

REPUBLIC OF KENYA



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REPORT

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THE AUDITOR-GENERAL

ON

KITALE NATIONAL POLYTECHNIC

FOR THE YEAR ENDED

30 JUNE, 2024

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 11 MAR 2025	DAY: Tuesday
TABLED BY:	Hon Owen Baya - MP Deputy Majority Leader
CLERK-AT-THE-TABLE:	Getrude Chebet



**THE KITALE NATIONAL POLYTECHNIC
ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
30TH JUNE 2024**

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



Kitale National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2024

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1. Acronyms & Definition of Key Terms

a. Acronyms

GC	Governing Council
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
KNP	Kitale National Polytechnic
ICT	Information Communication Technology
IM	Institutional Management
MoE	Ministry of Education
TVET	Technical Vocational & Education Training
KATTI	Kenya Association of Technical Training Institution
TTI	Technical Training Institution
HELB	Higher Education Loans Board
PAYE	Pay As You Earn
CAPA	Commonwealth Association of Polytechnics in Africa

b. Definition of key Terms

Fiduciary Management: Members of management directly entrusted with the Kitale National Polytechnic's financial resources.

Comparative year: Means the prior year

2. Key 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 the power to award Higher Diplomas, Diplomas, Certificates and Degrees in collaboration with recognized universities. As a National Polytechnic, KNP operations are guided by various legislations and regulations including the **TVET Act, 2013**, **Science, Technology and Innovation Act, 2013(ST&I)**.

In executing its Mandate, the Polytechnic developed a Strategic Plan covering five years from 2023-2024 to 2027-2028. The Strategic Plan has been instrumental in improving the Polytechnic service delivery, enhancing operational effectiveness and efficiency as well as positioning the Polytechnic for Global competitiveness in training and research.

b. Principal Activities

The principal activity of the Kitale National Polytechnic continues to be the provision of quality education and training, research innovation and outreach services for the benefit of humanity.

Vision

A polytechnic of excellence in competency-based education and training, and research

Mission

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

Core Mandate

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

c. Key Management

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

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

d. Fiduciary Management

The Key management personnel who held office during the financial year ended 30th June 2024 and who had direct fiduciary responsibility were:

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

e. Fiduciary Oversight Arrangement

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

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

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

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

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

f. Kitale National Polytechnic's Headquarter

The Kitale National Polytechnic
P.O. Box 2162-30200
Kipsongo Road
Kitale, Kenya

g. Kitale National Polytechnic Contacts

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

h. Kitale National Polytechnic Bankers

KCB Bank Ltd

P. O. Box 48400 - 00100

Nairobi, Kenya

ABSA Bank Kenya Ltd

P. O. Box 30120 – 00100

Nairobi Kenya

The Co-operative Bank of Kenya

P. O. Box 48231 – 00100

Nairobi, Kenya

i. Independent Auditors

Auditor General

Office of Auditor General Anniversary Towers, University Way

P.O. Box 30084 GPO 00100

Nairobi, Kenya

j. Principal Legal Adviser

The Attorney General

State Law Office




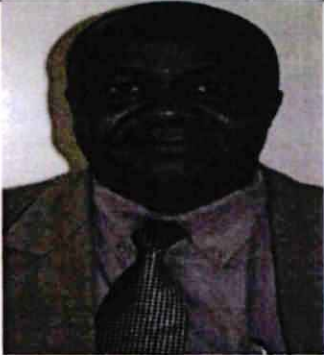
Harambee Avenue




P.O. Box 40112



City Square 00200

Nairobi, Kenya





3. The Council

SN.	Member	Details
1.	 <p>Bishop Dr. Paul Kibirech Korir</p>	<p>Date of Birth: 20/03/1967 Key Qualification: Doctorate Degree in Theology and Ministry from Asbury Theological Seminary (USA). Work Experience: Served as a member of the Board of Governors for Ol'Lessos Technical Training Institute for two terms until April 2024. Chair for the National Council of Churches of Kenya (NCCCK), North Rift Region for the period 2018-2021. Currently he is the First Diocesan Bishop of the Anglican Diocese of Kapsabet. Membership: Chairman, Governing Council</p>
2.	 <p>Mrs. Jane Auru Ajele</p>	<p>Date of Birth: 01/06/1963 Key Qualification: Masters in Public Health (Health Management System) Work Experience: County Executive Committee Member, Ministry of Health and Sanitation, Ag. County Executive Committee Member Ministry of Energy and Environment and Natural Resources, Ag. County Executive Committee. Membership: Independent Member Committee: Chairperson: Human Resource Committee</p>
3.	 <p>Mrs. Salina Cheruiyot</p>	<p>Date of Birth: 12/12/1967 Key Qualification: Bachelor of Education, Diploma in Guidance and Counseling Work Experience: Served as Administrator at the County Government Trans Nzoia. Currently the Director of Eldas Suppliers Construction Company Limited. Membership: Independent Member Committee: Chairperson: Finance, Administration and Infrastructure Committee</p>
4.	 <p>Mr. Harrison Tanga Webbo</p>	<p>Date of Birth: 16/11/1965 Key Qualification: Bsc. Agriculture Work Experience: General Manager West Kenya Outgrowers Company Limited, Deputy Director at Institute of Community Development and Research Centre, Transport Manager at Sukari Industries Ltd, Ndhwa, Assistant Project Manager at Kerio Valley Development Authority, Project Manager Kerio Valley Development Authority. Membership: Independent Member Committee: Chairperson Audit, Risk and Compliance Committee</p>





SN.	Member	Details
5.	 <p data-bbox="263 504 587 555">Dr. Sylus Odongo Were, PhD</p>	<p>Date of Birth: 03/09/1959 Key Qualification: Doctor of Philosophy in (Organization Leadership), Master of Arts in Project Planning and Management, Bachelor of Arts, Education. Work Experience: Primary Head teacher, Assistant Executive Secretary KNUT Trans Nzoia Branch, Coordinator of Project at Community Alliance for Change (CBO). Membership: Independent Committee: Member Education, Training and Research, Human Resource.</p>
6.	 <p data-bbox="263 840 528 898">Mr. Isaac Mudogo Shaviya</p>	<p>Date of Birth: 29/05/1959 Key Qualification: Bed Arts (Hon) Degree Work Experience: County Director of Education (TSC), Chief Principal of Kabarnet High School in Baringo, Deputy Principal of Musingu High School Membership: Independent Committee: Chairperson Education, Training and Research Committee</p>
7.	 <p data-bbox="263 1288 587 1357">Ms. Lina Ayako</p>	<p>Date of Birth: 20/09/1970 Key Qualification: Master of Education in Technology, Bachelor Arts, Certified Public Secretary. Work Experience: Deputy Director in charge of Policy Strategy and Curriculum Section, Directorate of Technical Education, Ministry of Education, Acting Secretary/CEO Kakamega County Public Board and Deputy Secretary Kakamega County Public Service and Quality Assurance and Standards and Senior Education Office in the Ministry of Education. Membership: Alternate, PS VTT Representative Committee: Member Education, Training and Research Committee, Finance, Administration and Infrastructure Committee, Human Resource Committee, Audit, Risk and Compliance Committee.</p>
8.	 <p data-bbox="263 1702 587 1765">Ms. Noreen Kanyua</p>	<p>Date of Birth: 9/4/1982 Key Qualification: Executive Masters in Organizational Development, Bachelor's degree in International Relations Work Experience: Consultant Project and Change Management, Governance, Corporate Communication, Knowledge and Performance Management, Head of Programmes and Operations at the SME Advisory Unit, Membership: Alternate, Director General SCAC Representative Committee: Member Education, Training and Research Committee, Finance, Administration and Infrastructure Committee, Human Resource Committee, Audit, Risk and Compliance Committee.</p>

SN.	Member	Details
9.	 <p data-bbox="279 577 635 611">Mr. Kipngeno Langat Alfred</p>	<p data-bbox="694 210 991 239">Date of Birth: 21/6/1982</p> <p data-bbox="694 244 1433 315">Key Qualification: Bachelor of Arts Degree in Economics and communication</p> <p data-bbox="694 320 1374 392">Work Experience: Senior Assistant Secretary at National Treasury and Assistant County Commissioner.</p> <p data-bbox="694 396 1422 468">Membership: Alternate, CS National Treasury and Economic Development Representative</p> <p data-bbox="694 472 1374 618">Committee: Member Education, Training and Research Committee, Finance, Administration and Infrastructure Committee, Human Resource Committee, Audit, Risk and Compliance Committee.</p>
10.	 <p data-bbox="279 976 568 1010">Mr. Akola John Otieno</p>	<p data-bbox="694 658 1007 687">Date of Birth: 11/11/1968</p> <p data-bbox="694 692 1342 725">Key Qualification: Bachelor of Education Technology</p> <p data-bbox="694 730 1394 837">Work Experience: Chief Principal, Registrar, Head of Department in various Secondary and Technical Institutions He is the Council Secretary and the Accounting Officer.</p>

4. Key Management Team

S.N.	Member	Details
1.	 <p data-bbox="268 548 619 638">Mr. Akola John Otieno Bachelor of Education Technology</p>	<p data-bbox="758 280 1385 414">Chief Principal Accounting Officer in charge of all Institutional financial resources and day to day management of the Polytechnic. He is the secretary of the Governing Council.</p>
2.	 <p data-bbox="268 896 619 985">Dr. Clare Muhuha PhD, Food Science and Nutrition</p>	<p data-bbox="758 638 1385 806">Deputy Principal Administration In charge of the administration functions of the Polytechnic including human resource management. Responsible for day-to-day management of the Polytechnic in absence of the Chief Principal.</p>
3.	 <p data-bbox="268 1265 619 1355">Dr. Onger Lucas PhD Strategic Management</p>	<p data-bbox="758 985 1385 1153">Deputy Principal Academics In charge of Curriculum implementation and monitoring teaching and Learning in the Polytechnic. Responsible for day-to-day management of the Polytechnic in absence of the Chief Principal.</p>
4.	 <p data-bbox="268 1657 619 1814">Ms. Jane Waihenya-Kamau Bachelor's Degree in Education</p>	<p data-bbox="758 1355 1385 1456">Registrar Admissions In charge of the Polytechnic's Registry, marketing and student admission.</p>

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SN.	Member	Details
5.	 <p>Mr. Jacob M'mbasu Shirandula MBA Entrepreneurship</p>	<p>Dean of Students In charge of the students' welfare</p>
6.	 <p>CPA David Kurgat MBM (Finance)</p>	<p>Finance Officer In Charge of Financial Management in the Polytechnic.</p>
7.	 <p>Ruth Niva Ongachi MSc. Entrepreneurship</p>	<p>Quality and Standards Assurance Officer In charge of monitoring and evaluation of curriculum implementation to ensure quality service delivery.</p>
8.	 <p>Mr. Peter Soita Master Degree in information technology</p>	<p>Registrar Administration In Charge of Human Resource Activities in the Polytechnic.</p>

5. Chairman's Statement

As we reflect on the strides made this year, I want to extend our deepest gratitude to all stakeholders for their unwavering support and dedication. Your collective efforts have been instrumental in advancing our mandate as outlined in the Polytechnic Order, 2016, and we are profoundly grateful for your commitment to our shared vision. In our quest to realize our vision of being a Polytechnic of excellence in competency-based education and training (CBET), Kitale National Polytechnic has made significant progress. We have consistently delivered quality training that not only meets but often exceeds the expectations of our customers. This dedication to excellence is evidenced by the high levels of satisfaction reported by our trainees and industry partners alike.

