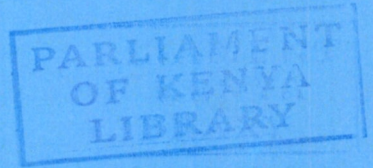


REPUBLIC OF KENYA

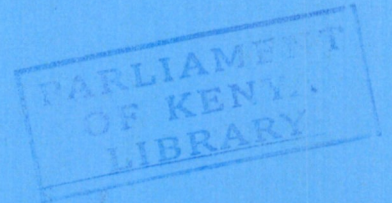


Enhancing Accountability



REPORT

THE NATIONAL ASSEMBLY PAPERS I A/D		OF
DATE:	10 FEB 2022	DAY: THUR
TABLED BY:	LOM	
CLERK AT THE TABLE:	B. Inzofu	



THE AUDITOR-GENERAL

ON

SIGALAGALA NATIONAL POLYTECHNIC

**FOR THE YEAR ENDED
30 JUNE, 2018**



THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE, 2018

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

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

TABLE OF CONTENT

TABLE OF CONTENT	ii
ABBREVIATIONS.....	iii
KEY ENTITY INFORMATION AND MANAGEMENT.....	iv
THE GOVERNING COUNCIL	vii
CHAIRPERSON STATEMENT	xiii
REPORT OF THE PRINCIPAL	xiv
CORPORATE GOVERNANCE STATEMENT	xvi
MANAGEMENT DISCUSSION AND ANALYSIS	xix
CORPORATE SOCIAL RESPONSIBILITY	xxii
REPORT OF THE COUNCIL.....	xxiii
STATEMENT OF COUNCIL RESPONSIBILITIES	xxiv
REPORT OF THE AUDITOR GENERAL ON THE SIGALAGALA NATIONAL POLYTECHNIC.....	xxv
STATEMENT OF FINANCIAL PERFORMANCE	1
FOR THE YEAR ENDED 30 JUNE 2018	1
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018	2
STATEMENT IN CHANGES IN NET ASSESTS FOR THE YEAR ENDED 30 JUNE 2018.....	3
THE STATEMENT OF CASH FLOW AS AT 30TH JUNE 2018	4
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2018.....	5
NOTES TO THE ACCOUNTS	7
SIGNIFICANT ACCOUNTING POLICIES SUPPORTING ACCOUNTS	7
NOTES TO THE FINANCIAL STATEMENTS.....	11
APPENDIX I: PROJECTS IMPLEMENTED BY THE POLYTECHNIC	18
APPENDIX II: INTER ENTITY TRANSFERS.....	19
APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT	20
ENTITIES.....	20
APPENDIX IV: RELATED PARTIES - MENTORED INSTITUTIONS.....	21
(CHANZEYWE TVC).....	21

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

ABBREVIATIONS

E.A.C.E - East African Certificate of Education

CBET - Curriculum Bases Education Training

KISE - Kenya Institute for Special Education

EWC – Electricity Water & Conservancy

PAYE - Pay as You Eat

LT&T - Local Transport & Travelling

PE - Personal Emoluments

PFM - Public Finance Management

RMI - Repairs Maintenance & Improvements

PTA - Parents Teachers Association

PU - Production Unit

TTI - Technical Training Institute

I&M - Institutional Management

SNP -Sigalagala National Polytechnic

IPSAS – International Public Sector accounting Standards

KETISA – Kenya Technical Institutions Sports Association

GOK – Government of Kenya

TVC – Technical and Vocational College

ERP - Entrepreneur Resource Management

QMS - Quality Management System

NYS - National Youth Service

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The Sigalagala National Polytechnic was established in 1950 and has grown over the years to become a leading Polytechnic in Kenya under the Ministry of Education.

It is the third oldest Vocational and Technical Institute in this country after Kabete National Polytechnic and Machakos Technical training Institute

Sigalagala Polytechnic started as Nyanza Technical and Trade School on 33 acre piece of land. It inherited land and buildings from gold miners who had been operating there since the 1930s. It became a Technical School in 1967 offering courses up to East African Certificate of Education (E.A.C.E) level in 1986 it became a Technical Training Institute offering various courses at certificate, diploma and higher diploma level.

In the year 2016 it was awarded a National Polytechnic status and currently offers Competency Based Training (CBET) besides those of Kneec and Kasneb.

(b) Principal Activities

The principal activity of the Sigalagala National Polytechnic is to offer training to

Students in technical courses and business courses as per the industry needs and examined by Kneec, Kasneb and CBET courses.

The mission of the Polytechnic is to provide technical training in science, engineering and technology and to foster applied research and community outreach for innovation and sustainability

(c) Key Management

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

- The Governing council
- Principal/Council Secretary
- Deputy Principal
- Heads of department

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

1. Principal -Tom W. Mulati
2. DP Administration – Chanzu Z. Lomolo
3. Chief Finance Officer - Christopher Oselu
4. Procurement officer - John Manyonge
5. Store officer - Pius Otwane

(e) Fiduciary Oversight Arrangements

The council does oversight role through the use of committees in various Areas with composition stated below;

NAME OF COMMITTEE	MEMBERS
Finance and Operations Committee	<ol style="list-style-type: none">1. Mrs. Peris Muniafu - Chair2. Mr. Joseph Sunguti - Member3. Eng. John Ombengi - Member4. Mr. Joseph Imbwaga - Member
Audit Committee	<ol style="list-style-type: none">1. Mr. Obed Rono - Chair2. Mr. Joseph Sunguti - Member3. M/s. Doreen Simiyu - Member4. Mr. Joseph Imbwaga - Member
Education, Training & Research Committee	<ol style="list-style-type: none">1. Eng. John Ombengi - Chair2. Mr. Obed Rono - Member3. Mr. Joseph Sunguti - Member4. Mr. Joseph Imbwaga - Member
Executive Committee	<ol style="list-style-type: none">1. Mr. Joseph Imbwaga - Chair2. Mrs. Peris Muniafu - Member3. Mr. Joseph Sunguti - Member4. Eng. John Ombengi - Member5. Mr. Obed Rono - Member6. Mr. Tom Mulati - Member

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

(f) College Location

Country: Kenya
County: Kakamega
Sub County: Shinyalu
Location: Khayega
Street: Kisumu/ Kakamega road

(g) Entity Contacts

Telephone: 0726 - 806105

E-mail: sigalagala@yahoo.com

Website: www.sigalagala.ac.ke

(h) Entity Bankers

- i. Barclays Bank- GOK Operation Account - 8042543
- ii. Barclays Bank – College Fund Account - 8043551
- iii. Barclays Bank – Savings Account - 8256911
- iv. Kenya Commercial Bank – Buses Loan Account – 1149686693
- v. Cooperative Bank – Town Campus Account - 01120098473700
- vi. National Bank – Mentored Institutions Account - 01037017738900
- vii. National Bank – Examination Account - 01021071653900

(i) Independent Auditors

The Auditor General
Anniversary Towers, University Way
P.O. Box 30084 - 00100
Nairobi, Kenya

(j) Principal Legal Adviser

- o The Attorney General
State Law Office
Harambee Avenue
P o Box 40112 - 00200
Nairobi - Kenya

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

THE GOVERNING COUNCIL



Catherine Muyeka Mumma

Council Chairperson

Seasoned Human Rights practitioner with over 20 years of experience working with government, independent and constitutional organs and the civil society, shaping policy and

legislative frameworks on human rights; monitoring and advocating for implementation of human rights principles. Conversant with skills on strategic and organizational planning and development including Rights Based

approaches to service delivery and Results Based management. Efficient, diligent, enthusiastic, positive thinking and independent professional. Team player, faithful and loyal to causes involved in.

Catherine holds LLM, University of London (Queen Mary and Westfield's College) LLB (Hons), University of Nairobi, Diploma in Legal Studies, the Kenya School of Law

PROFFESIONAL EXPERIENCE

- Appointed Member of the Global Health Advisory Committee of the Open Society Foundation (one of the George Soros Foundations. (April 2016).
- Appointed Member of the Advisory Team to the Health Committee of the Council Of Governors in Kenya (Jan 2016).
- Member of Nyabondo Hospital Board of Governors, Kisumu County (Dec 2015)
- Commission for the Implementation of the Constitution (CIC). [Jan 2011 – Dec 2015]

SELECTED CONSULTANCY WORK

- Consultant for the State Department of Gender- Ministry of Public Works, Youth and Gender the development of a strategy for facilitating greater participation of women in elective bodies.
- Consultant for the Kenya AIDS NGO Consortium (KANCO) - on the development of an advocacy strategy for improved national and county policy and legislative drug control frameworks that integrate of health, harm reduction and human rights based strategies (March 2016)
- Consultant for the Council of Governors (COG)- to provide technical support to the
- Intergovernmental technical committee on the flow of conditional grants under the system of devolved government (Jan 2016)

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018



Peris Alera Muniafu
Council member

Highly energetic, innovative and results-oriented professional with a wealth of experience mainly in Banking Operations, sales, investment services, customer service and bank assurance. Proven success in good leadership skills. Possessing team-working skills further attributed with good communication, reporting and organizational skills.

