Administration</b> Bachelor of Education (Technology) Moi University Kariuki G. Kiarie was born on 29<sup>th</sup> May 1972. He is the Deputy Principal in charge of Academics since 2018 to date. He holds a Bachelor of Education (Technology) from Moi University. He has served as a HOD in Mechanical/Automotive Department from 2005 to 2017, a Deputy HOD in Mechanical/Automotive Department in 2005, HOS Automotive Section since 2000 to 2005 and a Lecture in Mechanical/Automotive Department. He has also been Chairman Tender processing committee, Academic Quality Assurance and Standards, TVET Fairs and Exhibition committee at The Kitale Technical Training Institute /National Polytechnic internal appointments</p>
<p><b>Jane Waihenya - Kamau</b></p> 	<p><b>Registrar – Admissions, Records</b> Jane Waihenya - Kamau was born on 22<sup>nd</sup> April 1964. She holds a Bachelor's 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 ; class tutor, member of various committees, assistant exams officer, Head of Department.</p>

Norbert Wafula Wanyama



**Ag-Dean Of Students, Student Affairs**

Norbert Wafula was born on 4<sup>th</sup> 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 (CEMASTEA) and Teacher-Pastoral Counselling.

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.

## II. STATEMENT OF RESPONSIBILITIES

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.

### 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

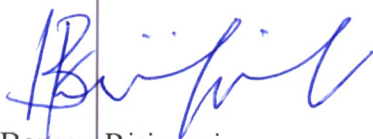
### III. GOVERNING COUNCIL CHAIRMAN'S STATEMENT

The governing council of the Kitale National Polytechnic during the FY2019/2020 aligned the strategic plan 2019 - 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.

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. Despite the many challenges brought about by economic constraints i.e., COVID 19 Pandemic, the Polytechnic nevertheless continues to discharge its mandate.

Indeed the Governing Council of the Kitale National Polytechnic is committed to improving infrastructure for effective learning and teaching.

The Council has purchased 67-Seater Bus, Construction of the Bus Shade, Student Centre, Borehole that will cushion the utility of the water bills. Due to the COVID 19 Pandemic the remittance of capitation funds have hindered the absorption of activities in various cost centre.



Dr. Benson Ririmpoi

Council Chairman



The Kitale National Polytechnic

#### IV. REPORT OF THE CHIEF EXECUTIVE OFFICER

The main source of funding to the polytechnic during this period under review was the exchequer with contribution of Kshs. 201,000,000 for capitation recurrent expenditure purposes. Internally generated revenue from fees was Kshs. 212,935,059.85. Sale of goods Kshs. 19,846,467. Rental revenue from staff quarters of Kshs. 1,470,029.50. The polytechnic realized an aggregated income of Kshs. 447,893,306.35 as recurrent income.

The COVID 19 pandemic affected operations. Absorption in the FY Budget 2019/2020. The capitation for 1<sup>st</sup> and 2<sup>nd</sup> Quarter was realized. Nevertheless, other activities continued and achievements of projects were realized.

The disclosed assets figures are internally valued but upon engagement with the professional values, the polytechnic will be able to ascertain the realized value.



John Otieno Akola

Principal

The Kitale National Polytechnic

## V. 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.

## VI. MANAGEMENT DISCUSSION AND ANALYSIS

### SECTION A

#### The entity's operational and financial performance

Currently the Polytechnic's strategic objectives are in line with the Government Big **FOUR** Agenda. I.e. support value addition through innovation and research. The Polytechnic embraced research and innovation in the financial year 2019/2020 and this led to students' participation in innovation activities at both regional and national levels.

#### Related Parties

The polytechnic is mainly funded by the MOE, HELB, NYS, AfDB, CDF and others and therefore have great influence in making financial and operating decision.

The table below shows related parties

	Name Of The Parties	Types of transaction that have occurred	Expected Amount	Amount paid Kshs	Balance Ksh
1.	National Youth Service	College fee sponsorship	28,277,520.00	42,413,220.00	(14,135,700.00)
2.	Ministry of Education State Department VTT	Capitation from the ministry	302,905,940.00	130,440,778.00	172,185,162.00

### 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

### 2017/2018 Key Achievements

1. Construction of a 4-Storey Tuition Block
2. Construction of Perimeter wall
3. Setup a Driving School
4. Drilling of a bore hall
5. Established a Zero grazing unit for the dairy technology CBET Programme in the Agriculture Department
6. 67 Seater Bus
7. Student Centre
8. Bus Shade

## SECTION D

### Major risks facing the entity

The following are the major risks

1. Failure by contractors to complete project works on time
2. Negative media coverage
3. Encroachment of the Polytechnic land approximately 47acres.
4. Failure to comply with the timelines of the Polytechnic Strategic Plan
5. None committal for the Government to remit capitation funds.
6. Limited resources due to High student enrolment.

## 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

## VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Kitale National Polytechnic's strategy for social responsibility includes a commitment to pursue change across the following priority areas:

- **Research with impact**

Research activities is making a positive difference to society, addressing the major challenges of the 21<sup>st</sup> century. Trainees have innovated Namurunde Cake which is nutritious. We also have a number of innovations which have been presented in exhibitions.

- **Socially responsible graduates**

Graduates have been trained in good leadership aspects and are learning to exercise ethical, social and environmental responsibility.

- **Engaging our communities**

The Polytechnic graduates carries out a Cleanup exercises through ASPNET in partnership with the County Government of Trans Nzoia and NEMA. We also do tree planting and in the financial year we planted trees at Endebess Technical Training Institute and within our compound where we established a KEFEP corner.

The Polytechnic participated in contribution of COVID 19 donation to Trans-Nzoia County response team in assist of social economic factor.

### **REPORT OF THE COUNCIL /BOARD OF GOVERNORS**

The council submitted their report together with the financial statements for the year ended 30<sup>th</sup> june 2020 which shows the state of the entity's affairs.

#### **Principal activities**

The principal activities of the entity are training of holistic trainers with required skills who are market oriented.

### **COUNCIL /BOARD OF GOVERNORS**

The members of council who served during the year are shown on page iv,v,vi,vii .Mr Fannuel Onyango who was replaced with Mr John Akola Otieno on Dec 2020

## VIII. 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, 2020. 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, 2020, 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.