The increased enrollment figures over the past years serve as a testament to the Polytechnic's growing reputation as a premier Technical and Vocational Education and Training (TVET) institution, both nationally and globally. This rise in student numbers reflects the confidence that the public and industry have in the quality and relevance of the education we provide.

Heartfelt appreciation goes to the Council members who have diligently overseen the operations of the Polytechnic. Special recognition is due to the Finance, Administration, and Infrastructure Committee of the Council for their steadfast commitment to financial prudence. Their adherence to Constitutional and legal standards ensures that our financial resources are managed with the utmost integrity and transparency.

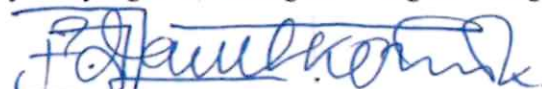
In line with our exceptional training delivery, we have expanded our market-driven CBET courses, rolling out additional programs to better meet the needs of our students and the industry. This expansion underscores our commitment to providing relevant and up-to-date training that equips our graduates with the skills necessary for success in the modern workforce.

As a qualification-awarding institution, we are proud to announce that the first cohort of KNP programs has successfully completed their first summative assessment. This milestone marks a significant achievement in our journey, reaffirms our capability to deliver robust and comprehensive training programs.

Furthermore, our Recognition of Prior Learning (RPL) program has made notable strides. We have successfully rolled out this initiative, resulting in the graduation of 195 candidates. This achievement highlights our commitment to acknowledging and valuing the prior learning and experience of our trainees, ensuring that their skills and knowledge are appropriately recognized and rewarded.

On the infrastructure front, the Council has made considerable investments to enhance our academic facilities. Notably, the proposed construction of the modern hospitality department is now 95% complete, and our academic departments are well-equipped to support our high standards of teaching and learning.

In conclusion, I want to reiterate our profound gratitude to everyone who has contributed to our success. Your support and collaboration are the bedrock of our achievements. We look forward to continuing our journey together, striving for even greater heights of excellence in the years to come.



BISHOP DR. PAUL KIBIRECH KORIR

CHAIRMAN KITALE NATIONAL POLYTECHNIC COUNCIL

6. Report of the Chief Principal

As we conclude the Financial Year 2023/2024, I am pleased to express our profound satisfaction with the performance and progress of Kitale National Polytechnic. This period has marked significant achievements for our institution, reflecting our unwavering commitment to excellence in education and training.

Our gratitude goes out to the Polytechnic Governing Council for their exemplary strategic leadership and unwavering support. Their guidance has been instrumental in steering the Polytechnic towards remarkable success. Under their leadership, we have continued to deliver high-quality Competency-Based Education and Training (CBET) that not only meets but often surpasses the expectations of our customers.

We are proud to report a notable improvement in our external examination pass rate, which has risen from 55% to an impressive 67.5%. This achievement underscores our dedication to enhancing the quality of education and ensuring our students' success. The increased enrollment to 11,951 trainees further establishes Kitale National Polytechnic as a regional giant in the Technical and Vocational Education and Training (TVET) space. Notably, 80% of our trainees are now engaged in Science, Technology, Engineering, and Mathematics (STEM) courses, reflecting our focus on driving innovation and technical expertise.

We also extend our appreciation to the Governing Council for their crucial role in guiding us in the right direction. This year, we have successfully expanded our market-driven CBET programs to 76 courses and rolled out Dual TVET across all academic departments. Further, our first cohort of 313 trainees undertaking Kitale National Polytechnic programs has successfully completed their initial summative assessments, marking a significant milestone in their educational journey.

The Recognition of Prior Learning (RPL) program has gained substantial traction, with 195 candidates graduating in March 2024 in office administration level, electrical installation levels 4 and 5, welding level 4, and plumbing level 4. This program has been a vital avenue for recognizing and validating the skills and knowledge acquired by individuals outside formal education settings.

Additionally, I am pleased to report substantial progress in our infrastructural development. Importantly, the proposed construction of the Modern Hospitality and Institutional Management Block of Ksh. 60 million is now 95% complete, which will significantly enhance our capability to deliver superior training and learning experiences.

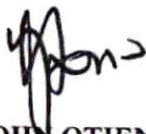
The Polytechnic has experienced extremely high enrollment rates, which our current infrastructure cannot adequately support. This influx of students places a tremendous strain on our existing facilities, such as classrooms, workshops, and dormitories, leading to overcrowded conditions that compromise the learning environment.

Additionally, the encroachment of two parcels of the polytechnic land, measuring 22 and 25 acres respectively, poses a significant threat. This land is essential for the future expansion of our institution to accommodate new infrastructure and facilities that will cater to our growing enrollment. Losing this land severely constrains our expansion plans and compromises our ability to serve the community effectively. Addressing these challenges is crucial to ensure that Kitale National Polytechnic continues to provide excellent educational opportunities for all students.

Kitale National Polytechnic

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In conclusion, the achievements of this financial year are a testament to the collective efforts of our dedicated staff, supportive Governing Council, and enthusiastic students. We look forward to building on these successes and continuing to advance the mission of Kitale National Polytechnic as a Polytechnic of Excellence in CBET.



AKOLA JOHN OTIENO

PRINCIPAL/COUNCIL SECRETARY

2 - NOV 2024

7. Statement of Performance Against Predetermined Objectives

The Kitale National Polytechnic has six strategic themes and objectives within current Strategic Plan for FY 2023/2024-2027/2028.

Pillar/Theme 1: Quality and Relevant Training

Pillar/Theme 2: Access and Inclusivity

Pillar/Theme 3: Trainee Support

Pillar/Theme 4: Research and Innovation

Pillar/Theme 5: Resource Mobilization

Pillar/Theme 6: Cross-cutting, Pertinent and contemporary Issues

The Kitale National Polytechnic develops its annual work plans based the above six pillar/themes. Assessment of the Council’s Performance against its annual work plan is done on quarterly basis. The Kitale National Polytechnic achieved its performance targets set for the FY 2023/2024 period of its five strategic pillars/themes as indicated in the diagram below:

Strategic Pillar	Objectives	Key Performance Indicators	Activities	Achievement	
1	Quality and Relevant Training	Produce quality and relevant graduates	KRA:1 Accreditation, Quality Assurance and Standards	Quality Assurance Capacity Building held at the Eldoret National Polytechnic and Kitale National Polytechnics between 8 th – 12 th April 2024	Trained 30 staff on Internal quality assurance
			KRA:2 Improved Capacity of Human Capital	Capacity building Trainers on CBET.	230 Trainers were retooled on CBET during
			KRA:3 Collaboration, Linkages and Industry Involvement	Signed an MOU Between Kitale National Polytechnic and New KCC on 9/02/2024 to collaborate on offering Capacity building to New KCC staff and New KCC to be provided opportunities to advertise and showcase their products on KNP Open days.	One(1) MOU signed between Kitale National Polytechnic and New KCC.
2	Access and Inclusivity	Increase Access and Inclusivity in Training and Research	KRA: 2 Infrastructure development	Constructional of the Institutional Management Block Completed modern Garage	Completed Institutional Management block during the FY 2023/2024 Completed modern Garage
3	Trainee Support	Promote Trainee support Services	KRA:1 Increased Enrolment, Retention and Transition	Marketing and Outreach activities	Carried marketing 3 in April, August, and December 2023 during the FY 2023/2024 increased the Trainees to 11,951
			KRA:2 Increased trainee satisfaction	Carry out baseline survey on Trainee satisfaction	Trainees’ satisfaction was 68.00 % during the FY 2023/2024

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4	Research and Innovation	Enhance research and innovation	KRA: 1	Research Publication and Innovation commercialization	Allocate a percentage of the KNP budget for research and Innovation	During the FY 2023/2024 the polytechnic allocated ksh. 9,989,433.00
5	Resource Mobilization	Enhance Resource mobilization for Training, Research and Innovation	KRA: 1	Increased Revenues streams	Hosting conferences and seminars	Held the International conference in November 2023
6	Cross-cutting, Pertinent and contemporary Issues	Mainstream Cross-cutting, Pertinent and contemporary Issues	KRA: 1	Mainstreamed Cross-cutting, pertinent and contemporary Issues	Institutionalize climate action by greening the KNP	Total of 11,000 Tree seedlings were donated and planted.

8. Corporate Governance Statement

Council Charter

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

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

Process of appointment and removal

Not less than seven and not more than nine members are appointed by the Cabinet Secretary (MoE) after wide consultation from strategic partners and individuals who share the same value, commitments and have an interest to work with TVET institutions. A chairperson or member is replaced upon missing to attend 3 consecutive Board meetings, resignation, when is of unsound mind/sick, bankrupt or with integrity issues or if the Council does not perform its oversight role effectively.