She holds Bachelor of Science and Masters of Science Degree– Strategic Management, from USIU

PROFESSIONAL EXPERIENCE

Perez has over twenty years strong experience in Bank Operations, Project Management experience having been in the project team for NBK/KRA collections, Hay Group - South Africa job evaluation team, Branch power system project team and a certified custodian.

She has experience in insurance having worked in bank assurance.

A certified trustee and a representative of National Bank trustee services.

EMPLOYMENT HISTORY

She has wide experience in banking operations having worked at the National bank in various posts from 1994 up to now. She is currently the bank branch manager at the Hill branch Nairobi.



Simiyu Doreen Nanjala
Council Member

Doreen holds B.sc in Information Sciences-Library and Information Studies from Moi University. She is a professional librarian who works at the Catholic University of Eastern Africa. She has a vast knowledge in management and also an alumnus of the Polytechnic. She is a role model to student and always encourages them to work hard to achieve success in life.

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018



Eng. John Mokaya Ombengi

Council Member

Eng. Ombengi is a registered Civil and Structural Engineer with 40 years' post graduate practical experience in all aspects of Civil and Structural Engineering projects from feasibility studies through design, construction supervision and commissioning of works. He is conversant with GOK, World Bank, KfW procurement procedures and FIDIC Conditions of Contract.

He holds a Bsc. Eng. (Hons) University of Nairobi.

Eng. Ombengi has been involved in drawing and updating master plans in various organizations across the country and has specialized skills acquired over the years while in the employment of Nairobi City Council and consulting engineering firms. Eng. Ombengi has held positions of Resident Engineer, Project Engineer, Project Manager, Project Co-ordinator and Team Leader for various projects.



Joseph M. Imbwaga.

Council member

He is a retired administrator who has vast experience in public management having served in various areas as district officer and district commissioner. He has attended many management courses and officiated many successful projects in Kenya. His knowledge in public administration is an asset to the council in matters of arbitration and public awareness. He holds BA in public

administration from the University of Nairobi

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018



Ronoh Obed Kipruto

Council member

He is a professional banker with wide range of experience in public finance having worked as Branch Manager at Juhudi Kilimo for the last 6years. He had previously worked for various firms in the field of accounting and finance Mr. Rono holds Bachelor of Business Management – Accounting Option from Moi University. His knowledge in accounting is essential in council monitoring system for good governance



Mr. Tom Mulati

Principal

Mr. Tom Mulati holds a Masters Degree from University of Eldoret (Med Techn) Construction Technology, Diploma in Technical Education and Building and Civil Engineering from KTTC (1986-1990), Higher Diploma from Mombasa Polytechnic; 1992-1994.

He has served as trainer and Head of Department at various TVET Institutions ie Sangalo, Teremi, Kitale TTI before taking on TVET administration duties from the year 2004 to date. He served as Deputy Principal at Ol'lessos T.T.I Nandi county, and Moi Institute of Technology; Migori county

Mr. Mulati has served as Principal at Kisiwa T.T.I and currently at Sigalagala National Polytechnic with effect from January 2018.




THE SIGALAGALA NATIONAL POLYTECHNIC

**ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018
MANAGEMENT BOARD MEMBERS**

Manager's name, and key profession/academic qualifications	Indicate the main area of responsibility – without details
 <p>Mr. Tom Mulati– Trainer Principal</p>	<p>Accounting officer Masters in Education (Technology). Higher National Diploma Diploma in Technical Education (Building & Civil Engineering)</p>
 <p>Mr. Zedekiah Lomolo. - Trainer Deputy Principal administration</p>	<p>Dip. Tech Education General Administration</p>
 <p>Mr. Patrick Ngore. - Trainer Deputy Principal Academic</p>	<p>In charge of academic programmes B. Science</p>
 <p>Cpa. Christopher Oselu.- Accountant Chief Finance Officer</p>	<p>Head of Finance and Accounts MBA (Finance) B.Com (Finance) CPAK</p>

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

 <p>Mrs. Grace Mauti. - Trainer Registrar</p>	<p>In charge of admission and career guidance</p> <p>B. Education</p>
 <p>Mr. Lucas Wegesa. - Trainer Dean of students</p>	<p>In charge of students affairs Dip. Tech Education</p>
 <p>Fred Carter Human Resource</p>	<p>Dip. HRM In charge of human resource</p>

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

CHAIRPERSON STATEMENT

The governing council are responsible for the preparation and presentation of financial statements of the Sigalagala National Polytechnic, which give a true and fair view of the state of affairs as at the end of the financial year ended on June 30th June, 2018. This responsibility includes; Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Sigalagala National Polytechnic, 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; Safeguarding the assets of the Sigalagala National Polytechnic, Selecting and applying appropriate accounting policies and Making accounting estimates that are reasonable in the circumstances.

To the best of our knowledge, we believe that all that is required by law was done and the records and financial statement forwarded shows the best position of Sigalagala National Polytechnic as at 30th June 2018.



Catherine Mumma
Council Chair

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

REPORT OF THE PRINCIPAL

The financial reports have been prepared using IPSAS accruals basis of accounting which simply recognizes all asset and liabilities of the organization as well as taking into account the polytechnic's operations whether received or not, whether paid for or not.

The polytechnic is still under transition from cash basis to complete accruals and being their second year a lot of improvement on the accounts has taken place starting from presentation to interpretation

Valuation of Non Current Assets

The committee also noted that the management had appointed their own internal committee consisting of experts from Building and civil engineering section of quantity survey and Accounts department to do valuation of all its non-current assets. Full report on that exercise was complete and shows that total non-current assets of the Polytechnic by close of the financial year total was Ksh.793,198,503 as stated in the financial statements.

The polytechnic will involve the public works department in charge of valuation to ascertain the values or cost of its Non Current assets as indicated above to compliment the work of the internal valuers.

Variances

The council observed that positive variance on revenue was due to increased number of students' population which reflected in more revenue collection.

Negative variance on expenditure was due to increase in expenditure due to increased population which had stretched needs.

The council however noted that the general performance had a positive variance a sign that the Polytechnic did not commit beyond its revenue limit.

Un-paid Creditors.

By the end of the year the college had unpaid creditors amounting to Ksh.25,205,099.00. This was due huge arrears the college had which was contributed by delayed funding from Kenya National Youth Service who were to pay fees for their students at the college.

Use of URP to do Final Accounts

The council had recommended the use of URP to do the accounts for efficiency and ease of work for the accounts staff. The polytechnic is installing an ERP by the name *Unisol* which will assist accounts staff in accounting and will make the work faster and more accurate going by the complexity of the work as required by the standard

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

Development Projects.

The Polytechnic received a total of Ksh. 11,500,000 from the government as development grant and also collected a total Ksh.32,972,247 as development funds from internally generated funds.

In the year under review the Polytechnic concentrated in the completion of the existing projects for the college which include Hospitality Building, and Tuition Block which will open space for more lecture halls and more workshop to cater for the increasing student population.

The management opted for the main works only on the hospitality building to avoid accumulating more unpaid debts so that should funds be available in the coming years then they can complete other associated works on the building.

Operation Results.

Generally the Polytechnic operated at a net surplus of Ksh.15,757,928

This was due to the following factors;

- Reduction on expenditure due to huge arrears owed by NYS and Lapsset
- Reduction on wastage due to operational structure introduced in the college
- Increase in population which reduces marginal cost of operation.



Mr. Tom Mulati

Principal

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

CORPORATE GOVERNANCE STATEMENT

We believe in good corporate governance as an organisation. The Council provides leadership through oversight, review and guidance whilst setting the strategic direction. It is the primary decision-making body for all matters considered as material to the Service. The Board has the appropriate mix of skills, knowledge and experience to perform its role effectively.

Council meetings are held quarterly and they have formal schedule of matters specifically reserved for deliberation. The Service ensures that it provides the necessary resources and expertise to the Board of directors to assist them in their decision-making and as such, they are regularly consulted on key policy matters.

