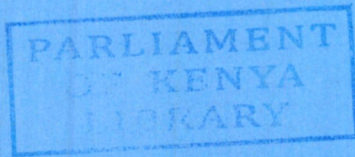



REPUBLIC OF KENYA



Enhancing Accountability



REPORT

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 14 JUN 2023	DAY: WEDNESDAY A.M.
TABLED BY:	Hon. Naomi Wago, MP Deputy Majority Party Whip
CLERK-AT-THE-TABLE:	A. Shubuto

OF

THE AUDITOR-GENERAL

ON

KENYA COAST NATIONAL POLYTECHNIC

**FOR THE YEAR ENDED
30 JUNE, 2022**

KENYA COAST NATIONAL POLYTECHNIC

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022



Kenya Coast National Polytechnic

Kisauni Road, P O Box 81220-80100 Mombasa, Telephone 0712725554, 0710389727

Email: info@kenyacoastpoly.ac.ke Website: www.kenyacoastpoly.ac.ke



ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2022

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



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KEY ENTITY INFORMATION AND MANAGEMENT**(a) Background information**

Kenya Coast National Polytechnic (KCNP) is located in the coastal town of Mombasa. It was established in 1950 as a Technical High School. Upon the introduction of the 8-4-4 system of education, it was elevated to a middle level Technical College (Mombasa Technical Training Institute) in 1984 to provide technical training for the middle level workforce for both the private and public sectors of the economy. In 2016 the institution was officially up-graded to a National Polytechnic (Kenya Coast National Polytechnic) via the Legal Notice 88 of the Technical Vocational Education and Training (TVET) Act (No. 29 of 2013). The trainees in the Polytechnic are drawn from secondary school leavers, graduates from other tertiary institutions, employees on part-time release basis and the informal (Jua Kali) sector.

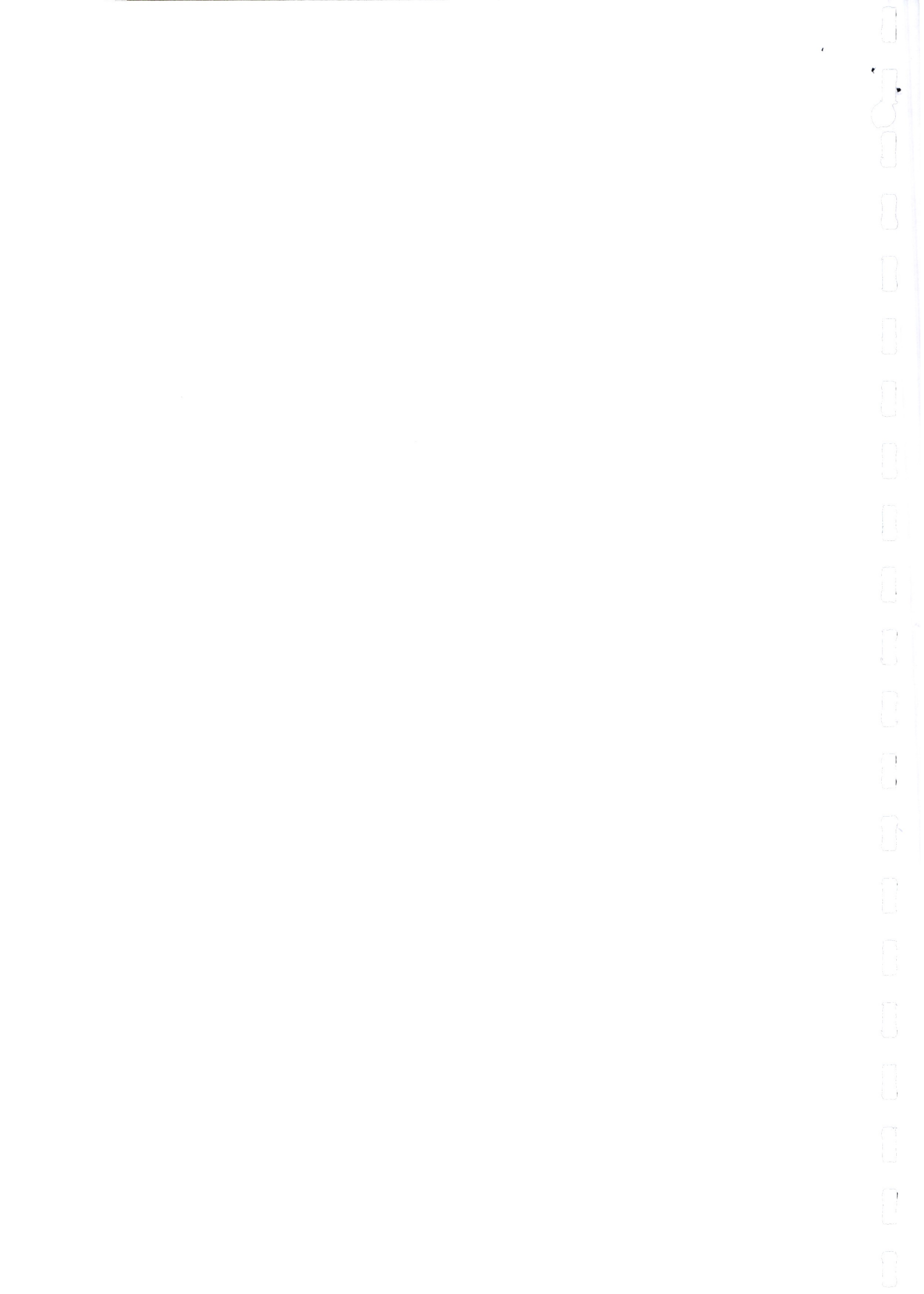
KCNP is managed by a Council whose members are appointed by the Government to represent the community, industrialists, professionals and various governmental departments. The Principal serves as the Secretary to the Council. The Institution operates under the Education Act, the TVET Act and other relevant laws. It offers Curriculum Developed by the Kenya Institute of Curriculum Development (KICD), the National Industrial Training Authority (NITA), KCNP, KASNEB, MMUST. It is mandated to offer courses at Artisan, Craft, Diploma, Higher National Diploma and Degree levels (in conjunction with recognised Universities), plus short-term certificate courses in the part-time programme. All the courses offered at Craft and Diploma levels incorporate Entrepreneurship Training and Industrial Attachment to prepare the trainees for formal and self-employment. The examining bodies are the Kenya National Examinations Council (KNEC), NITA, Kenya Accountants and Secretaries National Examination Board (KASNEB), Masinde Muliro University of Science and Technology (MMUST), KCNP among others. KCNP is a member of the Kenya Association of Technical Training Institutions (KATTI) amongst others.