Succession Planning

Succession planning is essential to ensure the sustainability and effectiveness of the governing council at Kitale National Polytechnic (KNP). The Council succession plan provides a roadmap for identifying, training, and supporting new members who are prepared to uphold the institution's mission, vision, and values. This process is vital for maintaining continuity in governance, fostering stability, and enabling future growth.

The primary objective of KNP's succession plan is to ensure a seamless transition when council members retire, complete their terms, or are otherwise unable to serve. The plan aims to:

- i. Identify and develop potential council members who can step into leadership roles.
- ii. Ensure council members possess the requisite knowledge, skills, and commitment.
- iii. Maintain institutional memory and continuity in leadership.
- iv. Support diversity within the council to reflect the polytechnic's community.

Role and functions of the council

The roles and functions of the Council is to

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

Conflict of Interest

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

1. If a member is directly or indirectly interested in any contract, proposed contract or other matters before a Council and is present at a meeting of the Council at which the contract, proposed contract or other matter is the subject of consideration, he/she shall, at the meeting and as soon as reasonably practicable after the commencement thereof, disclose the fact and shall not take part in the consideration or discussion of, or vote on, any questions with respect to the contract or other matter, or be counted in the quorum of the meeting during consideration of the matter.
2. A disclosure of interest made under this paragraph shall be recorded in the minutes of the meeting at which it is made.
3. A member of the Council who contravenes subparagraph (1) commits an offence and shall be liable as stipulated in the Act.

Board Remuneration

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

Ethics and conduct as well as governance audit

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

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

In general, Council members shall act in the best interest of the organization and uphold fiduciary responsibilities and duty of care.

Council Induction:

For the Council to function effectively, induction was carried out 15th to 19th May 2023 organized by the Kenya Association of Technical Training Institutions (KATTI).

Council Appraisal

Council performance appraisal was carried out by the State Corporations Advisory Committee (SCAC) in line with Mwongozo Code of Governance.

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Council Meetings and Attendance

Member	Date of appointment	Position	COMMITTEE AND COUNCIL MEETINGS																					
			HRC				FAIC				ETRC				ARCC				FULL/SCAC EVAL/ADHOC/CONSULTATIVE					
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	ADHOC	
Bisho Dr. Paul K Koriri	15 th March 2023	Chairman																	√	√√	√	√√√		
Dr. Odongo Sylus Werre	15 th March 2023	Member					√√	√	√√	√	√	√√		√√					√	√√	√	√√√		
Mr. Harrison Tanga Webbo	15 th March 2023	Member									√	√√		√√	√√		√	√	√	√√	√	√√√	√	
Mr. Isaac Mudogo Shaviya	15 th March 2023	Member		√√	√	√					√	√√		√√					√	√√	√	√√√	√	
Mrs Salina Chenuiyot	15 th March 2023	Member		√√	√	√	√√	√	√√	√		√√		√√					√	√√	√	√√√	√	
Mrs Jane Auru Ajele	15 th March 2023	Member		√√	√	√						√√		√√	√√		√	√	√	√√	√	√√√	√	
Ms Lina Ayako	8 th August 2021	PS VIT Representative		√√	√	√	√√	√	√√	√	√	√√		√√	√√		√		×	√√	√	√√√	√	
Mr. Justus Bundi	5 th May 2021	CS National Treasury Rep		√√			√	√			√	√√			√√				√	√√	√		√	
Ms Noreen Wambui Kanyua	4 th November 2023	IG (Corporation) Representative			√	√√				√√	√√				√√			√				√	√√√	
Mr. Alfred Langat	23 rd November 2023	CS National Treasury Rep			√					√				√√			√	√			√	√√√		

9. Management Discussion And Analysis

Section A

Polytechnic's operational and financial performance

During the financial year 2023-2024 Kitale National Polytechnic's operational and financial performance was as follows;

Statement of Financial Performance

Total Income – Kshs. 593,144,569 Total Expenditure – Kshs. 535,963,929

Statement of Financial Position as at 30th June 2024

Total Assets – Kshs 3,854,679,660 and Total Liabilities – Kshs. 313,394,999

Statement of Cash flow

Net increase in cash and cash equivalent – Kshs. 31,421,558.15

Cash and Cash equivalent as at 30th June 2024 – Kshs. 388,079,425.34

Cash and Cash equivalent as at 1st July 2023 – Kshs. 356,657,867.19

Expenditure Analysis

The expenditure analysis trend is as follows:

FY	Use Of Goods & Services	Employee Cost	Directors' Remuneration	Repair & Maintenance	Depreciation & Amortization
2023/2024	342,944,567	102,105,352	20,086,404	30,218,914	40,608,692
2022/2023	232,676,912	86,145,384	17,563,131	27,313,535	30,676,333
2021/2022	185,132,734	78,189,005	17,199,098	16,415,785	-
2020/2021	80,676,320	64,943,081	12,727,114	16,090,553	40,504,980
2019/2020	199,514,901	63,536,691	14,547,893	12,180,134	43,931,674
2018-2019	249,051,477	47,854,161	12,025,830	8,025,551	40,452,077
2017-2018	86,945,232	27,580,947	7,419,683	11,446,828	27,212,423

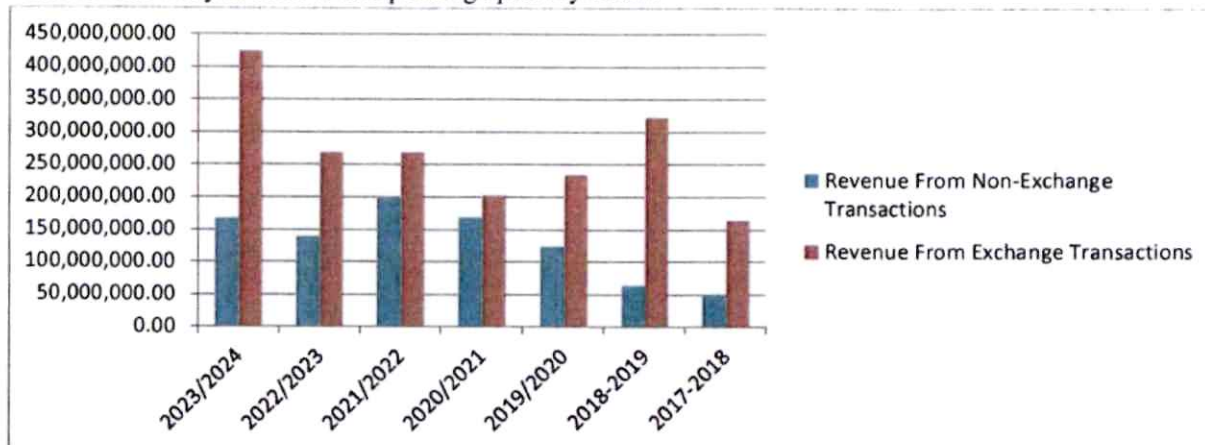
Revenue analysis

The revenue analysis trend is as follows:

FY	Revenue From Non-Exchange Transactions	Revenue From Exchange Transactions
2023/2024	168,166,625.00	424,977,944.00
2022/2023	139,416,644.00	268,938,981.77
2021/2022	198,471,407.00	268,805,059.00
2020/2021	169,305,416.00	203,166,512.00
2019/2020	123,881,750.00	233,288,163.00
2018-2019	63,690,278.00	321,490,682.00
2017-2018	50,250,000.00	163,858,686.00

Kitale National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2024

The revenue analysis trend is as captured graphically below:



Student Population

DEPARTMENT	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
AGRICULTURE	969	880	920	831
APPLIED SCIENCES	1135	957	1184	1056
BUILDING	2438	2289	2387	2291
BUSINESS	1826	1718	1764	1800
ELECTRICAL	1338	1198	1342	1488
ICT	1152	1092	1179	1216
IM	1223	1092	1216	1209
LIBERAL	675	641	621	708
MECHANICAL	1323	1210	1271	1420
TOTAL TRAINEES	12081	11077	11884	11951

SECTION B

Kitale National Polytechnic's compliance with statutory requirements

The Polytechnic fully complies with the statutory requirements as follows;

PAYE

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

NSSF

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

NHIF

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

HELB

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

SECTION C

During the FY 2023/2024 Key projects and investment decisions the Kitale National Polytechnic implemented the following projects: Perimeter wall, Modern garage, Kwanza TVC and Hospitality & Institutional Management Workshop

SECTION D

Major risks facing the Kitale National Polytechnic

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

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

SECTION E

Material arrears in statutory/financial obligations

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

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

SECTION F

The Kitale National Polytechnic's financial probity and serious governance issues

There is no conflict of interest amongst the management and Governing Council. The Polytechnic is currently audited by Office of the Auditor General

10. Environmental and Sustainability Reporting Statement

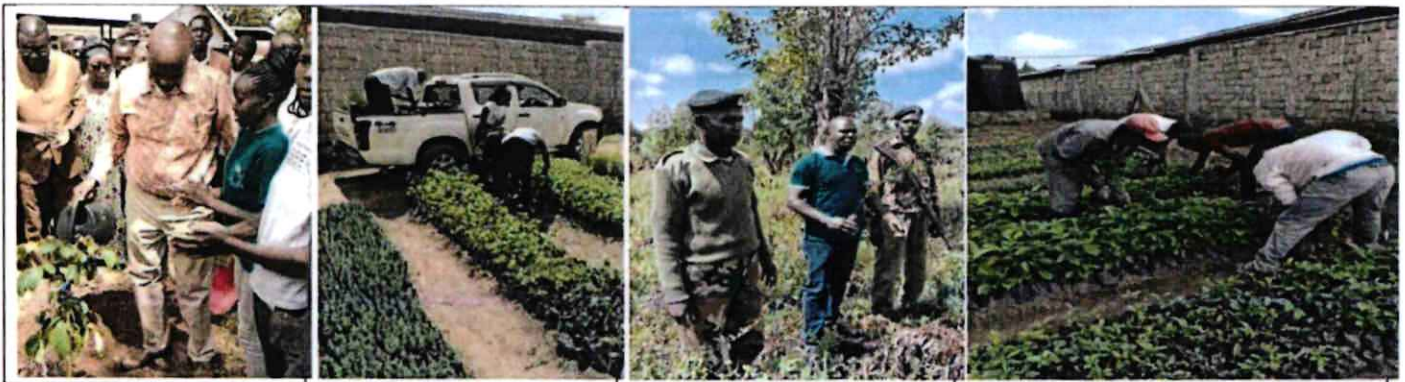
At Kitale National Polytechnic, we are committed to fostering sustainability and environmental stewardship in all our operations. Our dedication spans across financial health, environmental responsibility, employee welfare, and marketplace practices, with the ultimate goal of contributing positively to our community, the broader economy, and the environment.