General Responsibilities

The council has a duty to the people of Kenya to ensure that the Sigalagala National Polytechnic achieves its objectives efficiently and effectively and in compliance with PFM act , 2012, TVET Act 2013 and Polytechnic order 2016.

Statutory powers of the polytechnic include:

- To ensure that proper management structure is in place and the management maintain the corporate integrity, reputation and responsibility
- To monitor and evaluate the implementation of strategies, policies and management plans of the polytechnic
- To constantly review the viability and financial sustainability of the polytechnic.
- To ensure that polytechnic complies with all the relevant laws

Directors' remuneration

The remuneration of all council members is subject to regular review to ensure that levels of remuneration and compensation are appropriate as provided for by law.

The council members are paid a sitting allowance and travel expenses for meetings attended.

Risk Management and Internal Controls

The council has overall responsibility for the establishment and oversight of the Polytechnics risk management frameworks. The risk Management Policies are established to identify and analyse the

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

risks faced by the polytechnic and to set appropriate risk limits and controls, and to monitor adherence to these limits. Risk Management policies and systems are reviewed regularly to reflect changes in operating conditions, legislation and services offered. Subsequently, the polytechnic identifies and manages risk through in-house risk review enhanced by compliance, internal and external audits.

The Polytechnic has in place a system of internal controls with defined procedures, financial and operational controls to ensure that resources are safeguarded; transactions authorised, validated and reported in line with International Public-Sector Accounting Standards.

Conflicts of interest

All council members are under a duty to avoid conflicts of interest. This entails not engaging, directly or indirectly in any business that competes or conflicts with the Service's business.

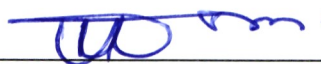
The council has established a robust process requiring members to disclose outside business interests before they are entered into.

Compliance

The council confirms that it is satisfied that the Polytechnic has adequate resources to continue operating for the foreseeable future. For this reason, it continues to adopt the going Concern basis when preparing the financial statements. The Council is satisfied that the Polytechnic has to the best of their knowledge complied with all relevant laws and conducted its business affairs in accordance with the law in particular to the PFM act 2012 , TVET act 2013 and Polytechnic order 2016



Mrs. Catherine Muuma
Chair, Council



Mr. Tom Mulati
principal

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

MANAGEMENT DISCUSSION AND ANALYSIS

The Polytechnic operational and Financial Performance

Generally the Polytechnic operated at a net surplus of Ksh.15,757,928

This was majorly due to the factors below;

- Reduction on expenditure due to huge arrears owed by NYS and Lapsset
- Reduction on wastage due to operational structure introduced in the college
- Increase in population which reduces marginal cost of operation.
- Low marginal cost of operation due to increase number of students

Compliance with Statutory Requirements

By the end of the second quarter, the Sigalagala National Polytechnic had paid all its statutory requirements in terms of NSSF, NHIF, PAYE. and all withholding taxes from contractors and suppliers it was mandated to pay to KRA. The polytechnic has been withholding taxes on all payment made to contractors and remitting them to KRA when due. The polytechnic is operating under legal frame works necessary under public sector requirement such as ;

- The constitution of Kenya, 2010
- the Sigalagala National Polytechnic order, 2016
- TVET act, 2013,
- PFM act, 2012,
- Procurement and Assets Disposal act ,2015
- all other relevant laws in its operation

The books of accounts for the year 2016/2017 were still under audit and the report was expected to be released anytime.

Key Projects the Polytechnic is Implementing

The Polytechnic is implementing various projects during the year 2017/2018 which are partly funded by the GOK and partly with the internally generated funds, and they include;

- Completion of the Tuition block complex which houses lecture rooms and
- Completion of wall fence in the Polytechnic.
- Completion of the Institutional Management Workshop which will be used to house Chinese equipment for hospitality training at a cost of Ksh.27,547,055. This building is co-founded by the GOK in conjunction with the Polytechnic internally generated funds. Equipment were already in the country and a place for them needed to be completed first so that they could be assembled and commissioned.

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

- The Polytechnic is also overseeing the construction of new technical and vocational centre at Vihiga County called ChanzeyweTvc.

Major risks the Polytechnic is facing

The major risks Polytechnic has operated under include risk of fees arrears becoming huge due to delay in payment of fees by the ministry of youth service which sent their students for courses at the Polytechnic but by the end of the year had not paid their fees

Market risk is another challenge the polytechnic had to deal with. This led to increase in prices which interfered with budgetary allocation.

Material Arrears and Financial Obligations

The Polytechnic had substantial fees arrears owed by various entities totalling to Ksh. which had not been received by the year end.

Major sponsors of our students;

- National youth service
- Lapsset corridor
- Acacia
- Kcb – Equity foundation
- Individual students

The Polytechnic Financial Probity and Governance Issues

The Polytechnic is governed by a Council appointed by the Cabinet Secretary for education, who are independent overseers of the running of the Polytechnic.

They hold quarterly meetings to discuss management affairs of the Polytechnic.

The full council has sub-committees who also meet quarterly to oversee operations in their respective areas.

The council oversees the financial operations of the Sigalagala National Polytechnic through its sub - Committee on Finance and Administration. The committee met and discussed the accounts for the financial year 2017/2018. The committee noted that the financial report under review is the second to be presented under the new International Public Sector Accounting Standards Accruals basis. (IPSAS Accruals). As directed by treasury to all public tertiary institutions. The following issues were observed;

Valuation of Non Current Assets

The committee also noted that the management had appointed their own internal committee consisting of experts from Building and Accounts department to do valuation of all its Non Current Assets. Full report on that exercise was complete and shows that total Non Current assets of the Polytechnic by close of the financial year total to Ksh.828,540,478 .

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The polytechnic will involve the public works department in charge of valuation to ascertain the values or cost of its Non Current assets as indicated above to compliment the work of the internal valuers.

Variations

The council observed that positive variance on revenue was due to increased number of students' population which reflected in more revenue collection.

Negative variance on expenditure was due to increase in expenditure due to increased population which had stretched needs.

The council however noted that the general performance had a positive variance a sign that the Polytechnic did not commit beyond its revenue limit.

Un-paid Creditors.

By the end of the year the college had unpaid creditors amounting to Ksh.25,205,099.00 this was due huge arrears the college had which was contributed by delayed funding from Kenya National Youth Service who were to pay fees for their students at the college.

Use of ERP to do Final Accounts

The council had recommended the use of Enterprise Resource Planning (ERP) to do the accounts for efficiency and ease of work for the accounts staff. The Polytechnic is installing an ERP by the name *Unisol* which will assist accounts staff in accounting and will make work faster and more accurate going by the complexity of the work as required by the standard

Development Projects.

The Polytechnic received a total of Ksh. 11,500,000.00 from the government as development grant and also collected a total Ksh.32,972,247 as development funds from internally generated funds.

In the year under review the Polytechnic concentrated in the completion of the existing projects for the college which include Hospitality Building, and Tuition Block which will open space for more lecture halls and more workshop to cater for the increasing student population.

The management opted for the main works only on the hospitality building to avoid accumulating more unpaid debts so that should funds be available in the coming years then they can complete other associated works on the building.



By order of the council

Mr. Tom Mulati

Principal/Secretary to the Council

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30JUNE 2018

CORPORATE SOCIAL RESPONSIBILITY

The principal activity and the core mandate of the Sigalagala National Polytechnic is to offer training and research in areas technical to students in technical courses and business courses as per the industry needs.

The mission of the Polytechnic is “to provide technical training in science, engineering and technology and to foster applied research and community outreach for innovation and sustainability”.

Because the college is located in a community where not all of them gets training, the management of the polytechnic has various activities they under take to the locals under Corporate Social Responsibilities. These activities are;

- The polytechnic supports the sub county primary school around the Polytechnic in organizing evaluation examinations to prepare students for the KCPE exams.
- The Polytechnic supports the needy students to access secondary schools by assisting them in part purchase of form one requirements.
- The polytechnic is also in the process of training the locals on how to put living houses using the most current technologies which are cheap and efficient. The polytechnic will use their building and civil engineering department in this exercise which targets 200 locals

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 REPORT OF THE COUNCIL

The council submit their report together financial statements for the year ended June 30, 2018 which show the state of the Sigalagala National Polytechnic state of affairs.