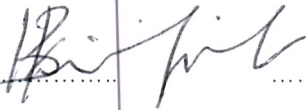
Nothing has come to the attention of the Governing Council to indicate that the *Kitale National Polytechnic* will not remain a going concern for at least the next twelve months from the date of this statement.

**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, 2020** in accordance to **Section 23** of the **Public Audit Act, 2015**

**Approval of the annual financial statements**

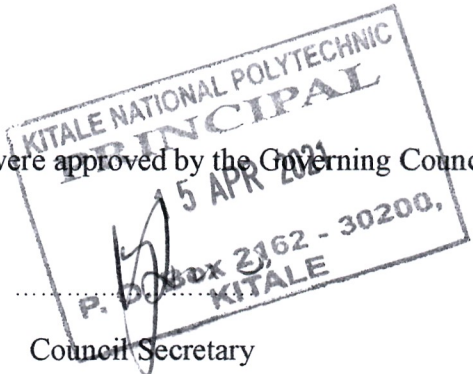
The *Kitale National Polytechnic's* financial statements were approved by the Governing Council and signed on its behalf by:



.....  
Council Chairman



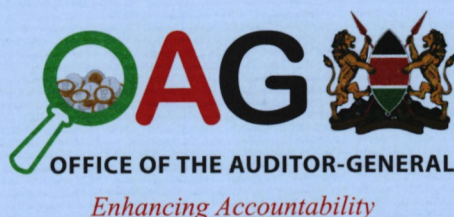
.....  
Finance Officer



.....  
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, 2020

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### REPORT ON THE FINANCIAL STATEMENTS

#### **Adverse Opinion**

I have audited the accompanying financial statements of Kitale National Polytechnic set out on pages 1 to 22, which comprise the statement of financial position as at 30 June, 2020, 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, because of the significance of the matters discussed in the Basis for Adverse Opinion section of my report, the financial statements do not present fairly, the financial position of the Kitale National Polytechnic as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards and do not comply with the Technical and Vocational Education and Training (TVET) Act, 2013 and the Public Finance Management Act, 2012.

#### **Basis for Adverse Opinion**

##### **1.0 Preparation and Presentation of the Financial Statements**

The Management of the Polytechnic did not prepare the financial statements in conformity with the reporting format approved by Public Sector Accounting Standards Board as detailed below:

- i. The corporate governance statement section does not indicate the number of Council meetings held during the year. Further, there was no mention of Council succession planning, existence of a Council charter, process of appointment and removal of Board Members, roles and functions of the Council, induction and training, Council and Members performance, conflict of interest, Council Members remuneration, ethics and conduct as well as governance audit.

- ii. Paragraph 2(t) containing a summary of significant policies under the estimates and assumptions states that furniture and fittings are to be depreciated at 10%. However, a depreciation of 12.5% was applied to furniture and fittings during the year under review and prior years.
- iii. The general expenses amount reported in the statement of financial performance of Kshs.199,382,204 differed with the amount in the corresponding note which reflects Kshs.201,418,851 resulting in an unexplained and unreconciled variance of Kshs.2,036,647.
- iv. The comparative figure in the statement of financial performance for repairs and maintenance is reflected as Kshs.8,025,551 while the corresponding note reflects Kshs.7,792,621 resulting in an unexplained and unreconciled variance of Kshs.232,390.

Consequently, they are non-compliant with the prescribed format.

## 2.0 Unreconciled Differences Between the Financial Statements and the Ledgers

Review of expenditure ledger revealed differences between the ledger balances and the amounts reflected in financial statements as indicated below: -

Financial Statement Component	Financial Statement Reference	Financial Statements Balance Kshs.	Ledger/Schedule Balance Kshs.	Variance Kshs.
Activity	Note. 10	9,626,980	9,818,370	(191,390)
Advertising	Note. 10	4,030,536	4,074,054	(43,518)
Capacity Building	Note. 10	4,475,680	2,949,680	1,526,000
Helb Refunded	Note. 10	416,131	464,859	(48,728)
Inventory	Note. 15	837,642	877,451	(39,809)
Sale of Meals	Note. 3	19,076,221	18,112,827	(963,394)

In the circumstances, the accuracy and completeness of the financials could not be ascertained.

## 3.0 Inaccuracies in the Statement of Changes in Net Asset

Review of the statement of changes in net assets revealed inaccuracies as detailed below:

- i. The statement of changes in net assets reflects Kshs.1,447,785,262 in respect of development grants balance brought forward. However, the financial statements for the year 2018/2019 reflect Kshs.1,435,143,512 in respect of

development grants resulting in an unexplained and unreconciled variance of Kshs.12,642,750.

- ii. The statement reflects development grants amounting to Kshs.64,765,998 captured as fair value adjustment on quoted investment. However, no supporting documents were provided for review in respect of development grants/fund as reflected in the statement

In the circumstances, the accuracy of the opening balances in the statement of changes in for the year under review could not be confirmed.

#### **4.0 Inaccuracies in the Statement of Cash Flows**

Review of statements of cash flows revealed the following inaccuracies:

- i. The statement reflects net increase in cash and cash equivalents of Kshs.71,682,042 which is at variance with the recomputed cash and cash equivalents Kshs.72,297,273 resulting in an unexplained and unreconciled variance of Kshs.615,231.
- ii. The statement reflects Kshs.4,291,748 in respect of cash out flows from investing activities. However, Note 19 to the financial statements reflects additions to property, plant and equipment amounting to Kshs.98,804,664 resulting in an unexplained and unreconciled variance of Kshs.94,512,916.
- iii. The statement reflects decrease in current receivables is reflected as Kshs.23,291, the net decrease as per the statement of financial position is Kshs.4,090,869 resulting in an unexplained and unreconciled variance of Kshs.19,200,778.

In the circumstances, the accuracy of the statement of cash flows for the year ended 30 June, 2020 could not be confirmed.

#### **5.0 Inaccuracies in Cash and Cash Equivalents**

The statement of financial position reflects cash and cash equivalents amounting to balance of Kshs.181,653,440. Included in the amount is a cash in hand balance of Kshs.532,309 as reflected in Note 12(b) to the financial statements. The cash at hand balances relate to cash records for five bank accounts operated by the Polytechnic. However, the amount included a negative cash at hand balance in respect of the main bank account amounting to Kshs.3,208,467, and which was netted off from the other cash balances, to arrive at cash in hand balance of Kshs.532,309 as at 30 June, 2020.