a) Sustainability Strategy and Profile

The Management of Kitale National Polytechnic ensures the prudent utilization of financial resources as part of our long-term sustainability efforts. Operating in a challenging macroeconomic environment, characterized by the dwindling economy of Kenya, the Polytechnic has remained financially healthy by adopting cost-cutting measures and increasing operational efficiency. These strategic efforts have enabled us to grow and meet our institutional goals. We are proud of our key achievements, which include increasing our student enrollment to 11,951 and offering a total of 148 courses. These milestones reflect our commitment to expanding access to quality education while maintaining financial discipline.

b) Environmental Performance

As part of our commitment to environmental sustainability, Kitale National Polytechnic has implemented comprehensive greening initiatives, as directed by the Ministry of Education through the State Department of TVET. A key component of these efforts is the establishment of a tree nursery with a capacity of 10,000 indigenous trees. This initiative is aimed at mitigating our impact on the environment and contributing to reforestation and climate change mitigation. By actively engaging in these green practices, we are playing our part in preserving and enhancing the ecological balance of our community. This is evidenced by the greening activities undertaken as captured in the following photos:



c) Employee Welfare

Kitale National Polytechnic recognizes the importance of our staff's well-being and professional growth. We have developed comprehensive human resource instruments, notably the **Kitale National Polytechnic Human Resource Policy and Procedure Manual**, which guides key aspects of employee management, including recruitment, professional development, and performance appraisals. These policies were developed through extensive stakeholder involvement, ensuring inclusivity and transparency.

Additionally, we have implemented a **Gender Mainstreaming Policy** to ensure gender equality and balanced representation within the institution. As a **ISO 9001:2015-certified institution**, we adhere strictly to the **Occupational Safety and Health Act of 2006**, ensuring a safe and conducive working environment. Employee growth is a priority, and through regular **Training Needs Assessments (TNA)**, we identify opportunities for skill improvement and career advancement.

d)Marketplace Practices

In line with responsible competition and ethical practices, Kitale National Polytechnic primarily admits trainees at **KNQA Levels 5 and 6**, while supporting neighboring sister TVET colleges in admitting students at lower levels. This collaborative approach ensures that competition remains healthy and mutually beneficial.

Furthermore, our institution is committed to upholding the highest standards in procurement and finance. Through the **Procurement Policy** and **Finance Policy**, we ensure that all suppliers are treated with fairness and respect, honoring contracts and making payments promptly. As we continue to build our brand, we are dedicated to engaging in ethical marketing practices, reflecting our commitment to integrity and fairness in all our operations.

In summary, Kitale National Polytechnic is committed to sustainable growth, environmental responsibility, employee welfare, and ethical business practices, ensuring we remain a beacon of quality education and community development in Kenya.

Corporate Social Responsibility/Community Engagements

This report outlines the recent Corporate Social Responsibility (CSR) initiatives undertaken by our institution, highlighting their positive impact on our relationship with the community and the overall security for our trainees.

Summary of Activities

1. Construction of Bodaboda Sheds
 - i. Number of Sheds: 2
 - ii. Cost per Shed: KSh 198,000
 - iii. Total Cost KSh 396,000
 - iv. Impact: The new bodaboda sheds provide secure parking for riders, enhancing transportation safety for students and staff. This initiative has strengthened our relationship with the local bodaboda community.
2. Training of Bodaboda Riders - Number of Trainees: 120 - Cost per Trainee: KSh 9,000 - Total Cost: KSh 1,080,000 - Impact: The training program has improved the skills and safety awareness of local riders, promoting a safer environment for our trainees who depend on these services.
3. Repair of the Chief's Office - Cost: KSh 92,000
 - i. Impact: By repairing the chiefs office, we have enhanced collaboration with local authorities. A functional office fosters better communication regarding community safety and development initiatives.
4. Scholarships for Needy Students
 - i. Number of Scholarships: 9 TOTAL
 - ii. Cost per Student: KSh 13,000
 - iii. Total Cost: KSh 117,000
 - iv. Impact: Offering these scholarships has provided essential educational support to underprivileged students in our community, reinforcing our commitment to accessible education.

These CSR activities have significantly improved our institution's relationship with the community and enhanced the security of our trainees. By investing in local infrastructure, training, and educational support, we demonstrate our commitment to community development and safety.

We recommend the continuation and expansion of these initiatives to further strengthen our ties with the community and support our students.

11. Report of the Council

The council submit their report together with the audited financial statements for the year ended June 30th,2024 which shows the state of Kitale National Polytechnic.

Principal activities

The principal activities of the Kitale national Polytechnic continue to be the provision of quality education and training, research innovation and outreach services for the benefit of humanity.

Result

The results of the Kitale National Polytechnic for the year ended June 30th 2024 are set out on page 37

Council of Governors

The members of the Council of who served during the years are shown on page vii-x

Auditors

The auditor general is responsible for the statutory audit of Kitale National Polytechnic in accordance with Article 229 of the constitution of Kenya and public Audit Act 2015 for the year ended June 30th, 2024.

By the order of the Governing Council

Signature.....

Name: Akola John Otieno
Secretary to the Council

27 NOV 2024

12. Statement of Councils' Responsibilities

Section 81 of the Public Finance Management Act, 2012 and *Technical and Vocational Education and Training Act, 2013* - require the council members to prepare financial statements in respect of the Kitale National Polytechnic, which give a true and fair view of the state of affairs of the Kitale National Polytechnic at the end of the financial year ended 30th June 2024 and the operating results of the Polytechnic for that year/period. The Council members are also required to ensure that the Polytechnic keeps proper accounting records which disclose with reasonable accuracy the financial position of the Polytechnic. The council members are also responsible for safeguarding the assets of the Polytechnic.

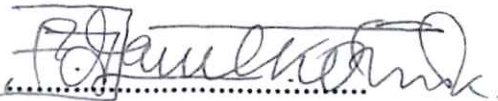
The Council members are responsible for the preparation and presentation of the Polytechnic's financial statements, which give a true and fair view of the state of affairs of the Polytechnic for and as at the end of the financial year (period) ended on June 30, 2024. This responsibility includes: (i) 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 Kitale 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 Polytechnic, (v) selecting and applying appropriate accounting policies, and (vi) making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for the Polytechnic's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and *Technical and Vocational Education and Training Act, 2013*. The council members are of the opinion that the Polytechnic's financial statements give a true and fair view of the state of Polytechnic's transactions during the financial year ended June 30, 2024, and of the Polytechnic's financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for the Polytechnic, which have been relied upon in the preparation of the Polytechnic's financial statements as well as the adequacy of the systems of internal financial control.

In preparing the financial statements, the Principal has assessed the Polytechnic's ability to continue as a going concern. Nothing has come to the attention of the Council members to indicate that the Polytechnic will not remain a going concern for at least the next twelve months from the date of this statement.

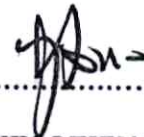
Approval of the financial statements

The Polytechnic's financial statements were approved by the Board on 27th September 2024 and signed on its behalf by:



BISHOP DR. PAUL KIBIRECH KORIR

Chairperson of the Board/Council



AKOLA JOHN OTIENO

Accounting Officer/Principal

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: 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, 2024

PREAMBLE

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

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

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

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

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kitale National Polytechnic set out on pages 1 to 31, which comprise of the statement of financial position as at 30 June, 2024 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, the financial statements present fairly, in all material respects, the financial position of Kitale National Polytechnic as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013, the Science, Technology and Innovation Act, 2013 and the Public Finance Management Act, 2012.

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

Emphasis of Matter

1. Un-remitted Capitation

The statement of financial performance reflects transfer from national government ministries (capitation) of Kshs.168,166,625 which as disclosed in Note 6(a) to the financial statements includes Kshs.117,744,725 in respect of tuition fees. However, review of the supporting documents including invoices and bank statements revealed that out of the Kshs.218,310,000 invoiced, the polytechnic received an amount of Kshs.117,744,725 leaving a balance of Kshs.100,565,275 outstanding.

The non-remittance of capitation affected the implementation of the Polytechnic's activities and may have impacted negatively on service delivery to the stakeholders.

2. Unconfirmed Ownership of Land

The statement of financial position reflects property, plant & equipment balance of Kshs.3,136,348,855 (2022/2023: Kshs.3,143,296,806) as disclosed in Note 22 to the financial statements. As previously reported, the balance includes an amount of Kshs.2,041,389,000, being value of the 99 years leasehold parcel of land measuring 33.72 hectares that is held in trust by the Principal Secretary to The National Treasury. The Polytechnic may not therefore have absolute control over the property. Further, balance of Kshs.3,136,348,855 exclude the value of two (2) parcels of Land measuring approximately 9.057 Ha and 10.048 Ha owned by the Polytechnic through allotment letters. The two parcels of land have been encroached by outsiders and the Polytechnic cannot utilize the property.

3. Long Outstanding Student Debtor Receivables

The statement of financial position reflects receivables from exchange transactions balance of Kshs.316,797,108 with a comparative prior year amount of Kshs.232,108,453

as disclosed in Note 18 to the financial statements. Included in the balance of Kshs.316,797,108 is an amount of Kshs.305,066,331 in respect of student debtors out of which Kshs.151,917,848 has been outstanding for a period of more than one (1) year. Under the circumstance, the recoverability of the student debtors amount of Kshs.151,917,848 is doubtful.

My Opinion is not modified in respect of these matters.

Key Audit Matters

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

Other Matter

Unresolved Prior Year Matters

The audit report for the year ended 30 June, 2023 highlighted issues under the report on financial statements and report on lawfulness and effectiveness in use of public resources. Although Management has indicated in the report on progress made in follow up of auditor's recommendations that the matters were resolved, the actual status of the matters will be confirmed after they are discussed by the legislature.