Principal activities

The principal activities of the Sigalagala National Polytechnic continue to be;

- i. offer training s in the area of technology
- ii. Conduct research on market needs and come up with industry solutions

Results

The results of the Sigalgala National Polytechnic for the year ended June 30, 2018 are set out on page 1 to 19.

council members

The members of the council who served during the year are shown on page viii.

Auditors

The Auditor General is responsible for the statutory audit of the polytechnic, in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015, for the year ended June 30, 2018.

By Order of the Board



.....
Mr. Tom Mulati
Secretary

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018 STATEMENT OF COUNCIL RESPONSIBILITIES

The governing council are responsible for the preparation and presentation of financial statements of the Sigalagala National Polytechnic, which give a true and fair view of the state of affairs as at the end of the financial year ended on June 30th June, 2018. This responsibility includes:

- (i) Maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Sigalagala National Polytechnic
- (iii) Designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud;
- (iv) Safeguarding the assets of the Sigalagala National Polytechnic
- (v) Selecting and applying appropriate accounting policies; and
- (vi) Making accounting estimates that are reasonable in the circumstances



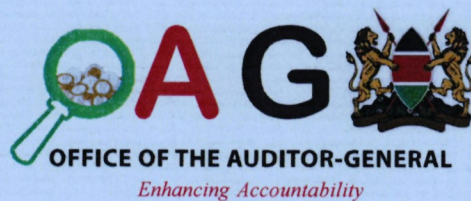
Tom Mulati
Principal



Catherine Mumma
Chair Council

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
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 SIGALAGALA NATIONAL POLYTECHNIC FOR THE YEAR ENDED 30 JUNE, 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Sigalagala National Polytechnic set out on pages 1 to 17, which comprise the statement of financial position as at 30 June, 2018, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects the financial position of Sigalagala National Polytechnic as at 30 June, 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training (TVET) Act, 2013.

Basis for Qualified Opinion

1.0 Unsupported Payments

Regulation 104(1) of Public Finance Management (National Government) Regulations 2015, requires payment vouchers for public funds to be properly supported by pre-numbered receipts and appropriate authority and documentation. However, included in the rendering services expenses balance totalling Kshs.46,906,092 reflected in the statement of financial performance are payments for procurement of goods and services totalling Kshs.3,468,990 which, as indicated in the Appendix to this report, were not adequately supported with records to confirm their propriety.

As a result, the accuracy and propriety of the rendering services balance totalling Kshs.46,906,092 could not be confirmed.

2.0 Inventories

The statement of financial position reflects inventories totalling Kshs.2,096,345, which is however were not supported with stores records including bin cards, stock sheets and stock count certificates. Further, there was no record of stock taking having been done on 30 June, 2018 and to verify the physical stock held in the stores at the close of the year under review.

In view of these issues, the accuracy and completeness of the inventory balance of Kshs.2,096,345 reflected in the statement of financial position as at 30 June, 2018 could not be confirmed.

3.0 Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions totalling Kshs.104,624,033 which include Kshs.100,383,982 in respect of fee arrears, as disclosed in Note 15 to the financial statements. However, the analyzed fees arrears balance reflected in the debtors' movement schedule was Kshs.77,388,442 resulting to an unreconciled variance of Kshs.22,995,540 between the two sets of records. In addition, no analysis was provided to indicate how long the fees had been outstanding. As a result, recoverability of the fees balance could not be confirmed.

In the circumstance, it was not possible to confirm that the receivables from exchange transactions balance totalling Kshs.104,624,033 as at 30 June, 2018 was fairly stated.

4.0 Property, Plant and Equipment

The property, plant and equipment balance totalling Kshs.828,540,478 as at 30 June, 2018 reflects an increase of Kshs.766,301,326 from the balance of Kshs.62,239,152 at the close of the previous year. The more than thirteen-fold increase mainly resulted from revaluation of the assets during the year under review. However, there was no asset register for the assets valued at Kshs.828,540,478 as at 30 June 2018. As a result, the nature of the assets, their dates of acquisition, costs, identification numbers, values, locations, depreciation charges and net book values could not be confirmed.

Further, the asset records indicated that the closing balance totalling Kshs.99,145,877 as at 30 June, 2017 was adjusted by Kshs.36,906,725 to Kshs.62,239,152 in the year under review shortly before the revaluation. However, documents explaining the adjustment were not provided for audit. Further, records on the revaluation indicated that it was conducted by Management without use of independent professional expertise.

In addition, the valuation report was dated 28 July, 2018, which was beyond the reporting date of 30 June, 2018 for the year under review. Further, no depreciation was charged on the revalued assets.

In the circumstances, it has not been possible to confirm the valuation, completeness and validity of the property, plant and equipment balance totalling Kshs.828,540,478 reflected

in the statement of financial position as at 30 June, 2018. In addition, in the absence of the register, custody of the assets by the Polytechnic could not be confirmed.

5.0 Bank Loan

The statement of financial position reflects bank loan balances totalling Kshs.10,175,061 as further disclosed under Note 19 to the financial statements. The loans were reportedly issued by two local commercial banks for purchase of motor vehicles. However, Management did not provide the respective loan records for audit review. As a result, the terms and conditions of the loans and the accuracy and validity of payments of principal sum and interest made thereof, and the outstanding balance as at 30 June, 2019, could not be confirmed.

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

Key Audit Matters

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

Other Matter

1.0 Budgetary Control and Performance

1.1 No Records on Approval of Budget

Paragraph 5.0 of National Treasury Circular No.15/2016 of 19 August, 2016 required all Accounting Officers to submit their budget estimates to their respective Ministries for comments and recommendations and eventual transmission to the National Treasury and the National Assembly.

However, there was no evidence that the budget estimates of the Polytechnic for the year under review were forwarded to the Parent Ministry after they were reviewed by the Polytechnic's Council.

1.2 Incomplete Budget Estimates

According to Article 220(1)(a) of the Constitution of Kenya 2010, budgets for both the National and County Governments should contain estimates of revenue and expenditure, differentiating between recurrent and development expenditure. However, the budget estimates presented for audit review did not disclose the revenue expected from several sources including Government (GOK) grants, Production Unit, Kenya Institute of Specialized Education (KISE), driving school fees and Polytechnic farm, among others.

1.3 Budget Variations

The statement of comparison of budget and actual amounts reflects a revenue budget of Kshs.202,973,500 and actual receipts totalling Kshs.304,256,509 resulting in under collection of 101,283,009 or 49.8% of the budgeted revenue. Also, the revenue for the year totalling Kshs.255,272,384 reflected in the statement of financial performance differed with the actual balance totalling Kshs.304,256,509 reflected in the statement of comparison of budget and actual amounts resulting to an unexplained variance of Kshs.48,984,125.

Further, the expenditure budget totalled Kshs.202,973,500 and actual expenditure Kshs.297,032,280 resulting in an over-expenditure of Kshs.94,058,780 or 46% of the budget.

In addition, the total expenditure totalling Kshs.239,573,958 reflected in the statement of financial performance differed with the actual expenditure balance totalling Kshs.297,032,280 reflected in the statement of comparison of budget and actual amounts, resulting to an unexplained variance of Kshs.57,458,322.

1.4 Items Not Captured in the Budget-Rendering of Services

Included in the expenditure totalling Kshs.46,906,092 spent on rendering services were various sub-votes for items totaling Kshs.30,138,975 which were not included in the approved budget as separate vote heads, as listed below:

No.	Item Description	Amount (Kshs.)
1	Production Unit (PU) Training	10,158,689
2	Production Unit (PU) Others	385,520
3	Kenya Institute of Education (K.I.S.E)	3,939,800
4	Pay As You Eat	15,654,966
Total		30,138,975

In the circumstances, the budget did not provide adequate disclosure.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1.0 Irregularities in Construction of Perimeter Wall

Expenditure records indicated that Kshs.30,313,585 was paid to a local contractor for supply of materials for construction of a perimeter wall at a contract cost of Kshs.43,241,074. However, the following anomalies were noted in respect to the expenditure:

- (i) The Bills of Quantities costed at Kshs.43,241,074 were prepared by the Sub-County Works Officer-Butere. However, no distinction was made between the cost of construction materials and labour and as a result, the basis for the payments totalling Kshs.30,313,585 in the year under review could not be confirmed.
- (ii) The Polytechnic used direct procurement and awarded the contract to the only supplier prequalified to supply construction materials during the year under review.
- (iii) Tender opening and evaluation minutes for the project were not provided for audit review and as a result, it was not possible to confirm whether the supplier was rightfully recommended for award of the contract.
- (iv) Labour for the construction work was provided by the locals and students of the polytechnic undertaking training in building construction. However, records indicating the rates of payment and the means through which the locals were identified to work for the project were not presented for audit. As a result, the accuracy and propriety of the expenditure could not be confirmed.
- (v) Materials delivered by the supplier were costed at Kshs.30,313,585 as at 30 June, 2020. However supplies worth Kshs.10,486,000 were delivered in 2014-2015 long before the list of registered suppliers for the year under review was approved by the head of the procuring entity.
- (vi) As at 30 June, 2018, construction of the perimeter wall was largely complete but the inner and outer sides of the wall had not been plastered. Further, the electrical fence had not been fixed.