Further the comparative amount for cash and cash equivalents in respect of 2018/2019 financial year is reflected in the statement of financial position as Kshs.104,025,924, which varies with the opening cash and cash equivalents amount

in the statement of cash flows reflected as Kshs.109,971,398, resulting in an unexplained and unreconciled variance of Kshs.5,945,474.

In the circumstances, the accuracy and fair statement of the cash and cash equivalents amounting to Kshs.181,653,440 could not be confirmed.

#### **6.0 Unsupported Council Capacity Building**

The statement of financial performance reflects an amount of Kshs.14,547,893 in respect of remuneration of Directors. Included in this amount is Kshs.859,625 in respect of Board Members capacity building which was paid as sitting allowances, transport and per diem to Board Members in February, 2020 while attending a two-day induction course in Kisumu. However, the expenditure was not supported with an induction programme which targeted new members and a competency needs assessment had not been done to inform on the basis for the training.

In the circumstances, validity of the payment of Kshs.859,625 in respect of Board Members capacity building which was paid as sitting allowances, transport and per diem to Board Members could not be confirmed.

#### **7.0 Unsupported Student Fees**

The statement of financial performance reflects Kshs.212,935,060 under rendering of services - fees from students. However, an amount of Kshs.206,440,445 was not supported with schedules detailing names of the individual students from whom fees was received. Further, Management was unable to generate the student enrolment from data from the ERP System where student database and fees payment and other financial transactions are managed. Also, a system report of the total number of invoiced students and number of invoices was not provided by for audit review.

In the absence of student enrolment, invoiced student data and a list of students who paid the fees, the accuracy and completeness of student fees amount of Kshs.212,935,060 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 Adverse opinion.

#### **Key Audit Matters**

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

## **Other Matter**

### **Budgetary Control and Performance**

The statement of Comparison of Budget and Actual amounts reflects final receipts budget and actual on comparable basis of Kshs.579,754,031 and Kshs.444,025,052 respectively resulting in a shortfall of Kshs.135,728,979 or 23% of the approved budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis of Kshs.551,796,583 and Kshs.406,402,461 respectively resulting in an under performance amounting to Kshs.145,394,112 or 26%.

The revenue underperformance and under expenditure affected the planned activities and may have impacted negatively on service delivery to the students and stakeholders of Kitale National Polytechnic.

## **REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES**

### **Conclusion**

As required by Article 229(6) of the Constitution, because of the significance of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Lawfulness and effectiveness in use of public resources sections of my report, based on the audit procedures performed, I confirm that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

#### **1.0 Non-Compliance with One-Third Basic Salary Rule**

During the year ended 30 June, 2020, at least seven (7) employees earned a net salary less than a third (1/3) of the basic salary contrary to Section C.1(3) of the Public Service Commission (PSC) Human Resource Policies, 2016. The Management did not provide explanation for failure to comply with the policy.

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

#### **2.0 Lack of Quarterly Stock Taking**

The Polytechnic conducted stock takes annually instead of quarterly as provided for in Section 162(2) of the Public Procurement and Assets Disposal Act, 2015 which require an entity to carry out quarterly stock take in each calendar year.

In the absence of quarterly stock take, the Polytechnic may not be able to prevent obsolescence and deterioration of stocks from preventable causes due to overstocking.

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, because of the matters discussed in the Basis for Adverse Opinion and Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance sections of my report, based on the procedures performed, I confirm that internal controls, risk management and governance were not effective.

### Basis for Conclusion

#### Lack of Remuneration Policy for Board Members

During the year under review, the Council held meetings categorized as full council, special full council, committee meetings and special committee meetings. Review of the records and information relating to the meetings revealed following anomalies:

- i. The Polytechnic operated without a formal and remuneration policy for Board Members during the year under review.
- ii. The Polytechnic reimbursed Board Members transport expenses and paid per diem without proof of travel and without indication of the criteria used for such payments.
- iii. There was no prior declaration by Board Members of their places of residence for the purpose of payment of transport expenses and per diem.
- iv. The Polytechnic did not carry out an annual evaluation of its performance at the end of the period as required by the Mwongozo guidelines.

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 control, risk management and governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

### Responsibilities of Management and the Board of Governors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards

(Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control.

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

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

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

The Board of Governors are responsible for overseeing the financial reporting process, reviewing the effectiveness of how the Polytechnic 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 review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the

compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the 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 control that are identified during the audit.

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

  
**CPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**16 February, 2022**

**THEKITALE NATIONAL POLYTECHNIC**  
**Annual Reports and Financial Statements For the year ended June 30, 2020**

**IX. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020**

	Notes	2019/2020	2018/2019
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government—grants/ gifts in kind	1(a)	111,240,000.00	63,690,278.00
Grants from donors and development partners	1(b)	12,641,750.00	
Transfers from other levels of government			
Public contributions and donations			
<b>Total Revenue from non-exchange transactions</b>		<b>123,881,750.00</b>	<b>63,690,278.00</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	2	212,935,060	289,695,306.00
Sale of goods	3	18,883,073.00	30,647,395.00
Rental revenue from facilities and equipment	4	1,470,030.00	1,111,985.00
Finance income-external investments		-	-
Consultancy fees		-	-
Other income (TENDER)	5	-	35,996.00
<b>Revenue from exchange transactions</b>		<b>233,288,162.00</b>	<b>321,490,682.00</b>
<b>Total revenue</b>		<b>357,169,912.00</b>	<b>385,180,960.00</b>
<b>Expenses</b>			
Use of goods and services		-	-
Employee costs	6	63,536,691.00	47,854,161.00
Remuneration of directors	7	14,547,893.00	12,025,830.00
Depreciation and amortization expense	8	43,931,673.00	40,452,077.00
Repairs and maintenance	9	12,180,134.00	8,025,551.00
Contracted services		-	-
Grants and subsidies		-	-
General expenses	10	199,382,204.00	248,920,488.00
Finance costs	11	132,697.00	130,989.00
<b>Total expenses</b>		<b>333,711,292.00</b>	<b>357,409,116.00</b>
<b>Other gains (losses)</b>			
Gain on sale of assets		-	-
Unrealized gain on fair value of investments		-	-
Impairment loss		-	-
<b>Total other gains/(losses)</b>		<b>-</b>	<b>-</b>
<b>Net Surplus for the year</b>		<b>23,458,620.00</b>	<b>27,771,844.00</b>
Attributable to:			
Surplus/(deficit) attributable to minority interest			
Surplus attributable to owners of the controlling entity			