Other Information

Management is responsible for the other information set out on page iii to xxv which comprise of key entity information and Management, the governing council, management team, chairman's statement, report of the chief Principal, corporate governance Statement, management discussion and analysis, environmental and sustainability reporting, report of the council, statement of council responsibilities, and statement of performance against predetermined objectives. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Polytechnic's financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on

Lawfulness and Effectiveness in the 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. Delayed Completion of Automotive Engineering Workshop Block at Sigor Technical Training Institute

As previously reported, the Polytechnic was appointed to mentor Sigor Technical Training Institute and was in charge of implementation of proposed erection and completion of automotive engineering workshop block at the Mentee Institution. The contract for the project was awarded to a contractor at a contract sum of Kshs.48,433,780 and the project commenced on 23 July, 2019 to be completed after fifty-two (52) weeks.

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

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

2. Collapsed Automotive Engineering Workshop Block at Chepararia Technical Training Institute

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

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

In addition, Management has not demonstrated measures and strategies put in place to ensure the project is completed and put to use.

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

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON 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, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

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

Responsibilities of the Management and the Governing Council

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

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

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

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

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement 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 conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment 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.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

24 December, 2024

Kitale National Polytechnic
Annual Report and Financial Statements for the year ended 30th June 2024

14. Statement of Financial Performance for The Year Ended 30th June 2024

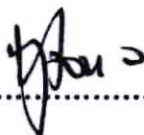
Description	NOTE	FY 2023/2024	FY 2022/2023
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other National Government entities	6	168,166,625	137,386,000
Transfer from National Government Ministries(unconditional grants)		-	-
Total Revenue from non-exchange transactions		168,166,625	137,386,000
Revenue			
Revenue From Exchange Transactions			
Rendering of Services	7	387,015,546	242,415,906
Sale Of Goods	8	15,814,943	14,314,575
Rental Revenue from Facilities and Equipment	9	12,016,100	7,914,255
Miscellaneous income	10	10,131,355	6,324,890
Revenue from Exchange transactions		424,977,944	270,969,626
Total Revenue		593,144,569	408,355,626
Expenses			
Use of Goods and Services	11	342,944,567	232,869,512
Employee Cost	12	102,105,352	86,145,384
Council Expenses	13	20,086,404	17,457,131
Depreciation and amortization expense	14	40,608,692	33,326,214
Repairs and Maintenance	15	30,218,914	27,313,534
Total Expenditure		535,963,929	397,111,775
Surplus for the period		57,180,640	11,243,851

The Financial Statements set out on page 1 to 35 were signed by:



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

Date: 27.11.2024



Governing Council Secretary
 Name: Akola John Otieno

Date: 27/11/24



Finance Officer
 Name: CPA David K. Kurgat
 ICPAK NO. 14422
 Date: 27 NOV 2024



15. Statement of Financial Position As At 30th June 2024

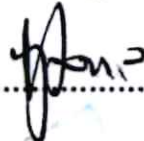
Description	NOTE	FY 2023/2024 KES	FY 2022/2023 KES
Assets			
Current Assets			
Cash and Cash Equivalents	16(a)	388,079,425	356,657,867
Inventory	17	3,378,358	3,215,555
Receivables from Exchange Transactions	18	316,797,108	232,108,453
Total Current Assets		708,254,891	591,981,875
Non-current Assets			
Property, Plant and Equipment	22(a)	3,136,348,855	3,143,296,806
Intangible Assets	19	5,718,240	7,624,320
Biological assets	23	4,357,674	6,388,630
Total Non-current Assets		3,146,424,768	3,157,309,756
Total Assets		3,854,679,660	3,749,291,631
Liabilities			
Current Liabilities			
Trade and Other Payables from Exchange transactions	20	272,508,710	161,561,867
Refundable Deposits from Customers/ Students	21	40,886,289	2,549,870
Total Liabilities		313,394,999	164,111,737
Total Net Assets		3,541,284,660	3,585,179,894
Accumulated Surplus		453,284,163	396,103,523
Revaluation Reserves		1,516,162,858	1,518,193,814
Capital Reserves		1,571,837,640	1,670,882,557
Total Net Assets		3,541,284,660	3,585,179,894
Total net assets and liabilities		3,854,679,660	3,749,291,631

The Financial Statements set out on page 1 to 35 were signed by:



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

Date: 27.11.2024



Governing Council Secretary
Name: Akola John Otieno

Date: 27/11/24



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

Date:

27 NOV 2024

FINANCE OFFICER
THE KITALE NATIONAL POLYTECHNIC
27 NOV 2024
P. O. Box 2162 - 30200,
KITALE

16. Statement of Changes in Net Asset for the Year Ended 30th June 2024

Description	Revaluation	Accumulated	Capital	Total
	reserves	Funds	Grants/Funds	
	KES	KES	KES	KES
Balance as at July 1st 2022	1,539,199,978	384,859,671	1,656,289,557	3,580,349,206
Revaluations gain	-	-	-	-
Adjustment Prior Year	(25,738,794)	-	-	(25,738,794)
Revaluation gain (biological assets)	4,732,630	-	-	4,732,630
Total Comprehensive income	-	11,243,852	-	11,243,852
Capital Investment	-	-	14,593,000	14,593,000
Transfer of dep/amort from capital funds	-	-	-	-
retained earnings	-	-	-	-
Prior year adjustments for related parties note 25	-	-	(107,344,918)	(107,344,918)
As at 30th June 2023	1,518,193,814	396,103,523	1,563,537,639	3,477,834,976
Balance as at July 1st 2023	1,518,193,814	396,103,523	1,563,537,639	3,477,834,976
Revaluations gain	-	-	-	-
Adjustment Prior Year	-	-	-	-
Revaluation Loss (biological assets)	(2,030,956)	-	-	(2,030,956)
Fair value adjustment(biological assets)	-	-	-	-
Total Comprehensive income	-	57,180,640	-	57,180,640
Capital/Development grants Received	-	-	-	-
Transfer of dep/amort from capital funds	-	-	-	-
Fair Value Adjustments on computers	-	-	8,300,000	8,300,000
As at 30TH JUNE 2024	1,516,162,858	453,284,163	1,571,837,639	3,541,284,660

17. Statement of Cash Flows For The Year Ended 30th June 2024

Description	NOTE	FY 2023/2024	FY 2022/2023
		KES	KES
Cash flows from operating activities			
Receipts			
Transfers from other National Government entities	6	168,166,625	137,386,000
Rendering of Services	7	302,326,891	226,772,964
Sale of Goods	8	15,814,943	11,827,285
Rental Revenue from Facilities and Equipment	9	12,016,100	-
Miscellaneous income	10	10,131,355	6,324,890
Total Receipts		508,455,914	382,311,139
Payments			
Use of Goods and Services	11	232,160,527	249,833,298
Employee costs	12	102,105,352	86,145,384
Council Expenses	13	20,086,404	17,457,131
Repair and maintenance	15	30,218,914	-
Total Payments		384,571,197	353,435,813
Net Cash Flows from operating activities	24	123,884,717	28,875,326
Cash flows from investing activities			
Purchase of Property, plant and Equipment	22	(92,463,158)	(38,644,983)
Proceeds from sale of Property, plant and Equipment		-	-
Net cash flows used in financing activities		(92,463,158)	(38,644,983)
Cashflow from Financing Activities			
Proceeds from Borrowing		-	-
Repayment of Borrowings		-	-
Net cashflows Used in Financing Activities		-	-
Net Increase in Cash and Cash Equivalent		31,421,559	(9,769,657)
Cash and cash equivalent as at 1 st July 2023		356,657,867	366,427,084
Cash and cash equivalents as at 30th June 2024		388,079,425	356,657,867

18. Statement of Comparison of Budget & Actual amounts For Year Ended 30th June 2024

Description	original annual budget	adjusting in	Final Annual Budget	Actual vs comparable	difference	Utilisation Difference
	KES	KES	KES	KES	KES	%
Revenue						
Public contributions and Donations	-	-	-	-	-	
Rendering of Services	249,451,000	16,989,530	266,440,530	387,015,546	120,575,016	45%
Rental revenue From Facilities and Equipment	13,672,800	(800)	13,672,000	12,016,100	(1,655,900)	-12%
Sale Of Goods	32,200,000	(10,750,000)	21,450,000	15,814,943	(5,635,057)	-26%
Transfer from Government						
Transfer from National Government Ministries (capitation)	397,149,000	178,851,000	218,298,000	117,744,725	(100,553,275)	-46%
Transfer from National Government Ministries operational grants	31,000,000	(9,000,000)	40,000,000	50,421,900	10,421,900	100%
Other Income	-	-	-	10,131,355	10,131,355	100%
Total Income	723,472,800	176,089,730	559,860,530	593,144,569	33,284,039	5.95
Expenses						
Employee Cost	116,227,028	(11,527,028)	104,700,000	102,105,352	2,594,648	2%
Council Expenses	19,781,734	218,266	20,000,000	20,086,404	(86,404)	0.4%
Repairs and Maintenance	133,586,000	(84,781,460)	48,804,540	30,218,914	18,585,626	38%
Use of Goods and Services	453,878,038	(67,522,048)	386,355,990	342,944,567	43,411,423	11%
Total expenditure	723,472,800	(163,612,270)	559,860,530	495,355,237	64,505,293	11.52
Surplus for the period				97,789,332		

Depreciation is non-cash item and therefore not in the statement of comparison of budget and actual amount.

Reconciliation Between the Financial Performance and Statement of Comparison of Budget and Actual Amount

Description	Amount (Ksh)
Financial performance balance	57,180,640
Add back depreciation and amortization	40,608,692
Total	97,789,332
Statement of comparison of budget and actual amount balance	97,789,332

Revenue

Rendering of Services

The polytechnic budgeted to collect Revenue from rendering of service of Ksh.266, 440,530 but realized actual collection of Ksh 387,015,546.The total variance of Ksh 120,575,016 was attributed with student increase in population and introduction of new programs.

Rental revenue from facilities and equipment

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During the financial year there was unrealized amount of Ksh. 1,655,900 due to reduced hire of facilities from the polytechnic customers.