In the circumstances, the validity of the procurement process and value for money on the expenditure totalling Kshs.30,313,585 reported to have been incurred on the project as at 30 June, 2018 could not be confirmed.

2.0 Single Sourcing of Firms

Examination of expenditure records indicated that payments totalling Kshs.8,389,895 were made for the supply of various items. However, procurement of items worth Kshs.8,389,895 supplied by four different firms were single-sourced without competitive bidding. There were no records that indicated the supplies met the conditions specified for use of direct procurement by Section 103(2) of the Procurement and Assets Disposal Act, 2015.

In view of the irregular method applied in procuring the items, value for money on the expenditure totalling Kshs.30,313,585 incurred on the services could not be confirmed.

3.0 Engagement of Unqualified Suppliers

Section 57(1) and 57(2) of the Public Procurement and Assets Disposal Act, 2015, requires that an entity should maintain and update the list of registered suppliers for its procurement needs. However, the expenditure records indicated that supplies for maize and beans worth Kshs.1,716,600 were made by a private individual who was not in the Polytechnic's approved list of registered suppliers for 2016-2018, contrary to Section 57(1) of Public Procurement and Asset Disposal Act, 2015.

As a result, the payments totalling Kshs.1,716,600 were irregular.

4.0 Irregular Use of Cash Advances

Cashbook records indicated that cash advances totalling Kshs.1,006,350 were issued to various staff for cash purchases of various items for office use contrary to the Regulations 91(1)(2), 92,93 and 94 of the Public Finance Management Regulations 2015 (National Government) Regulations, which requires issue of imprest for meeting such expenses.

In the circumstance, cash advances issued to the Officers were irregular.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

1.0 Oversight and Governance Structure

The Polytechnic does not have an Internal Audit Unit, contrary to Section 73(1) of the Public Finance Management Act, 2012 which requires every public entity to have an internal audit function. Similarly, the Board had not established an Audit Committee which is prescribed in Section 73(5) of the Act.

As a result, internal control and governance on the operations of the Polytechnic was not properly established and the risk of ineffective Management of its resources was high.

2.0 Weaknesses in Internal Controls

Audit review of the Polytechnic's operations indicated that that the following policy and operational documents had not been prepared by Management:

- (i) Code of Conduct for Employees
- (ii) Human Resource Manual
- (iii) Risk Management Policy
- (iv) Disaster Recovering Plan/Business Continuity Plan
- (v) Debt Management Policy

In the absence of critical policies and guidelines, the risk of ineffective management of public resources entrusted to the Polytechnic was high.

3.0 Store Records

Examination of stores records indicated that the records were not updated to reflect new receipts, issues and balances. As a result, the records did not tally with physical stock. In addition, the officer in charge of the stores had not delegated duties for issuing, receiving and keeping the records. As a result, internal check and control on usage of stock items was weak and may have been ineffective.

Failure to maintain accurate and complete stores records could result in loss of stores items and may also disrupt the Polytechnic's operations as stocks may run out unexpectedly.

3.1 Institutional Cheque Signing by Council Members

Mwongozo Code of Governance for State Corporations provides that the Board shall delegate to Management the responsibility of designing, implementing and monitoring the effectiveness of internal control systems. However contrary to the guidelines, records on the Polytechnic Council indicated that the Chairman and two other Council members were designated as signatories to payment cheques issued from all accounts operated by the Polytechnic.

Further, the two did not reside within close proximity of the Polytechnic and therefore cheques due for signing had to be taken to them wherever they were, which not only involved additional costs but risked delay in operational activities.

In addition, their roles as a cheque signatories may dilute the Council's oversight on Management.

Basis for Conclusion

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 Governing Council

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal 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 the Polytechnic's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to dissolve the Polytechnic or to cease operations. Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

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

The Governing Council is 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 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 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 sustain its services.

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 December, 2021

Appendix:**Unsupported Payments – Rendering Services Expenditure**

Payment Voucher No.	Invoice Date	Date of Payment	LPO/LSO Date	Amount (Kshs.)	Anomaly
CF 14445	No Invoice	24/10/2017	25/10/2017	650,000	No inspection and acceptance form, no invoice. The service was provided before issue of a Local Service Order.
CF 16577	08/09/2017	14/06/2018	08/9/2017	340,000	No inspection and acceptance form. No bidders' Quotations.
CF 14318	23/09/2017	02/10/2017	25/09/2017	366,600	The services were single sourced. Not in the list of registered suppliers
CF 14740	29/09/2017	27/11/2017	14/09/2017	477,040	Local Purchase Order (LPO) not signed. No bidders quotations.
CF 14704	21/11/2017	23/11/2017		200,075	No invoice, No LPO, No inspection and acceptance report.
CF 15174	22/01/2018	26/01/2018		200,075	No invoice, No LPO, No inspection and acceptance report.
CF 14317	13/09/2017	02/10/2017	12/09/2017	495,000	Single sourced, supplier not in the list of registered suppliers.
CF 14214	20/09/2017	25/09/2017	Not attached	200,075	No invoice, No LPO, No inspection and acceptance report.
CF 16103	19/04/2018	01/05/2018	26/04/2018	200,075	No invoice, No LPO, No inspection and acceptance report.
CF 15910	11/07/2017	13/04/2018	07/07/2017	340,050	No inspection and acceptance form, no invoice, Service done before LPO is issued. No competitive bidding.
Total				3,468,990	

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2018

	<u>Notes</u>	<u>2017-2018</u>	<u>2016-2017</u>
INCOME		Kshs.	Kshs.
Revenue from non-exchange transactions			
GOK Operation Grant	3	50,250,000	50,250,000
Revenue from exchange transactions			
Tuition Fees	4	142,642,912	116,876,971
Rendering of services	5	47,717,342	39,665,376
Other income	6	14,320,500	982,322
Rental Revenue from facilities and equipment	7	341,630	633,293
Total Revenue		<u>255,272,384</u>	<u>208,407,962</u>
EXPENDITURE			
Employee costs	8	36,709,391	32,845,543
Repairs and maintenance	9	18,631,715	13,733,965
General expenses	10	94,604,248	82,156,292
Rendering of services	11	46,906,092	31,800,425
Other Expenditure	12	42,722,512	35,975,630
Rental Expenditure	13	-	38,019
Total expenses		<u>239,573,958</u>	<u>196,549,874</u>
surplus from other operations		15,698,426	11,858,088
Gains from town campus	21	<u>59,502</u>	<u>4,656,823</u>
Surplus for the period		<u>15,757,928</u>	<u>16,514,911</u>

Notes supporting the figures are set out in pages 7-17 form an integral part of the Financial statements

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

ASSETS	Notes	2017-2018 Kshs	2016-2017 Kshs
Current assets			
Cash and Cash Equivalent	14	34,234,158	36,149,969
Receivables from Exchange Transactions	15	104,624,033	70,987,734
Investments(Savings account)	18	205,573	185,199
Inventories	20	2,096,345	1,095,427
		141,160,109	108,418,329
Non-Current Assets			
Property, Plant and Equipment	24	828,540,478	62,239,152
Biological Assets	25	224,000	-
		828,764,478	62,239,152
Total Assets		<u>969,924,587</u>	<u>170,657,481</u>
Current liabilities			
Trade payables from exch. transactions	16	55,663,885	51,717,329
Refundable Deposits from Customers	17	15,229,245	13,153,680
		70,893,130	64,871,009
Long Term Liabilities			
Bank Loan	19	10,175,061	13,646,323
Accumulated Funds		888,856,396	92,140,149
		899,031,457	105,786,472
Total Equity & Liabilities		<u>969,924,587</u>	<u>170,657,481</u>

TOM MULATI
PRINCIPAL

CATHERINE MUMMA
CHAIR COUNCIL


.....


.....