**THEKITALE NATIONAL POLYTECHNIC**  
**Annual Reports and Financial Statements For the year ended June 30, 2020**

**X. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

	Notes	2019/2020	2018/2019
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	181,653,440.00	104,025,924.00
Receivables from exchange transactions	13	71,472,306.00	75,563,175.00
Receivables from non-exchange transactions	14	-	19,200,778.00
Inventories	15	837,642.00	2,500,000.00
Investments			
<b>Total Current Assets</b>		<b>253,963,388.00</b>	<b>201,289,877.00</b>
<b>Non-current assets</b>			
Property, plant and equipment	19	1,469,287,547.00	1,422,645,860.00
Intangible assets	16	8,651,630.00	8,651,630.00
Investment property			
Long term receivables from exchange transactions (HELB)			
<b>Total Non-current Assets</b>		<b>1,477,939,177.00</b>	<b>1,431,297,490.00</b>
<b>Total assets</b>		<b>1,731,902,565.00</b>	<b>1,632,587,367.00</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	17	9,309,820.00	23,402,240.00
Refundable deposits from customers	18	2,600,370.00	2,600,870.00
Provisions			
Finance lease obligation			
Current portion of borrowings			
Deferred income			
Employee benefit obligation			
Payments received in advance			
<b>Total Current Liabilities</b>		<b>11,910,190.00</b>	<b>26,003,110.00</b>
<b>Non-current liabilities</b>			
Non-current employee benefit obligation			
Non-current provisions			
Borrowings			
<b>Total Non-current liabilities</b>			
<b>Total liabilities</b>		<b>11,910,190.00</b>	<b>26,003,110.00</b>
<b>Net Assets</b>		<b>1,719,992,375</b>	<b>1,606,584,257.00</b>
<b>Capital and Reserves</b>			
Reserves		-	
Accumulated surplus		194,799,365.00	171,340,745.00
Capital Fund		1,525,193,010.00	1,435,283,512.00
<b>Total Capital and Reserves</b>		<b>1,719,992,375.00</b>	<b>1,606,624,257.00</b>

The Financial Statements set out on pages 40 to 42 were signed on behalf of the Board of Governing Council by: Secretary

Governing Council Secretary  
 Name: John Otieno Akola  
 Date: .....

Finance Officer  
 Name: David K. Kuragat  
 Date: .....

Chairman Governing Council  
 Name: Benson Ririmpoi  
 Date: .....

**KITALE NATIONAL POLYTECHNIC**  
**PRINCIPAL**  
 15 APR 2021  
 Box 2162 - 30200,  
**KITALE**

14422

**THEKITALE NATIONAL POLYTECHNIC**  
**Annual Reports and Financial Statements For the year ended June 30, 2020**

**XI. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020**

	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Capital/	Total
				Development Grants/Fund	
<b>Balance b/f at July 1, 2020</b>			<b>171,340,745.00</b>	<b>1,447,785,262.00</b>	<b>1,619,126,007.00</b>
Revaluation gain					
Fair value adjustment on quoted investments				64,765,998.00	<b>64,765,998.00</b>
Total comprehensive income					
Capital/Development grants received during the year				12,641,750.00	<b>12,641,750.00</b>
Transfer of depreciation/amortization from capital fund to retained earnings					
<b>Balance c/d as at June 30, 2020</b>	-	-	<b>171,340,745.00</b>	<b>1,525,193,010.00</b>	<b>1,696,533,755.00</b>
<b>Balance b/f as at July 1, 2019</b>	-	-	<b>171,340,745.00</b>	<b>1,525,193,010.00</b>	<b>1,696,533,755.00</b>
Revaluation gain					
Fair value adjustment on quoted investments					
Total comprehensive income			23,458,620.00		<b>23,458,620.00</b>
Capital/Development grants received during the year					
Transfer of depreciation/amortization from capital fund to retained earnings					
<b>Balance c/d as at June 30, 2020</b>	-	-	<b>194,799,365.00</b>	<b>1,525,193,010.00</b>	<b>1,719,992,375.00</b>

**XII. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2020**

<b>STATEMENT OF CASH FLOWS AS AT 30TH JUNE 2020</b>		<b>2019/2020</b>	<b>2018/2019</b>
	<b>Note</b>	<b>Kshs</b>	<b>Kshs</b>
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other Government entities/Govt. grants		123,881,750.00	63,690,278.00
Public contributions and donations			
Rendering of services- Fees from students		212,935,060.00	289,695,306.00
Sale of goods		18,883,073.00	30,647,395.00
Rental revenue from facilities and equipment		1,470,030.00	1,111,985.00
Finance income			
Consultancy income			
Other income, rentals and agency fees (refundable from customers)			35,996.00
<b>Total Receipts</b>		<b>357,169,913.00</b>	<b>385,180,960.00</b>
<b>Payments</b>			
Compensation of employees		63,536,691.00	47,854,161.00
Use of goods and services/general expenses		199,382,204.00	248,920,488.00
Finance cost		132,697.00	130,989.00
Rent paid			
Taxation paid		-	
Other payments (REMUNERATION OF DIRECTORS)		14,547,893.00	12,025,830.00
Repair and maintenance		12,180,134.00	8,025,551.00
<b>Total Payments</b>		<b>289,779,619.00</b>	<b>316,957,019.00</b>
<b>Net cashflows from operating activities</b>		<b>67,390,294.00</b>	<b>68,223,941.00</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		(4,291,748.00)	(24,936,904.00)
Proceeds from sale of property, plant and Equipment		-	-
Decrease/Increase in current receivables		23,291,647.00	(36,146,960.00)
Decrease/Increase in current payables		(14,092,420.00)	17,688,590.00
Increase/decrease in refundable deposit		(500)	(20,500.00)
Increase in investments			
<b>Net cash flows used in investing activities</b>		<b>4,906,979.00</b>	<b>(43,415,774.00)</b>
<b>Cashflows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Increase in deposits		-	-
<b>Net cash flows used in financing activities</b>			
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>71,682,042.00</b>	<b>(24,808,167.00)</b>
Cash and cash equivalents at 1 July 2019		109,971,398.00	104,025,924.00
<b>Cash and cash equivalents at 30 June 2020</b>		<b>181,653,440.00</b>	<b>109,971,398.00</b>
<b>Cash and cash equivalents as per the Balance Sheet</b>			

**XIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2020**

	Original Budget		Adjustments		Final budget		Actual on comparable basis		Performance difference	
	Kshs		2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs	2019-2020	Kshs
<b>Revenue</b>										
Retained Revenue from previous years	99,496,889.00				99,496,889.00		99,496,889.00			
Transfers from other Govt entities Govt grants	224,895,714.00				224,895,714.00		111,240,000.00		(113,655,714.00)	
Public contributions and donations										
Rendering of services- Fees from students	214,824,628.00				214,824,628.00		212,935,060.00		(1,889,568.00)	
Sale of goods	39,242,000.00				39,242,000.00		18,883,073.00		(20,358,924.00)	
Accommodation										
Consultancy Income										
Gains on disposal, rental income and agency fees	1,294,800.00				1,294,800.00		1,470,030.00		175,229.50	
<b>Total income</b>	<b>579,754,031.00</b>		<b>0</b>		<b>579,754,031.00</b>		<b>444,025,052.00</b>		<b>(135,728,979.00)</b>	
<b>Expenses</b>										
Compensation of employees	110,509,800.00				110,509,800.00		63,536,691.00		46,973,109.00	
Repair and Maintenance	19,671,760.00				19,671,760.00		12,180,134.00		7,491,626.00	
Remuneration of directors	13,000,000.00				13,000,000.00		14,547,893.00		(1,547,893.00)	
General expenses	240,000,000.00				240,000,000.00		201,418,851.00		38,448,452.00	
Development Projects	168,615,023.00				168,615,023.00		114,586,195.00		54,028,828.00	
<b>Total expenditure</b>	<b>551,796,583.00</b>		<b>0</b>		<b>551,796,583.00</b>		<b>406,402,461.00</b>		<b>145,394,122.00</b>	
<b>Surplus for the period</b>			<b>0</b>		<b>27,957,448.00</b>		<b>37,622,591.00</b>			

#### **XIV. NOTES TO THE FINANCIAL STATEMENTS**

##### **1. 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.

##### **2. 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.

**XV. NOTES TO THE FINANCIAL STATEMENTS(continued)**

***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.

**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.

**XVI. NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**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.

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:

**XVII. NOTES TO THE FINANCIAL STATEMENTS(Continued)**

- 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

**XVIII. NOTES TO THE FINANCIAL STATEMENTS(Continued)**

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

- The major debtors or some of debtors are experiencing significant financial difficulty
- Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

**ii) Financial liabilities**

**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

**XIX. NOTES TO THE FINANCIAL STATEMENTS(Continued)**

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

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

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

**XX. NOTES TO THE FINANCIAL STATEMENTS(Continued)**

**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 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.

**XXI. NOTES TO THE FINANCIAL STATEMENTS(Continued)**

**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) 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 judgements, estimates and assumptions made: e.g.

**XXII. NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Estimates and assumptions**

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

**Useful lives and residual values**

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

- The condition of the asset based on the assessment of experts employed by The Kitale National Polytechnic
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

**Provisions**

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

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

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

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

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

The increase in the rehabilitation provision due to 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.

**XXIII. NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**u) 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, 2019.

**v) 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:-

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

**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.

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**XXIV. NOTES TO THE FINANCIAL STATEMENTS (Continued)**

FY 2019/2020 Financial Statements quarter one				
<b>NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS KITALE NATIONAL POLYTECHNIC MINISTRY OF EDUCATION</b>				
	<b>Fiscal Year</b>	<b>BUDGET</b>	<b>FY/2019/2020</b>	<b>FY/2018/2019</b>
	<b>Currency</b>			
<b>1. (a)</b>	<b>Transfers from National Government Ministries</b>			
	<b>Unconditional grants</b>			
	Operational grant			
	Other grants(Capitation)		111,124,000.00	63,690,278.00
<b>1.(b)</b>	<b>Conditional grants</b>			
	Library grant			
	Hostels grant			
	Administration block grant			
	Laboratory grant			
	food and beverage workshop		12,641,750	
	Other organizational grants			
	<b>Total Government grants and subsidies</b>	-	213,641,750	63,690,278.00
	<b>Grants from Donors and Development Partners</b>	-		
		-		
	Donor A	-	-	-
	Donor B	-	-	-
	<b>Total grants from development partners</b>	-	-	-
		-		
<b>1.(c)</b>	<b>Transfers from other levels of Government</b>	-		
		-		
	Transfer from County A	-		-
	Transfer from University B	-		-
	Transfer from Institute C	-		-
	<b>Total transfers from other levels of Government</b>	-		-
		-		
<b>1(d)</b>	<b>Public Contributions and Donations</b>	-		
		-		
	Public donations	-		-

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	Donations from local leadership	-		-
	Donations from religious institutions	-		-
	Donations from alumni	-		-
	Other donations	-		-
	<b>Total Public Contributions and Donations</b>	-		-
<b>2</b>	<b>Rendering of Services</b>	-		
	Tuition fees		<b>182,881,337</b>	229,219,318.00
	Activity fees		<b>17,702,880</b>	24,516,672.00
	Library fees		-	-
	Facilities and materials hire		<b>6,494,615</b>	18,477,236.00
	Registration fees		-	-
	Attachment/medical and insurance		-	-
	Accommodation		<b>5,856,228</b>	17,482,080.00
	administration cost		-	-
	development fund	-	-	-
	electricity water and conservancy	-	-	-
	local transport and travelling	-	-	-
	personal emoluments	-	-	-
	repair, maintenance and improvement	-	-	-
	students I.D	-	-	-
	Application fee	-	-	-
	student union	-	-	-
	computer fee	-	-	-
	graduation fee	-	-	-
	center fee	-	-	-
	student association	-	-	-
	<b>Total Rendering of Services</b>	-	<b>212,935,060</b>	<b>289,695,306.00</b>
		-		
		-		
<b>3</b>	<b>Sale of goods</b>	-		
	Sale of meals		<b>18,112,827</b>	29,826,270.00
	Sale of publications		-	-
	Sale of farm produce		<b>770,246</b>	821,125.00
	Other( include in line with your organization)		-	-
	<b>Total Sale of goods</b>	-	<b>18,883,073</b>	<b>30,647,395.00</b>
		-		
<b>4</b>	<b>Rental Revenue from Facilities and Equipment</b>	-		
		-		