Sale of goods

During the period the organization anticipated revenue of 22,200,000 from pay as you eat and sale of farm produce but actual collected totals ksh 15,814,994. the variance amounted ksh.6385057 student did not procure foodstuffs from polytechnic cafeteria because of alternative hotels surrounding polytechnic premises.

Transfer from national government (capitation)

The polytechnic anticipated ksh218,298,000 but government through the ministry of education disbursed ksh 117,744,725. The undisbursed funds total 100,553,275(46%) was not remitted by the government hence hindering implementation of polytechnic programs.

Transfer from national government (operational grants)

Kitale National Polytechnic budgeted ksh 40,000,000 during the period ksh 50,421,900 was remitted towards the end of financial year. There was a variance of ksh 10,421,900 more (26%) in order for the polytechnic to implement new CBET programmes.

Other income

During the period polytechnic earned other income of ksh 10,131,355 that was not budgeted hence forming part of surplus at the end of the financial year.

Expenses

Repairs and maintenance

38% under repairs and maintenance was not utilized due to late remittance /disbursed capitation and operational grants.

Use of goods and services

Ksh 43,411,423 variance (11%) was not used during the end of financial year. Comprising of utilized funds is kshs 34,139,726 was training materials and equipment relating to departmental items that was not procured in time because of late disbursement of capitation from national government.

19. Notes to the Financial Statements

1. General Information

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

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

In 2018, polytechnic developed a strategic plan covering a five-year period 2018 - 2024 with a focus on improving service delivery, enhancing operational efficiency and effectiveness as well as positioning the Polytechnic for global competitiveness in training and research.

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

2. Statement of compliance and basis of preparation

The Kitale National Polytechnic's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Kitale National Polytechnic, the accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

3. Adoption of new and revised standards

i) Relevant new standards and amendments to published standards effective for the year ended 30 June 2024.

There are no new standards in the year ended 30th June 2024

ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30th June 2024.

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Standard	Effective date and impact:
IPSAS 43: Leases	<p>Applicable 1st January 2025</p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of Kitale National Polytechnic.</p> <p>The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<p>Applicable 1st January 2025</p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45: Property Plant and Equipment	<p>Applicable 1st January 2025</p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46: Measurement	<p>Applicable 1st January 2025</p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p>Applicable 1st January 2026</p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that Kitale National Polytechnic shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer	<p>Applicable 1st January 2026</p>

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Expenses	The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.
IPSAS 49: Retirement Benefit Plans	<i>Applicable 1st January 2026</i> The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

Early adoption of standards

The Kitale National Polytechnic did not early adopt any new or amended standards in year 2024

4. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

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

ii. Revenue from exchange transactions – IPSAS9

Rendering of services

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

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

Sale of goods

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

Interest income

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

Rental income

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

Budget information – IPSAS24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Kitale National Polytechnic. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or TheKitale National Polytechnic differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) Taxes – IAS12

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where The Kitale National Polytechnic operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Sales tax

Expenses and assets are recognized net of the amount of sales tax, except:

When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable

When receivables and payables are stated with the amount of sales tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

d) Investment property – IPSAS16

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de- recognition. 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.

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Kitale National Polytechnic. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Kitale National Polytechnic also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition. Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit. An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Kitale National Polytechnic will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term. Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Kitale National Polytechnic. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

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.

h) Research and development costs

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

The technical feasibility of completing the asset so that the asset will be available for use or sale

Its intention to complete and its ability to use or sell the asset

How the asset will generate future economic benefits or service potential

The availability of resources to complete the asset

The ability to measure reliably the expenditure during development

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

i) Financial instruments – IPSAS 29

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Kitale National Polytechnic determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when The Kitale National Polytechnic has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

Impairment of financial assets

The Kitale National Polytechnic assesses at each reporting date whether there is objective evidence that a financial asset or a Polytechnic of financial assets is impaired. A financial asset or a Polytechnic or financial assets is deemed to be impaired if, and only if, there is objective

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

The major debtors or some of debtors are experiencing significant financial difficulty

Default or delinquency in interest or principal payments

The probability that debtors will enter bankruptcy or other financial reorganization

Observable data indicates a measurable decrease in estimated future cash flows

(e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

1. Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Kitale National Polytechnic determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

2. Loans and borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

IPSAS 29.65

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

j) Inventories – IPSAS12

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

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

Raw materials: purchase cost using the weighted average cost method

Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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

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

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

k) 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.

l) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and/or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The Kitale National Polytechnic recognizes a social benefit as an expense for the social benefits scheme at the same time that it recognizes a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the Kitale National Polytechnic will incur in fulfilling the present obligations represented by the liability.

m) 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.

n) 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.

o) Employee benefits

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.

p) 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.

q) 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.

r) 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.

s) 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.

t) 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.

u) Comparative figures

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

v) 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, 2024.

Fixed assets and depreciation –IPSAS17

Fixed assets are stated at cost or valuation, less accumulated depreciation. Depreciation is calculated on the straight-line basis, at annual rates estimated to write off carrying values of the assets over their expected useful lives. Assets acquired during the year are fully depreciated.

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

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

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

i) **Agriculture – IPSAS 27**

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

Significant judgments and sources of estimation uncertainty – IPSAS 1

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

Estimates and assumptions

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

Useful lives and residual values

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

The condition of the asset based on the assessment of experts employed by The Kitale National Polytechnic

The nature of the asset, its susceptibility and adaptability to changes in technology and processes

The nature of the processes in which the asset is deployed

Availability of funding to replace the asset

Changes in the market in relation to the asset

Provisions

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

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

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

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

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

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

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

5. Significant Judgments and Sources of Estimation Uncertainty

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.

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. IPSAS 1.140

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.

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.

(Include provisions applicable for your organisation e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions).

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6. Transfers from other National Government entities

description	FINANCIAL YEAR	FINANCIAL YEAR
	2023/2024	2022/2023
	Kshs	Kshs
Operational grants	50,421,900	-
Tuition Fees -Capitation	117,744,725	137,386,000
Total Transfer from National Government Ministries	168,166,625	137,386,000

The polytechnic invoiced capitation amounting to Ksh.218, 310,000 for Quarter 1, 2 and 3 however, the ministry of education state department of TVET only remitted Ksh.117, 744,725. The management did not receive any commitment by the ministry on remittance of the outstanding balance of Ksh.100,565,275.

7. Rendering of Services

description	FINANCIAL YEAR	FINANCIAL YEAR
	2023/2024	2022/2023
	Kshs	Kshs
Tuition Fees	114,029,581	8,421,794
Activity Fees	33,438,384	26,832,050
Electricity Water and Conservancy	25,184,535	26,101,010
Personal Emoluments	98,523,636	92,041,200
Repair , Maintenance and Improvement	18,029,038	13,155,735
Medical, insurance and industrial attachment	26,000,615	23,913,220
Local Transport and Travelling	30,577,325	29,313,140
Accommodation Fee	12,759,740	14,621,180
Application Fees	1,962,887	1,764,813
Library Penalty	24,965	34,399
Supplementary Income	37,400	300,000
Tuition-Driving School	4,122,000	3,477,000
Student I.D	1,920,000	4,500
Center fee	729,140	151,965
Graduation fee	3,511,300	-
Examination materials	7,671,500	2,283,900
K.U.C.C.P	5,725,500	-
T.V.E.T.A Quality Assurance Fee	1,908,000	-
Research and Innovations	110,000	-
Tuition fee R.P.L	750,000	-
Total Revenue from The Rendering of Services	387,015,546	242,415,906

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8. Sale Of Goods

description	FINANCIAL YEAR	FINANCIAL YEAR
	2023/2024	2022/2023
	Kshs	Kshs
Sale Of Goods		
Farm Produce		
Cabbages Income	-	536,224
Maize Income	1,059,102	754,000
Milk Income	462,000	330,190
Sale of Animal	465,240	98,500
Sukuma Wiki Income	362,178	237,588
Sale of Chicken	587,350	180,600
Other Vegetables Income	-	350,188
Sale of Eggs	303,750	-
Sale of Tomatoes	48,160	-
Total sale of farm produce	3,287,780	2,487,290
Pay As You Eat Income	12,527,163	11,827,285
Total Revenue from Sale Of Goods	15,814,943	14,314,575

9. Rental revenue From Facilities and Equipment

description	FINANCIAL YEAR	FINANCIAL YEAR
	2023/2024	2022/2023
	Kshs	Kshs
exams photos	132,300	21,665
Hire of Facility	10,714,500	5,212,290
Production Unit Income	-	210,000
Rent Income	1,169,300	2,470,300
Total Rental revenue From Facilities and Equipment	12,016,100	7,914,255

10. Miscellaneous Income

description	FINANCIAL YEAR	FINANCIAL YEAR
	2023/2024	2022/2023
	Kshs	Kshs
Modern Garage Services	-	950,000
Interest Earned From oncall Deposit	10,131,355	5,374,890
Total Other Income	10,131,355	6,324,890

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11. Use of Goods and Services

description	FINANCIAL YEAR	FINANCIAL YEAR
	2023/2024	2022/2023
	Kshs	Kshs
Activity	34,000,920	23,650,348
Accommodation	4,202,184	3,689,691
Administration Cost	37,160,436	33,382,333
Advertising	3,166,712	906,730
Common Wealth Association of Polytechnics in Africa	1,627,590	312,500
Capacity Building	3,235,865	2,146,560
Centre Fee	1,733,000	-
Driving School	884,848	267,311
Electricity, Water and Conservancy	16,352,839	9,920,132
Fire Equipment	317,200	452,280
Graduation	5,446,961	-
Hire of Facilities	3,500,171	2,437,423
I.S.O	871,650	646,592
Insurance, Attachment and Medical	9,088,418	7,892,385
ICT Integration	5,228,658	8,170,226
Kenya Association of Technical Training Institutions	1,185,466	1,067,950
Library	332,258	2,191,314
Local Transport and Travelling	28,258,250	23,203,052
Pay As You Eat	39,603,357	28,426,595
Performance Contract	554,370	435,947
Professional Subscriptions and Trainin	-	162,800
Assets Valluation	-	2,900,265
Research and Innovations	9,989,433	1,294,891
Security Costs	4,156,011	3,089,424
Training expense (Tuition)	105,860,274	65,064,007
Vehicle Cover Insurance	1,306,373	1,492,259
Marketing	6,865,942	4,279,638
Production unit	248,123	580,454
K.E.F.EB	-	1,209,330
Examination	39,000	-
Maize	770,300	472,882
Vegetable	197,350	278,770
Dairy	244,450	244,365
Bank charges	205,357	120,730
Application	1,016,400	788,500
Tax on Interest Earned from Deposits	971,528	802,978
Corporate Social Responsibilities	176,500	-
Chicken	1,418,568	888,850
KUCCPS	2,400,000	-
K.R.A arrears	10,327,805	-
Total Use of Goods and Services	342,944,567	232,869,512