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

STATEMENT IN CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2018

	Capital Reserve	Revenue Reserve	Capital Grant	Development Funds	Mentored Institutions	Accumulated Funds
	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>	<u>Kshs</u>
Balance as at 1/7/2016	16,486,368	-	-	-		16,486,368
Gok Grant Received	-	-	33,237,679	-		33,237,679
Development fees	508,091	-	-	25,393,099		25,901,190
Surplus for the year	-	16,514,912	-	-		16,514,912
Valuation of PPE	-	-	-	-		-
Balances as at 30/6/2017	<u>16,994,459</u>	<u>16,514,912</u>	<u>33,237,679</u>	<u>25,393,099</u>		<u>92,140,149</u>
Balance as at 1/7/2017	16,994,459	16,514,912	33,237,679	25,393,099		92,140,149
Gok Grant Received	-	-	11,750,000	-		11,750,000
Mentored institution	-	-	-		40,326,545	40,326,545
Development fees	1,924,590	-	-	32,972,247	-	34,896,837
Surplus for the year	-	15,757,928	-	-	-	15,757,928
Valuation of PPE	692,475,414	-	-	-	-	692,475,414
Valuation of Biological Assets	224,000	-	-	-	-	224,000
Provisions	1,285,523	-	-	-	-	1,285,523
Balances as at 30/6/2018	712,903,986	32,272,840	44,987,679	58,365,346	40,326,545	888,856,396

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

THE STATEMENT OF CASH FLOW AS AT 30TH JUNE 2018

1	Cash Flow From Operating Activities	Notes	2018	2017
			Kshs.	Kshs.
	GOK Operation grant	3	50,250,000	50,250,000
	Tuition fees	4	142,642,912	116,876,971
	Rendering of services	5	47,717,342	39,665,376
	Other income	6	14,320,500	982,322
	Rental revenue	7	341,630	633,293
	Employees cost	8	(36,709,391)	(32,845,543)
	Repairs & maintenance	9	(18,631,715)	(13,733,965)
	General expenditure	10	(94,604,248)	(82,170,383)
	Rendering of services	11	(46,906,092)	(31,800,425)
	Other expenditure	12	(42,722,512)	(35,975,630)
	Rental expenditure	13	-	(38,019)
	Surplus from town campus	21	59,502	4,656,823
	Net Cash flows From Operating Activities		15,757,928	16,514,912
2	Cash Flow From Investing Activities			
	Interest Income in Savings Account	18	(20,374)	-
	Development	22	(35,688,991)	(56,541,567)
	Bus Repayment	22	(3,471,262)	(5,697,585)
	Expenditure on Chanzeywe TVC (WIP)		(35,565,875)	-
	Net Cash flows From Investing Activities		(74,746,502)	(62,239,152)
3	Cash Flow From Financing Activities			
	Development Fees (A-in- A)	23	32,972,247	25,393,099
	GOK Development Grant	23	11,750,000	33,237,679
	Loan	19	-	3,853,369
	Grants On Chanzywe TVC (WIP)	26	40,326,545	-
	General Provisions		(1,285,523)	-
	Net Cash inflows from Financing activities		83,763,269	62,484,147
4	CHANGES IN NET CURRENT ASSETS			
	Increase in Trade payables from Exchange Transactions	16	3,946,556	7,219,450
	Increase in Receivables from exchange Transactions	15	(33,636,299)	(10,371,876)
	Increases in Refundable deposits from customers	17	2,075,565	418,688
	Increase Reserve		1,924,590	508,091
	Reduction in Inventories	20	(1,000,918)	1,756,546
	Net cash inflows from net current assets		(26,690,506)	(469,100)
5	Decrease in Cash and Cash Equivalent		(1,915,811)	16,290,807
6	Opening Cash and Cash Equivalent		36,149,969	19,859,162
7	Closing Cash and Cash Equivalent		34,234,158	36,149,969

THE SIGALAGALA NATIONAL POLYTECHNIC

**ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE
PERIOD ENDED 30 JUNE 2018**

	INCOME	BUDGET	ADJUST	FINAL	ACTUAL	VARIANCE	%
		Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	
1	Activity	7,920,000	-	7,920,000	10,012,424	2,092,424	26%
2	Admin. fees	6,343,500	-	6,343,500	10,260,950	3,917,450	62%
3	Attachment	3,000,000	-	3,000,000	4,513,730	1,513,730	51%
4	Bus account	7,920,000	-	7,920,000	9,478,345	1,558,345	20%
5	Council trainers	9,900,000	-	9,900,000	10,412,447	512,447	5%
6	Computer literacy	6,600,000	-	6,600,000	7,694,205	1,094,205	17%
7	Ewc	3,960,000	-	3,960,000	5,195,463	1,235,463	31%
8	Hostel (Bes)	12,000,000	-	12,000,000	17,611,713	5,611,713	47%
9	LT&T	3,960,000	-	3,960,000	5,742,965	1,782,965	45%
10	Library	450,000	-	450,000	1,093,981	643,981	143%
11	Medical	1,980,000	-	1,980,000	2,258,693	278,692	14%
12	Personal Emol.	16,500,000	-	16,500,000	19,678,579	3,178,57	19%
13	P.T.A	16,500,000	-	16,500,000	18,698,500	2,198,500	13%
14	R.M.I	10,230,000	-	10,230,000	11,458,141	1,228,141	12%
15	Reserve fund	1,980,000	-	1,980,000	1,924,590	(55,410)	3%
16	Student Council	3,300,000	-	3,300,000	3,652,065	352,065	11%
17	Tuition	27,460,000	-	27,460,000	52,923,484	25,463,484	93%
18	Development fee	6,600,000	-	6,600,000	7,632,158	1,032,158	16%
19	Practicals	6,120,000	-	6,120,000	11,759,973	5,639,973	92%
20	Pu Training	-	-	-	10,651,479	10,651,479	100%
21	Kise	-	-	-	3,929,560	3,929,560	100%
23	Farm	-	-	-	234,175	234,175	100%
24	Driving School	-	-	-	403,420	403,420	100%
25	Pay As You Eat	-	-	-	15,035,470	15,035,470	100%
26	Gok Operation Grant	50,250,000	-	-	50,250,000	-	0% %
27	Gok Dev. Grant	-	-	-	11,750,000	-	100%
		202,973,500	-	202,973,500	304,256,509		
	Expenditure						
1	Activity	7,920,000	-	7,920,000	8,738,600	(818,600)	10%
2	Admin. Expense	6,343,500	-	6,343,500	35,781,701	(29,438,202)	464%
3	Attachment	3,000,000	-	3,000,000	2,021,150	978,850	33%
4	Bus account	7,920,000	-	7,920,000	4,249,121	3,670,879	46%
5	Council trainers	9,900,000	-	9,900,000	4,983,155	4,916,845	50%
6	Computer literacy	6,600,000	-	6,600,000	4,135,674	2,464,326	37%
7	Ewc	3,960,000	-	3,960,000	5,005,161	(1,045,161)	26%
8	Hostel (BES)	12,000,000	-	12,000,000	14,447,479	(2,447,479)	20%
9	LT&T	3,960,000	-	3,960,000	3,912,689	47,311	1%
10	Library	450,000	-	450,000	1,050,015	(600,015)	133%
11	Medical	1,980,000	-	1,980,000	1,142,801	837,199	42%

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

12	Personal Emoluments	16,500,000	-	16,500,000	30,440,714	(13,940,714)	85%
13	P.T.A	16,500,000	-	16,500,000	17,475,113	(975,113)	6%
14	R.M.I	10,230,000	-	10,230,000	18,631,715	(8,401,715)	82%
15	Reserve fund	1,980,000	-	1,980,000	-	1,980,000	100%
16	Student Council	3,300,000	-	3,300,000	4,050,915	(750,915)	23%
17	Tuition	27,460,000	-	27,460,000	34,834,530	(7,374,530)	27%
18	Development Expense	6,600,000	-	6,600,000	3,216,500	3,383,500	51%
19	Practicals	6,120,000	-	6,120,000	9,879,324	(3,759,324)	61%
20	Pu Training	-	-	-	10,158,689	(10,158,689)	100%
21	KISE	-	-	-	3,939,800	(3,939,800)	100%
22	Farm	-	-	-	378,390	(378,390)	100%
23	Driving School	-	-	-	904,078	(904,078)	100%
24	Pay as You Eat	-	-	-	15,654,966	15,654,966	100%
25	Operation Grant	50,250,000	-	50,250,000	50,250,000	-	0%
26	Dev. Grant	-	-	-	11,750,000	-	100%
		202,973,500	-	202,973,500	297,032,281		

Explanation on the variances

- The variances occurred due to increase in the number of students which reflects in Increase in income on various vote heads mentioned above.
Budgeted number of students were estimated at 2,200 students but increased to as follows
Term 1 - 2096
Term 2 - 2910
Term 3 - 3704
- Increase in expenditure was due to relative increase in the number of students requirement in operation.
- In the polytechnic budget, it was indicated that the polytechnic would undertake production unit activities that would support the polytechnic with net additional income of ksh.10,900,000 The polytechnic did not budget for how much would be received and expenses on those activities to yield that additional funds stated above.
- This was the case in no.20,21,22,23,24.
- The polytechnic was not given development grant provided for her during the budget however during the year a total of kshs. 11,750,000 was received from the ministry of education as development grant towards the hospitality under construction.