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	Straight-lined operating lease receipts	-	-	-
	Contingent rentals	-	1,470,030	1,111,985.00
	<b>Total rentals</b>	-	1,470,030	1,111,985.00
<b>5</b>	<b>Other income</b>	-		
		-		
	Insurance recoveries	-	-	-
	Income from sale of tender	-	-	35,996.00
	Services concession income	-	-	-
	Skills development levy	-	-	-
	Income from disposal of assets	-	-	-
		-		
	<b>Total other income</b>	-		35,996.00
<b>6.</b>	<b>Employee Costs</b>			
	Salaries and wages		29,774,475	28,885,249.00
	Employee related costs-contributions to Pensions and medical aids		2,984,778	730,020.00
	Travel, motorcar, accommodation, subsistence and other allowances		3,044,000	5,627,000.00
	Housing benefits and allowances		4,413,540	3,943,570.00
	parttime teachers		19,608,170	7,196,340.00
	Performance and other bonuses		794,728	859,100.00
	leave allowances		313,000	198,460.00
	C.B.A Arrears		2,604,000	414,422.00
	<b>Total Employee costs</b>		63,536,691	47,854,161.00
<b>7.</b>	<b>Remuneration of Directors</b>			
	council remuneration		13,375,739.00	11,094,830.00
	Council capacity building		1,172,154.00	931,000.00
	<b>Total director emoluments</b>		14,547,893.00	12,025,830.00
<b>8.</b>	<b>Depreciation and Amortization Expense</b>			
	Land		0	0
	Building and structures	-	12,557,394.00	12,471,648.00
	Motor vehicles	-	4,147,308.00	1,231,608.00
	Furniture and fittings	-	2,464,450.00	2,001,338.00
	computers		6,713,350.00	4,692,937.00
	Plant and equipments		18,049,092.00	20,054,546.00
	<b>Total depreciation and amortization</b>		43,931,674.00	40,452,077.00

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<b>9.</b>	<b>Repairs and Maintenance</b>			
	Investment property-earning rentals	-		-
	Equipment and machinery		12,180,134	7,792,621.00
	Vehicles	-		-
	Furniture and fittings	-		-
	Computers and accessories	-		-
	Other(general repair)	-		
	<b>Total Repairs and Maintenance</b>	-	<b>12,180,134</b>	<b>8,025,551.00</b>
<b>10.</b>	<b>General Expenses</b>			
	Activity		9,626,980	14,200,888.00
	Accommodation		4,039,440	4,153,475.00
	Administration cost		11,434,043	5,668,475.00
	Advertising		4,030,536	6,868,802.00
	Academic Trips		2,926,550	-
	<b>Books</b>		4,157,094	2,151,683.00
	C.A.P.A		1,694,400	1,195,600.00
	capacity building		4,475,680	3,610,760.00
	caution money refunded		500	20,500.00
	center fee		18,000	-
	development fund		-	1,099,000.00
	Driving school expenses		214,357	-
	Electricity, water and conservancy		6,913,552	8,231,563.00
	examination fee		42,499,540	27,724,969.00
	farm expenses		953,436	477,416.00
	fire equipments		-	1,382,709.00
	furniture purchase		5,706,239	3,206,582.00
	Graduation		3,938,487	-
	HELB refunded during the quarter		416,131	1,772,713.00
	hire of facilities		5,509,457	16,470,939.00
	I.S.O		439,538	1,035,388.00
	Insurance, attachment and medical		4,805,453	4,037,365.00
	Integration of ICT		6,146,777	4,776,156.00
	K.A.T.T.I		391,000	337,960.00
	KEFEP		489,900	2,177,932.00
	Library		23,793	105,530.00
	local transport and travelling		7,879,946	8,984,629.00
	pay as you eat(sale of food)		12,278,459	29,769,145.00
	Performance contract		2,018,557	2,847,261.00
	Research and innovations		3,657,719	7,173,606.00
	registration fee			353,560.00
	robot contest		-	442,055.00
	Security costs		3,299,080	3,011,900.00
	shows and exhibition		256,370	1,350,734.00
	strategic plan		-	1,816,280.00

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	student union		-	-
	I.C.D.L program		-	530,540.00
	sundry creditors paid		-	-
	Supplementary		162,189	-
	Training expenses(tuition)		48,035,854	81,934,373.00
	vehicle cover insurance		337,009	-
	Marketing		658,536	-
	production unit		1,751,649	-
	Imprest		122,000	-
	Rent		110,600	-
	<b>Total general expenses</b>		<b>201,418,851</b>	<b>248,920,488.00</b>
<b>11.</b>	<b>Finance Costs</b>		-	
			-	
	Borrowings (amortized cost)*		-	
	Finance leases(amortized cost)		-	
	Unwinding of discount		-	
	Interest on Bank overdrafts		-	
	Interest on loans from commercial banks		-	
	Bank charges		132,697	130,989.00
	<b>Total finance costs</b>		<b>132,697</b>	<b>130,989.00</b>
<b>12.</b>	<b>Cash and Cash Equivalents as at 30<sup>th</sup> June 2020</b>		-	
12(a)	<b>Account name and bank</b>	<b>Account number</b>		
	Main account(ABSA BANK)	8219650	153,357,024	
	College account (K.C.B BANK)	1108808921	17,721,469	
	Kapenguria campus account (K.C.B BANK)	1128048566	1,294,623	
	Development account (COPERATIVE BANK)	1139085509400	8,272,905	
	Farm account (COPERATIVE BANK)	1120085509403	475,110	
	<b>Sub total</b>		<b>181,121,131</b>	<b>99,496,889</b>
12(b)	<b>Cash balances</b>	<b>Account number</b>		
	Main account(ABSA BANK)	8219650	(3,208,467)	
	College account (K.C.B BANK)	1108808921	2,087,234	
	Kapenguria campus account (K.C.B BANK)	1128048566	1,445,497	
	Development account (COPERATIVE BANK)	1139085509400	-	
	Farm account (COPERATIVE BANK)	1120085509403	208,045	
	<b>Sub total</b>		<b>532,309</b>	<b>4,529,035.00</b>
	<b>Total cash and cash equivalents</b>		<b>181,653,440</b>	<b>104,025,924.00</b>
<b>13.</b>	<b>Receivables from Exchange Transactions</b>		-	
	<b>Current receivables B/F</b>		<b>75,104,112</b>	
	Student debtors		23,888,444	46,226,592.00
	Rent debtors		757,270	600,000.00
	National youth service (N.Y.S)		(28,277,520)	28,277,520.00
	Other exchange debtors		-	