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12. Employee Cost

description	FINANCIAL YEAR	FINANCIAL YEAR
	2023/2024	2022/2023
	Kshs	Kshs
Salaries and Wages	58,647,427	52,156,811
Housing Benefits and Allowances	4,658,380	4,775,400
Leave Allowances	326,000	308,000
Service Gratuity	-	1,484,990
NSSF Employer Contribution	1,092,551	848,880
Basic Salary	25,646,562	21,167,395
Medical Allowance	778,620	722,700
Risk Allowance	-	60,000
Responsibility Allowance	-	360,000
Commuter Allowance	3,014,815	3,126,000
Overtime payments	-	61,749
Housing Levy	418,029	-
Staff uniforms	-	70,736
Other payments (Christmas gifts, medical cover and staff motivation trip)	7,522,968	976,323
Helb loan staff deductions)	-	26,400
Total Employee Cost	102,105,352	86,145,384

13. Council Expenses

description	FINANCIAL YEAR	FINANCIAL YEAR
	2023/2024	2022/2023
	Kshs	Kshs
Sitting allowance	5,985,000	6,190,000
Transport	2,145,684	1,995,315
Per Diem	7,682,760	5,356,400
Airtime	99,500	83,000
Chairman Monthly Allowance	650,000	755,000
Capacity Building	406,000	912,720
Insurance	718,888	514,696
P.A.Y.E	2,398,572	1,650,000
Total Council Expenses	20,086,404	17,457,131

14. Depreciation and Amortization expense

description	FINANCIAL YEAR	FINANCIAL YEAR
	2023/2024	2022/2023
	Kshs	Kshs
Land	-	-
Buildings and Structures	17,661,216	16,442,520
Motor Vehicles	4,236,570	4,707,300
Furniture and Fittings	3,969,333	4,435,324
Computers	8,218,469	1,320,300
Amortization of intangible assets	1,906,080	1,906,080
Plant & Equipment's	4,617,023	4,514,690
Total Depreciation and amortization expense	40,608,692	33,326,214

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15. Repairs and Maintenance

description	FINANCIAL YEAR	FINANCIAL YEAR
	2023/2024	2022/2023
	Kshs	Kshs
Property Repairs	26,255,552	23,311,303
Vehicles Repairs	3,406,319	2,535,635
R.M.I Plumbing Works	217,348	-
R.M.I ELECTRICAL	205,360	-
R.M.I Students Play Field	110,935	189,022
Road recarpeting	23,400	141,100
Furniture and Fittings Repairs	-	616,405
Other General Repairs	-	520,069
Total Repairs and Maintenance	30,218,914	27,313,534

16 (a) Cash and Cash Equivalents

description	FINANCIAL YEAR	FINANCIAL YEAR
	2023/2024	2022/2023
	Kshs	Kshs
Petty Cash	93,802	79,469
ABSA-main/fees account	319,745,880	272,463,043
Undeposited Funds	735,344	751,305
KCB College Account	9,259,784	2,383,792
KCB Kapenguria Account	9,500,948	4,512,335
COOP Farm Account	712,280	303,659
COOP Development Account	9,023,130	39,461,812
KCB. SIGOR Technical Training Institute	12,518,863	12,522,499
COOP-CHEPARERIA TIT -0113985509403	25,817,557	24,179,951
KCB- KWANZA Technical and Vocational centre	671,837	-
Total Cash and Cash Equivalents	388,079,425	356,657,867

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16 (a). Detailed Analysis of Cash and Cash equivalents

description	Account Number	FINANCIAL YEAR	
		2023/2024	2022/2023
		Kshs	Kshs
1. Absa main Account/School Fees Account	003-821950		
Petty Cash			93,802
Cheques In Transit (Undeposited Funds)			735,344
Cash at Bank			319,745,880
Sub-Total			320,575,027
2. Kcb-College Account	110808921		
PettyCash			-
Cash at Bank			9,259,784
Sub-Total			9,259,784
3. Kcb Kapenguria (Students meals) Account	1128048566		
PettyCash			-
Cash at Bank			9,500,948
Sub-Total			9,500,948
4. Co-operative Bank (Farm) Account	1120085509400		
PettyCash			-
Cash at Bank			712,280
Sub-Total			712,280
5. Co-operative Bank (Development) Account	1139085509401		
PettyCash			-
Cash at Bank			9,023,130
Sub-Total			9,023,130
6. Co-operative Bank (Chepareria T.T.I) Account	1139085509403		
PettyCash			-
Cash at Bank			25,817,557
Sub-Total			25,817,557
7. Kcb (Sigor T.T.I) Account	115735212		
PettyCash			-
Cash at Bank			12,518,863
Sub-Total			12,518,863
KCB - Kwanza TVC	1322404143		671,837
TOTAL			388,079,425

17. Inventories

description	FINANCIAL YEAR	
	2023/2024	2022/2023
	Kshs	Kshs
Consumable Stores	1,465,450	1,947,804
Maintenances stores	748,730	668,514
Health unit stores	177,349	74,280
Electrical stores	447,258	96,280
Cleaning stores	79,351	104,962
Catering stores	460,220	323,715
Total Inventories	3,378,358	3,215,555

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18. Receivables from Exchange Transactions

description	FINANCIAL YEAR 2023/2024	FINANCIAL YEAR 2022/2023
	Kshs	Kshs
Students Debtors	280,859,819	202,095,466
Sundry Debtors	24,111,512	21,948,896
Internal Debtors	3,274,870	2,511,230
System changes over opening balances	8,550,907	3,225,296
KNEC Exam fee	-	2,327,565
Total Receivables from Exchange Transactions	316,797,108	232,108,453

In-accordance to IPSAS 23 paragraph 29, the management has excluded the receivable of non – exchange transactions as disclosed under note 6 since it does not meet the recognition criteria.

18.(a) Ageing Analysis of Receivables from Exchange transactions

description	FINANCIAL YEAR 2023/2024		FINANCIAL YEAR 2022/2023	
	Kshs	Kshs	Kshs	Kshs
		% of the total		% of the total
90 Days	88,979,545	29		
180 Days	38,339,931	13		
275 Days	10,063,672	3		
366 Days	15,765,335	5		
Greater than 366 Days	151,917,848	50		
Totals	305,066,331	100		

19. Intangible Assets

description	FINANCIAL YEAR 2023/2024	FINANCIAL YEAR 2022/2023
	Kshs	Kshs
At the beginning of the year	9,530,400	9,530,400
Additions	-	-
At end of the year	9,530,400	9,530,400
Additional -internal development	-	-
At end of the year	9,530,400	9,530,400
Amortization and impairment		
At beginning of the year	1,906,080	-
Amortization	1,906,080	1,906,080
At end of year	3,812,160	1,906,080
Impairment loss	-	-
At end year	3,812,160	1,906,080
Net Book Value	5,718,240	7,624,320

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20. Trade and Other Payables from Exchange transactions

description	FINANCIAL YEAR	FINANCIAL YEAR
	2023/2024	2022/2023
	Kshs	Kshs
Recurrent Creditors	23,360,239	8,531,741
Fees Prepayments	175,186,806	135,461,435
Withholding Tax	1,492,269	1,632,258
Retention	8,803,124	4,007,239
Bursary	10,490,126	6,564,053
Examination Fee	35,376,655	-
HELB Loan	12,255,615	3,941,005
Technology self-help group Sacco	303,825	-
Salary	3,927,322	1,169,746
NSSF Employee Contribution	562,848	144,720
Tuition Fee- N.Y.S Students	393,800	-
HELB Loan Deduction	97,881	26,400
N.H.I.F	228,700	-
Pay As You Earn (P.A.Y.E)	-	83,270
students' clearance	29,500	-
Total Trade and Other Payables from Exchange transactions	272,508,710	161,561,867

20.(a) Ageing Analysis of Trade and Other Payables from Exchange transactions

description	FINANCIAL YEAR 2023/2024		FINANCIAL YEAR 2022/2023	
	2023-2024	% of the total	2022-2023	% of the total
	Kshs		Kshs	
90 Days	14,655,424	45		
180 Days	1,265,449	4		
275 Days	1,916,869	6		
366 Days	14,490,689	45		
Greater than 366 Days	-	-		
Totals	32,328,431	100		

21. Refundable Deposits from Customers/ Students

description	FINANCIAL YEAR	FINANCIAL YEAR
	2023/2024	2022/2023
	Kshs	Kshs
Caution Money	2,549,870	2,549,870
KCB. SIGOR Technical Training Institute	12,518,863	-
COOP-CHEPARERIA TTI -0113985509403	25,817,557	-
Total Refundable deposits from customers/ Students	40,886,289	2,549,870

23. Biological Assets

description	FINANCIAL YEAR	REVALUATION	FINANCIAL
	2023/2024	GAIN/LOSS 2023-	YEAR 2022/2023
	Kshs	2024	Kshs
Cattle	670,000	(255,000)	925,000.00
Goats	27,000	(114,120)	141,120.00
Pigs	397,000	-	397,000.00
chicken	1,225,510	-	1,225,510.00
Trees/Forest	2,038,164	(1,661,836)	3,700,000.00
Total biological assets	4,357,674	(2,030,956)	6,388,630.00