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTES TO THE ACCOUNTS

SIGNIFICANT ACCOUNTING POLICIES SUPPORTING ACCOUNTS

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

The Sigalagala National Polytechnic 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 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

Revenue from Exchange Transactions – IPSAS 9

Rendering of services

The Polytechnic recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to fees charged per student per course, rent charged on tenants per month, hire of facilities as per required.

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

Tuition fees

Revenue from tuition fees arise when students pay fees for the various courses they undertake at the polytechnic. Even though it is collected per term, the overall charge is based on the course which is modular and takes one year

Other income

These were revenues received by polytechnic from transactions that are not within their normal operations also known as income generating activities

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 – IPSAS 24

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 Polytechnic. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or entity 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.

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30JUNE 2018

c) Property, Plant and Equipment – IPSAS 17

The Sigalagala National Polytechnic has valued its Non Current assets as at 30th June 2018 and the values have been incorporated in the accounts

The valuation done represent the **net book values** of all Sigalagala National Polytechnic non-current assets. These figures are net of depreciation which hence forth depreciation will be charged on these assets for now that their values have been ascertained.

d) Research and Development costs

The Polytechnic expenses on research are incurred under performance contract. Development costs on an individual project are recognized as tangible assets when the Polytechnic can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use.
- Its intention to complete and its ability to use 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, as stated above, the asset will be carried at cost less any amortization and 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. Ammonization shall be done as per the polytechnic Finance policy

e) Inventories – IPSAS 12

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

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

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

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

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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 Entity.

f) Cash and cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, cheques, mpesa balances, 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised officers which were not surrendered or accounted for at the end of the financial year.

g) Comparative figures

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

h) Significant judgments and sources of estimation uncertainty – IPSAS 1

The preparation of the Entity'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.

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 Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared.

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

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:

- i) The condition of the asset based on the assessment of experts employed by the Entity
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- iii) The nature of the processes in which the asset is deployed
- iv) Availability of funding to replace the asset
- v) Changes in the market in relation to the asset

i) Related parties - Mentored institutions. (IPSAS 20)

The polytechnic has been used by the government to mentor three institutions within western region namely,

- Mumias west Tvc
- SabatiaTvc
- ChanzeyweTvc

By the end of the year under review, only Chanzeywe Tvc was still under construction as the other two had been handed over to their various administrations.

j) Provisions

Provisions of Kshs. 1,285,523 in the financial statement indicate the amount that the employees who are in court are likely to get should the ruling be given in their favour.

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTES TO THE FINANCIAL STATEMENTS

3	GOK OPERATION GRANT	2017/2018	2016/2017
		Ksh.	Ksh.
	1 st Quarter	12,562,500	12,562,500
	2 nd Quarter	12,562,500	12,562,500
	3 rd Quarter	12,562,500	12,562,500
	4 th Quarter	12,562,500	12,562,500
		50,250,000.00	50,250,000
4	Tuition	Kshs	Kshs
	Tuition fees	40,136,564	53,662,026
	Activity fees	10,012,424	5,295,979
	Administrative expenses	10,260,950	10,948,804
	Computer Literacy	7,694,205	4,430,440
	Ewc	5,195,463	1,757,557
	LT&T	5,742,965	3,471,959
	Library	1,093,981	442,680
	Medical	2,258,693	1,286,720
	Personal Emoluments	19,678,579	13,614,760
	RMI	11,458,141	4,835,676
	Council Trainers	10,412,447	6,399,655
	PTA	18,698,500	10,730,715
		142,642,912	116,876,971
5	Rendering Of Services	Kshs	Kshs
	Driving school fees	403,420	424,080
	PU Training	10,651,479	15,953,138
	Hostel	17,611,713	8,273,893
	KISE	3,929,560	9,810,044
	Tender	84,000	146,450
	PAYE	15,035,470	5,057,771
	PU others	1,700	-
		47,717,342	39,665,376
6	Other Income	Kshs	Kshs
	Farm Revenue	234,175	942,852
	Charity Run	-	39,470
	Practicals	11,759,973	-
	Food & Beverage PU	1,187,662	-
	Guest House Income	474,550	-
	Graduation	664,140	-
		14,320,500	982,322
7	Rental Revenue	Kshs	Kshs
	Rent Revenues	341,630	633,293

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	Expenditure	2017/2018	2016/2017
8	Employees cost	Kshs	Kshs
	Personal emoluments	31,726,236	26,669,714
	Council Trainers	4,983,155	6,175,829
		36,709,391	32,845,543
9	Repairs And Maintenance	Kshs	Kshs
	RMI	18,631,715	13,733,965
10	General Expenditure	Kshs	Kshs
	Tuition Expenses	34,834,530	30,088,939
	Activity Expenses	8,738,600	8,942,295
	Administrative Expenses	35,784,778	28,192,844
	ICT Levy	4,135,674	3,884,982
	Ewc	5,005,161	3,751,407
	LT&T	3,912,689	5,049,249
	Library	1,050,015	534,650
	Medical	1,142,801	1,711,926
		94,604,248	82,156,292
11	Rendering of Services	Kshs	Kshs
	Driving school fees	904,078	110,800
	PU Training	10,158,689	7,686,884
	Hostel	14,447,479	8,219,720
	KISE	3,939,800	8,049,239
	Tender	1,415,560	894,872
	PAYE	15,654,966	6,838,910
	PU others	385,520	
		46,906,092	31,800,425
12	Other Expenditure	Kshs	Kshs
	Farm Expenditure	378,390	766,862
	Charity Run	-	1,899,640
	Practicals	9,879,324	-
	Baking Technology	1,231,564	-
	Performance Contract	6,553,380	7,497,611
	Food & Beverage PU Expenses	565,040	-
	Guest House Expenses	712,087	-
	PTA	17,475,113	25,561,467
	Curriculum Development	1,299,391	-
	Graduation	3,843,681	250,050
	Bank charges on Mentored Institutions	6683	-
	Interest on loan	777,859	
		42,722,512	35,975,630
13	Rental Expenditure	Kshs	Kshs
	Rent Expenditure	-	38,019

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	Assets	2017/2018	2016/2017
14	Cash and cash equivalent	Kshs	Kshs
	Cash at hand College Fund	1,622,392	247,741.
	Cash at bank A/c No. 908043551)	12,807,222	11,226,342
	Cash at bank A/c No. 01021071653900	12,069,772	9,005,162
	Cash at bank (Main A/c No. 908043543)	530,676	5,365,213
	Cash at hand (Town campus)	-	1,860,549
	Cash at bank A/c No. 01120098473700	2,450,208	8,444,962
	Cash at bank A/c No. 01037017738900	4,753,888	-
		34,234,158	36,149,969
15	Receivables from exchange transactions	Kshs	Kshs
	Fees Arrears	100,383,982	69,412,980
	SNP Alumini	151,280	292,780
	SNP Mumias T.T.I	400,248	400,248
	Advance	1,081,113	745,973
	Uncleared Imprest	2,571,540	99,883
	Teaching staff association	35,870	35,870
		104,624,033	70,987,734
	Liabilities		
16	Trade Payables from Exchange Transactions	Kshs	Kshs
	Creditors 2017/18	36,559,689	45,467,239
	Production Unit	1,505,000	1,505,000
	Attachment	2,437,120	(55,460)
	Maturu campus	469,156	-
	Chenzeywe TTI	1,906,000	(19,500)
	Prepaid Fees	12,786,920	4,820,050
		55,663,885	51,717,329
17	Refundable Deposits From Customers	Kshs.	Kshs
	Caution Money	8,807,841	5,624,909
	Bursary	5,501,229	5,500,580
	Student Council	1,795,974	1,744,824
	Examination	(875,799)	283,367
		15,229,245	13,153,680.