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	Africa Development Bank	-		-
	Less: impairment allowance	-		
	<b>Total current receivables</b>	-	71,472,306	75,104,112.00
	<b>Non-current receivables</b>	-		
	Advance payments-HELB	-		459,063.00
	Public organizations	-		
	Less: impairment allowance	-		
	<b>Total non-current receivables</b>	-		459,063.00
	<b>Total receivables</b>	-	71,472,306	75,563,175.00
		-		
		-		
<b>14.</b>	<b>Receivables from Non-exchange transactions</b>	-		
		-		
	<b>Current receivables</b>	-		
	balance b/f as at 01/07/2019		19,200,778	-
	add: capitation for the year		111,240,000	19,200,778.00
	Less: capitation arrears received to date(2018/2019)		(19,200,778)	
	Transfers from other govt. entities	-		
	Undisbursed donor funds capitation (non-exchange transactions) received( 2019/2020)		(111,240,000 )	
	Less: impairment allowance	-		
	<b>Total current receivables</b>		<b>0</b>	<b>19,200,778.00</b>
<b>15.</b>	<b>Inventories</b>	-		
		-		
	Consumable stores		877,421	2,500,000.00
	Maintenance stores	-		
	Health Unit stores	-		-
	Electrical stores	-		-
	Cleaning materials stores	-		-
	Catering stores	-		-
	<b>Total Inventories</b>	-	<b>877,421</b>	<b>2,500,000.00</b>
<b>16.</b>	<b>Intangible Assets Software</b>	-		
		-		
	<b>Cost</b>			
	At beginning of the year	-	8,651,630	8,651,630.00
	Additions	-		-
	<b>Cost end of the year</b>	-	<b>8,651,630</b>	<b>8,651,630.00</b>
	<b>Amortization and impairment</b>			
	At beginning of the year	-		

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	Amortization	-		
	<b>Amortization at end of the year</b>	-		-
	Less Impairment loss	-		
	<b>At end of the year</b>	-		-
	<b>NBV</b>	<b>8,651,630</b>	<b>8,651,630</b>	<b>8,651,630.00</b>
<b>17.</b>	<b>Trade and other Payables from Exchange Transactions</b>			
	Trade payables as at 1/07/2019	-	23,402,240.00	23,294,930.00
	Trade payables for the year	-	9,309,820.00	-
	Fees paid in advance	-	( 60,000 )	107,310.00
	HELB payment received in advance			-
	Employee advances			
	Third-party payments			
	Other payables(salary arrears)			
	<b>less paid during the period</b>	-	- 23,402,240	
	<b>Total trade and other payables</b>	-		-
			9,309,820	23,402,240.00
<b>18.</b>	<b>Refundable deposits from customers/students</b>			
	Consumer deposits			
	Caution money	-	2,600,870	2,600,870.00
	Other refundable deposits(HELB)	-	60,000	
			( 60,500)	
	<b>Total deposits</b>	-	<b>2,600,370</b>	<b>2,600,870.00</b>

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**XXV. PROPERTY, PLANT AND EQUIPMENT**

19) PROPERTY, PLANT AND EQUIPMENT		Buildings and structures	Motor vehicles	Furniture and fittings	Computers	Other Assets (Specify)	Plant And Equipment	Capital Work in progress	Total
LAND	2% Kshs	12% Kshs	12.50% Kshs	20% Kshs	10% Kshs	10% Kshs	10% Kshs	10% Kshs	10% Kshs
Cost									
At 1 <sup>st</sup> July 2017	581,000,000.00	611,819,782.00	6,700,000.00	12,164,360.00	18,705,857.00	-	96,300,000.00	-	1,326,689,999.00
Additions 30 <sup>th</sup> June 2018	-	19,386,732.00	4,980,000.00	2,468,920.00	-	-	4,463,625.00	-	31,299,277.00
Book values 30 <sup>th</sup> June 2018	581,000,000.00	631,206,514.00	11,680,000.00	14,633,280.00	18,705,857.00	-	100,763,625.00	-	1,357,989,276.00
Depreciation for the year ending 30/6/18	-	12,624,130.00	1,401,600.00	1,829,160.00	3,741,171.00	-	7,616,363.00	-	27,212,424.00
Net book values	581,000,000.00	618,582,384.00	10,263,400.00	12,804,120.00	14,964,686.00	-	93,147,262.00	-	1,330,761,852.00
as at 1 <sup>st</sup> July 2018	581,000,000.00	618,582,384.00	10,263,400.00	12,804,120.00	14,964,686.00	-	93,147,262.00	-	1,330,761,852.00
Additions	-	5,000,000.00	-	3,206,582.00	8,500,000.00	-	-	8,230,322.00	24,936,904.00
Disposals	-	-	-	-	-	-	-	-	-
Donation	-	-	-	-	-	-	107,398,200.00	-	107,398,200.00
At 30 <sup>th</sup> June 2019	581,000,000.00	623,582,384.00	10,263,400.00	16,010,702.00	23,464,686.00	-	200,545,462.00	8,230,322.00	1,463,096,955.00
Depreciation and impairment 01/07/2018	-	12,624,130.00	1,401,600.00	1,829,160.00	3,741,171.00	-	7,616,363.00	-	27,212,424.00
Depreciation for 2018/2019	-	12,471,648.00	1,231,608.00	2,001,338.00	4,692,937.00	-	20,054,546.00	-	40,452,077.00
Impairment	-	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> June 2019	-	25,095,778.00	2,633,208.00	3,830,498.00	8,434,108.00	-	27,670,909.00	-	67,664,501.00
Net book values	581,000,000.00	611,110,736.00	9,031,793.00	14,009,364.00	18,771,750.00	-	180,490,916.00	8,230,322.00	1,422,644,879.00
as at 1 <sup>st</sup> July 2019	581,000,000.00	623,582,384.00	10,263,400.00	16,010,702.00	23,464,686.00	-	200,545,462.00	8,230,322.00	1,463,096,955.00
Additions	-	16,788,957.00	25,529,772.00	5,706,239.00	14,795,000.00	-	-	36,014,696.00	98,804,664.00
Disposals	-	-	-	-	-	-	-	-	-
Donation	-	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> June 2020	581,000,000.00	627,869,693.00	34,561,564.00	19,715,603.00	33,566,748.00	-	180,490,916.00	36,014,696.00	1,521,449,543.00
Depreciation and impairment 01/07/2019	-	25,095,778.00	2,633,208.00	3,830,498.00	8,434,108.00	-	27,670,909.00	-	67,664,502.00
Depreciation	-	12,557,394.00	4,147,388.00	2,464,480.00	6,713,350.00	-	18,049,092.00	-	43,931,674.00
Impairment	-	-	-	-	-	-	-	-	-
At 30 <sup>th</sup> June 2020	-	37,653,172.00	6,780,896.00	6,294,948.00	15,147,458.00	-	45,720,001.00	-	111,596,175.00
Net book values 30/6/2020	581,000,000.00	615,312,299.00	30,414,176.00	17,251,153.00	26,853,398.00	-	162,441,824.00	36,014,696.00	1,469,287,547.00
as at 1 <sup>st</sup> July 2019	581,000,000.00	611,110,736.00	9,031,792.00	14,009,364.00	18,771,748.00	-	180,490,916.00	8,230,322.00	1,422,644,879.00