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24. Cash generated from operations

description	F.Y 2023-2024	2022-2023
	Kshs	Kshs
Surplus for the year	57,180,640	-
Adjustments for:		
Depreciation and amortization expense	40,608,692	
Non -Cash grants received	-	
Impairment	-	
Gains and Losses on Disposal of Assets	-	
Contributions to provisions	-	
Contributions to impairment allowance	-	
Finance income	-	
Finance Cost	-	
Working Capital Adjustments		
Increase in Inventory	(162,803)	
Increase in Receivables	(84,688,655)	
Increase in Deferred Income	-	
Increase in Payables	110,946,843	
Increase in Payments received in advance	-	
Net Cash Flow from Operating Activities	123,884,717	

25. Related Party Balances

description	FINANCIAL YEAR	FINANCIAL YEAR
	2023/2024	2022/2023
	Kshs	Kshs
Related Parties Transactions		
Grants/Transfer from government		
Ministry of education state department of TVETs		
Sigor Technical Training Institute	-	56,963,779
Chepareria Technical Training Institute	-	50,381,139
Kwanza Technical and Vocational Centre	10,000,000	-
Total Income	10,000,000	107,344,918
Expenses incurred on behalf of related parties		
Sigor Technical Training Institute	-	44,444,916
Chepareria Technical Training Institute	-	24,563,582
Kwanza Technical and Vocational Centre	10,000,000	-
Total Expenditure	10,000,000	69,008,498

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22(a) Property, Plant And Equipment

	LAND	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant And Equipment	Other Assets	Capital Work in progress	Total
Cost	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.	Kshs.
At 1st July 2022	2,041,389,000	822,126,000	23,730,000	29,894,800	6,601,500	45,146,900	-	169,579,551	3,138,467,751
Additions During the F.Y 2022-2023	-	-	23,343,000	5,587,790	-	-	-	33,057,193	61,987,983
Disposals	-	-	-	-	-	-	-	-	-
Adjustment Prior Year	-	-	-	-	-	-	-	(25,738,794)	(25,738,794)
At 30th June 2023	2,041,389,000	822,126,000	47,073,000	35,482,590	6,601,500	45,146,900	-	176,897,950	3,174,716,940
Additions During the F.Y 2023-2024	-	77,377,335	-	707,400	35,811,147	5,538,016	-	58,706,595	178,140,493
Disposals	-	-	-	-	-	-	-	-	-
Adjustment Prior Year - Note 22(c)	-	-	-	-	-	-	-	(146,385,833)	(146,385,833)
At 30th June 2024	2,041,389,000	899,503,335	47,073,000	36,189,990	42,412,647	50,684,916	-	89,218,712	3,206,471,600
Depreciation and impairment									
At 1st July 2022	-	-	-	-	-	-	-	-	-
Depreciation	-	16,442,520	4,707,300	4,435,324	1,320,300	4,514,690	-	-	31,420,134
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
At 30th June 2023	-	16,442,520	4,707,300	4,435,324	1,320,300	4,514,690	-	-	31,420,134
Depreciation 30th June 2024	-	17,661,216	4,236,570	3,969,333	8,218,469	4,617,023	-	-	38,702,612
Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
At 30th June 2024	-	17,661,216	4,236,570	3,969,333	8,218,469	4,617,023	-	-	38,702,612
Accumulated Depreciation 30th June 2024	-	34,103,736	8,943,870	8,404,657	9,538,769	9,131,713	-	-	70,122,745
At 30th June 2023	2,041,389,000	805,683,480	42,365,700	31,047,266	5,281,200	40,632,210	-	176,897,950	3,143,296,806
At 30th June 2024	2,041,389,000	865,399,599	38,129,130	27,785,333	32,873,878	41,553,203	-	89,218,712	3,136,348,855

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22(b) Work in progress

PROJECT	Budgeted cost	Contract Sum	Amount paid as at	Amount paid as at	Amount paid	Totals
			2021/2022	2022/2023	2023/2024	
Modern garage	11,000,000.00	11,000,000	2,374,495	6,310,724	2,347,140	11,032,359
Open Shade phase II	12,116,016.00	12,116,016	24,900,710	590,691	130,500	-
Work in progress C.C.T.V	12,998,438.00	12,998,438	-	6,758,622	6,694,195	13,452,817
Institutional management	56,123,878.00	56,123,878	-	15,198,776	35,526,058	50,724,834
Perimeter wall		17,500,000	-	-	14,008,702	14,008,702
TOTAL	148,011,539.00	148,011,539	143,840,757	33,057,193	58,706,595	89,218,712

22(c) Work In Progress and related parties Transferred to Assets during the year ended 30th June 2024

PROJECT	Budgeted cost	Contract Sum	Amount paid as at	Amount paid as at	Amount paid	Total
			2021/2022	2022/2023	2023/2024	2023/2024
Tuition Block-Bumula	23,781,991.00	23,781,991	23,781,991	-	-	23,781,991
Poultry House	2,000,000.00	2,000,000.00	1,670,000	-	-	1,670,000
Tuition Block-Chelini	18,169,690.00	18,169,690	12,254,698	-	-	12,254,698
Tuition Block -Building department	5,914,992.00	5,914,992	-	3,675,985	-	3,675,985
Open Shade Phase one	10,447,823.00	10,447,823	9,850,365	522,395	-	10,372,760
Open Shade phase II	12,116,016.00	12,116,016	24,900,710	590,691	130,500	25,621,901
Related Parties Transaction						
Sigor T.T.I	53,735,530.00	53,735,530	44,444,916	-	-	44,444,916
Chepareria T.T.I	48,743,504.00	48,743,504	24,563,582	-	-	24,563,582
TOTAL	174,909,546	174,909,546	141,466,262	4,789,071	130,500	146,385,833

The management excluded the value of two (2) parcels of Land measuring approximately 9.057 Ha and 10.048 Ha owned by the Polytechnic through allotment letters and has been encroached by outsiders hence the Polytechnic cannot utilize the property to gain any economic benefit from the land and due to the encroachment it has denied the Polytechnic access to reliably estimate its value.

The management in collaboration with the responsible government ministries is in the process of repossessing the land and acquiring proper ownership documents before recognizing the assets in the financial statement as guided under IPSAS 17 paragraph 14.

20. Appendices

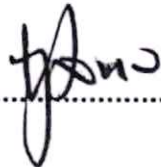
Appendix I: Implementation Status of Auditor-General Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:(Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Unconfirmed Assets Balance and Ownership of Land	The management has petitioned the National Land Commission over encroachment and ownership documents its lands.	Resolved	
	Accuracy of Receivables from Exchange Transactions	The receivables from exchange transactions were analyzed and efforts have been made to recover outstanding student debtors.	Resolved	
	Budgetary Control and Performance	The management appointed Budget Implementation Committee to monitor and review budget implementation on quarterly basis.	Resolved	
	Under-Disbursement of Capitation by the Ministry of Education	The government launched a new funding model that enhances and resolves issues of capitation	Not Resolved	
	Delayed Completion of Automotive Engineering Workshop Block	The issue on security was reported to the relevant agencies. Currently the government is restoring security in the project location.	Resolved	
	Collapsed Automotive Engineering Workshop	The issues are being addressed by the County Government of West Pokot.	Resolved	
	Failure to Observe the law on ethnic composition	The Polytechnic management has put in place measures to ensure that recruitments observe laws on ethnic composition	Resolved	
	Non – compliance with the one-third Basic Rule	The Polytechnic Council upgraded the staff salaries hence complying with the rule on basic pay.	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Lack of Proper Succession Management of the Governing Council	The management developed a succession Plan for the Council	Resolved	
	Failure to implement approved staff establishment	The management reviewed and approved its staff establishment	Resolved	
	Lack of Payroll Reconciliation	This was an oversight but currently an officer was appointed to conduct payroll reconciliation	Resolved	
	Lack of Disaster Recovery Plan	The Polytechnic is implementing a Risk management policy that has a disaster recovery plan	Resolved	



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Akola John Otieno
Accounting Officer
Kitale National Polytechnic

2 - NOV 2024

Appendix II: projects implemented by Kitale National Polytechnic

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Institutional Management	56,123,878.00	50,724,834.00	90%	56,123,878.00	50,724,834.00	A.I.A
2	Perimeter wall	14,500,000.00	14,008,702.00	80%	14,500,000.00	14,008,702.00	A.I.A
	Total	70,623,878.00	64,733,536.00		70,623,878.00	64,733,536.00	

Appendix III- Inter-Entity Confirmation Letter

Name of transferring entity: Ministry of Education State Department of TVET

Name of beneficiary entity: Kitale National Polytechnic

Confirmation of amounts received by Kitale National Polytechnic as at 30th June 2024					
Reference Number	Date Disbursed	Recurrent (A)	Development (B)	Total (C)=(A+B)	Remarks
123776	10/07/2023	15,000,000	-	15,000,000	Operational Grants
123777	31/08/2023	5,288,400	-	5,288,400	Operational Grants
147567	12/03/2024	-	5,000,000	5,000,000	Equipping I.M
150720	12/06/2024	25,133,500	-	25,133,500	Operational Grants
124360	29/09/2023	40,281,500	-	40,281,500	Capitation
149939	19/01/2024	35,007,000	-	35,007,000	Capitation
139816	13/02/2024	40,008,000	-	40,008,000	Capitation
151602	28/05/2024	2,460,225	-	2,460,225	Capitation
139850	19/02/2024	51,547,401	-	51,547,401	Scholarship
139883	04/03/2024	4,521,820	-	4,521,820.00	Scholarship
Total		193,959,446.00	5,000,000.00	198,959,446.00	

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accounts Department - Disbursing Entity:

Name Sign Date

Head of Accounts Department - Beneficiary Entity:

Name **CPA David Kurgat** Sign Date.....

Appendix IV: Reporting Of Climate Relevant Expenditures

Project name	Project description	Project objective	Project activities	Quarter				Source of funds	Implementing partners
				Q1	Q2	Q3	Q4		
Going green	Planting trees	To reduce the emission of CO ₂	10,000 trees planted					A-I-A	KEFRI, KNP

Appendix V: Reporting On Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Program	Sub- Program	Disaster type	Category of disaster related activity that require expenditure reporting	Expenditure Item	Amount (Ksh.)	Comment
Fire security	Servicing of fire extinguishers	Security related	Mitigation against fire		951,000	
Radio communication set	Purchase of Radio communication set	Security related	Mitigation Security related issues		97,440	