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

		2017/2018	2016/2017
18	Investment in Savings Account - Barclays Bank A/c No.98256911	Kshs	Kshs
	Opening balance	185,199	185,199
	Add interest accrued	20,374	-
	Closing balance as per bank certificate	205,573	185,199
19	Bank Loan	Kshs	Kshs
	Balance with Barclays Bank	1,899,962	2,668,884
	Balance with Barclays Bank	2,539,126	3,635,103
	Balance with KCB	5,735,973	7,342,336
	Total Loan Outstanding	10,175,061	13,646,323
20	Inventory stock	Kshs	Kshs
	Closing stock values	2,096,345	1,095,427
		2,096,345	1,095,427
21	Production Units (Town Campus)		
	Income Statement	Kshs	Kshs
	Income		954,152
	Activity	976,750	617,770
	Administrative cost	517,940	414,032
	Attachment	523,850	771,730
	Development	791,440	3,518,433
	Exams	2,364,290	59,500
	Library	78,950	15,500
	Practicals	588,940	1,198,120
	RMI	1,190,975	382,170
	Student council	374,650	13,000,503
	Tuition	13,502,790	-
	Arrears	62,000	-
	Graduation Fees	162,850	-
	Registration	335,550	-
	Council Trainers	15,730	-
	EWC	5,400	-
	Personal Emoluments	22,250	-
	PTA	12,740	-
	Computer literacy	8,000	-
	Medical	1,800	-
	Buss Account	10,800	5,950
	Caution Money	67,600	-
	LT&T	6,700	-

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

		2017/2018	2016/2017
		Kshs.	Kshs.
	Hostel	5,000	-
	Reserve Fund	1,340	-
		21,628,335	20,937,860
		Kshs.	Kshs.
	Activity	28,350	21,450
	Admission	8,614,751	1,067,400
	Exams	2,974,833	3,461,890
	Student council	-	280,670
	Tuition	9,827,803	11,449,627
	Attachment	55,400	-
	RMI	41,196	-
	EWC	10,000	-
	Personal Emoluments	7,950	-
	NHIF	8,550	-
		21,568,833	16,281,037
	<i>Surplus</i>	59,502	4,656,823
22	Development projects	Kshs.	Kshs.
	Bus Re-Payments	3,471,262	5,697,585
	Development projects	35,688,991	56,541,567
		39,160,253	62,239,152
23	DEVELOPMENT INCOME	Kshs.	Kshs.
	Development Fees (A-in-A)	32,972,247	25,393,099
	Development Grant	11,750,000	33,237,679
		44,722,247	58,630,778

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

24. PROPERTY PLANT AND EQUIPMENT

	LAND.	BUILDING.	MACHINERY & EQUIPMENT.	FURNITURE & FITTINGS.	MOTO. VEHICLE	COMPUTERS	LOOSE TOOLS	CHANERYWE WORK IN PROGRESS	TOTALS
Balance as at 1/7/2016	-	-	-	-	-	-	-	-	-
Additions	-	56,541,567	-	-	5,697,585	-	-	-	62,239,152
Net book values as at 30/6/2017	-	56,541,567	-	-	5,697,585	-	-	-	62,239,152
Balance as at 1/7/2017	-	56,541,567	-	-	5,697,585	-	-	-	62,239,152
Additions	-	34,742,584	-	-	3,471,262	-	-	35,565,875	73,779,721
Revaluations	54,000,000	408,375,949	123,370,850	51,660,100	12,917,153	16,809,900	25,387,653	-	692,521,605
Net book value as at 30/6/2018	54,000,000	499,660,000	123,370,850	51,660,100	22,086,000	16,809,900	25,387,653	35,565,875	828,540,478
Summary of net book values									
As at 30/6/2017	-	56,541,567	-	-	5,697,585	-	-	-	62,239,152
As at 30/6/2018	54,000,000	499,660,000	123,370,850	51,660,100	22,086,000	16,809,900	25,387,653	35,565,875	828,540,478

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

25 BIOLOGICAL ASSETS AS AT 30 JUNE 2018

	COWS		CALVES		TOTAL
	NO	COST	NO	COST	
Balance As At 1/7/2018	4	-	4	-	-
Valuation	-	200,000	4	24,000	224,000
Closing balance	4	200,000		24,000	224,000

26. REVENUES TO CHANZEYWE TVC

(WORK IN PROGRESS)

1 st	GRANT – MINISTRY OF EDUCATION	10,000,000
2 nd	GRANT – MINISTRY OF EDUCATION	7,149,000
3 rd	GRANT – MINISTRY OF EDUCATION	6,714,375
4 th	GRANT – MINISTRY OF EDUCATION	4,554,534
5 th	GRANT – MINISTRY OF EDUCATION	1,908,636
	CDF - VIHIGA CONSTITUENCY	10,000,000
		<u>40,326,545</u>

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30JUNE 2018

APPENDIX I: PROJECTS IMPLEMENTED BY THE POLYTECHNIC

Projects		Total project cost	Total expenditure to date	% of completion to date	budget 20117/18	Actual 2017/18	Source of funds
		Ksh.	Ksh.		Ksh.	Ksh.	
1	Institutional Mgt. workshop	41,460,000	32,420,000	100%	60,000,000	27,804,832	GOK Funds Internal funds
2	Tuition Block	20,000,000	-	99%	2,000,000	1,042,200	GOK Funds Internal funds
3	Bus (Loan Repayment)	9,800,000	4,700,000	48%	7,920,000	3,471,262	Internal funds
4.	Perimeter Wall Fence			90%	3,000,000	2,366,600	Internal funds

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

APPENDIX II: INTER ENTITY TRANSFERS

Re-Current Grant

Date Bank statement	From which Government Entity	Amount	Fiscal year
18/10/2017	State department of technical & vocational training	12,562,500.00	2017/2018
15/12/2017	State department of technical & vocational training	12,562,500.00	2017/2018
28/3/2018	State department of technical & vocational training	12,562,500.00	2017/2018
15/5/2018	State department of technical & vocational training	12,562,500.00	2017/2018
<u>Total</u>		<u>50,250,000.00</u>	

Development Grant

Date Bank statement	From which Government Entity	Amount	Fiscal year
11/7/2017	State department of technical & vocational training	7,000,000.00	2017/2018
15/12/2017	State department of technical & vocational training	3,750,000.00	2017/2018
15/5/2019	State department of technical & vocational training	1,000,000.00	2017/2018
<u>TOTAL</u>		<u>11,750,000.00</u>	

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30JUNE 2018

APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the Entity Sending the grant	Amount Recognized to Statement of Comprehensive Income.	Amount Deferred	Amount Recognised in capital fund.	Total grant Income during The Quarter	Cumulative Transfers To Date
Ministry of Education. State Department for Vocational and Technical Training (QTR 1.)	-	-	7,000,000	7,000,000	7,000,000
Ministry of Education. State Department for Vocational and Technical Training (QTR 2.)	25,125,000	-	3,750,000	28,875,000	35,875,000
Ministry of Education. State Department for Vocational and Technical Training (QTR 3.)	12,562,500	-	0.00	12,562,500	48,437,500
Ministry of Education. State Department for Vocational and Technical Training (QTR 4)	12,562,500		1,000,000	13,562,500	62,000,000

THE SIGALAGALA NATIONAL POLYTECHNIC

ANNUAL REPORTS AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

**APPENDIX IV: RELATED PARTIES - MENTORED INSTITUTIONS
(CHANZEYWE TVC)**

	<u>KSHS.</u>
CONTRACT SUM	<u>57,500,000.00</u>
<u>CASH INFLOWS</u>	<u>-</u>
1 st GRANT – MINSITRY OF EDUCATION	10,000,000
2 nd GRANT – MINSITRY OF EDUCATION	7,149,000
3 rd GRANT – MINSITRY OF EDUCATION	6,714,375
4 th GRANT – MINSITRY OF EDUCATION	4,554,534
5 th GRANT – MINSITRY OF EDUCATION	1,908,636
CDF - VIHIGA CONSTITUENCY	10,000,000
	<u>40,326,545</u>

<u>PAYMENTS TO THE CONTRACTOR</u>	
1st CERTIFICATE	6,394,913
2nd CERTIFICATE	5,707,019
3rd CERTIFICATE	4,457,527
4th CERTIFICATE	2,933,715
5th CERTIFICATE	4,566,897
6th CERTIFICATE	3,830,271
7th CERTIFICATE	4,432,715
8th CERTIFICATE	3,242,918
	<u>35,565,975</u>