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WORK IN PROGRESS STATUS PROJECT TITLE	BUDGET COST	CONTRACT VALUE	AMOUNT PAID	OUTSTANDING COST
Tuition block	38,866,106.00	38,866,106.00	24,901,825.00	13,964,280.80
Zero grazing unit/poultry structures	2,744,385.00	2,744,385.00	669,780.00	2,074,605.00
Driving school	5,400,000.00	4,300,000.00	3,153,431.00	1,146,569.00
perimeter wall	2,699,923.00	2,699,923.00	1,697,612.00	1,002,311.00
students center construction(WIP)	5,000,000.00	4,978,019.00	2,829,740.00	2,148,279.00
bus park( WIP)	2,000,000.00	1,950,076.00	612,263.00	1,337,813.00
bore hall drilling( WIP)	4,500,000.00	3,838,672.00	2,080,045.00	1,758,627.00
construction of hospitality ( WIP)			70,000.00	
<b>TOTAL</b>	<b>61,210,414.00</b>	<b>72,297,466.00</b>	<b>36,014,696.00</b>	<b>23,432,485.00</b>

DEPRECIATION FOR THE YEAR SUMMARY	2019/2020	2018/2019	2017/2018
LAND			
BUIDING	12,257,394.00	12,471,648.00	12,624,130.00
MOTOR VEHICLE	4,147,308.00	1,231,608.00	1,401,600.00
EQUIPMENTS 10%	18,049,092.00	20,054,546.00	7,616,363.00
COMPUTERS/COPIER/PRINTERS 20%	6,713,350.00	4,692,937.00	3,741,171.00
FURNITURE/FITTING 12.5%	2,464,450.00	2,001,338.00	1,829,160.00
<b>TOTAL</b>	<b>43,931,674.00</b>	<b>40,452,077.00</b>	<b>27,212,424.00</b>

**XHEIKITADESACONQNA BPODDETECHNIC**  
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**Expenses**

**Compensation of employees**

The polytechnic policy on Collective Bargaining Agreement had not been implemented. The other factor attributing to less absorption on the vote head. Casuals that were engaged during the year were laid off due to the COVID 19 Pandemic.

**Remuneration of Directors**

The Council remuneration was more than the anticipated budget. The unpaid KRA Remittance was considered in the financial year.

**General Expenses**

Due to COVID 19 Pandemic for the intended purchase of learning materials for students was not procured.

**Repair and Maintenance**

The variance of **Kshs. 7,400,000** was attributed to procurement process.

**Retained Earning**

The polytechnic had retained revenue from the previous years.

**Development Grants**

The development grants received was **Kshs. 12,641,750** the Government did not commit to release the balance.

**Rendering of Services**

Due to the COVID 19 Pandemic, the enrolment of students staggered hence the Institution collection was less than expected.

**Sale of Goods**

In the financial year 2019/2020 the anticipation to collect **Kshs. 39,242,000** was not realized. Only **Kshs. 19,846,467** was collected. The COVID 19 Pandemic affected the polytechnic operations.

**Rental Income**

Trainers paid rent as per scheduled Recovery sent by the Principal Secretary through the Public Service Commission.

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**APPENDIX I**

**PROJECT IMPLEMENTATION BY ENTITY  
STATUS OF THE PROJECT**

NO	TOTAL COST	EXPENDED TO DATE	% COMPLETION	BUDGET	ACTUAL	SOURCE
TUITION BLOCK	38,866,106.00	24,901,825.00	63%	38,866,106.00	38,866,106.00	AIA
ZERO GRAZING UNIT	2,744,385.00	669,780.00	100%	66		AIA
DRIVING SCHOOL	4,300,000.00	3,153,431.00	73%	1,697,612.00	62%	AIA
STUDENT CENTER	4,978,019.00	2,829,740.00	56%	5,000,000	5,000,000.00	AIA
BUS PARK	1,950,076.00	612,263.00	31%	2,000,000.00	2,000,000	AIA
BOREHOLE	3,838,672.00	2,080,045.00	52%	4,500,000.00	3,838,672.00	AIA



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**APPENDIX 2**  
**IMPORTANT DISCLOSURES**

**1. CAPITATION ARREARS FOR THE FINANCIAL YEAR 2019/2020 OF KSH. 89,760,00.00 IS YET TO BE RECEIVED FROM THE GOVERNMENT**