KCNP has seen tremendous growth in terms of courses offered and the student enrolment from an initial population of 23 students and 24 teaching staff in 1990 to the current 7,500 students and 290 teaching staff (PSC teachers 117 and Council teachers 173) respectively. The current number of non-teaching staff is 82. This has resulted in a strain on the training facilities whose expansion has unfortunately not matched this student growth. With the outbreak of Covid-19 pandemic has even made it worse. The demands from the market and the changes in curriculum and technology have not been fully matched by additional training facilities in terms of space, equipment and staff.

KCNP is all along has been taking full advantage of its staff enhanced capacity in terms of knowledge & skills, physical facilities, wide spectrum of courses, unique location close to Central Business District (CBD) of Mombasa, major industries, commercial organizations, existing transport infrastructure and housing.

Principal Activities

The principal activity of Kenya Coast National Polytechnic is to offer TVET programmes in line with industry or market needs both in long and short term basis.



KEY ENTITY INFORMATION AND MANAGEMENT (Continued)

Vision.

A leading centre of excellence in training.

Mission

To produce highly competent graduates for the modern world of work.

Mandate

To train highly skilled workforce that is suitable for further professional development through quality inclusive and equitable TVET programs responsive to national and global competitiveness

Core Functions

- To implement training in TVET programs.
- To carry out research programs.
- To develop and transfer science, technology and innovation into products and services.
- To benchmark with other institutions and liaise with industry
- To adopt programs that address the needs of the local community

Core Values

KCNP's Core Values include the following among others: -

- Honesty, integrity and transparency
- Quality leadership, excellence, innovativeness and creativity.
- Consultative decision-making
- World-class programmes and standards
- Respect for human and gender rights
- Professionalism, team spirit and discipline

(b) Key Management

Daily management is carried out under the following key divisions:

- Administration, Finance, Registrar and Academic

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Former Chief Principal	Mrs Anne M. Mbogo
2.	Current Chief Principal	Ms Mary M. Muthoka-From 25/01/2023
3.	Deputy Principal-Adm.	Mr. Show Kalama
4.	Deputy Principal- Accad.	Ms Jane Kariuki
5.	Financial Controller	CPA Clerkson O. Bolo
6.	Senior Procurement Officer	Ms Dorothy Nyagitari
7.	Ag Registrar	Mr. Julius Kasuva
8.	Ag .Dean of Students	Mr Elphase Muge

(d) Fiduciary Oversight Arrangements

- Finance and Human Resource and Infrastructure Committee of the Council
- Audit and Risk Committee of the Council
- Education, Training and Research Committee of the Council
- Full Council
- Academic Board

(e) KCNP Headquarter

P.O. Box 81220- Code 80100
Kisauni Road- Tononoka
Mombasa, Kenya

(f) KCNP Contacts

Telephone: 0712725554, 0710389727

E-mail: info@kenyacoastpoly.ac.ke

Website: www.kenyacoastpoly.ac.ke

(g) KCNP Bankers

1. KCB Bank Kenya Ltd
Nkrumah Road
P.O. Box 902540
Treasury Square 4088
Mombasa, Kenya

(h) Independent Auditors

Auditor General
Office of Auditor General
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(i) Principal Legal Adviser

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

THE COUNCIL/BOARD OF GOVERNORS

<p>1.</p>  <p>Prof. James Felix Kanyua – Chairman D O B 09/09/1949 Id No 13308164</p>	<p>Prof. J F Kanyua is a holder of Doctor of Philosophy in Engineering, M Sc (Mechanical Engineering), B Sc (Mechanical Engineering), Postgraduate Diploma in Energy Technology, has a Certificate in Solar Energy Conversion and Desalination. He was a Senior lecturer at University of Nairobi from 1986 to 1992 during which he was appointed Associate Professor and performed various administrative duties. Currently he is a Professor Department of Mechanical and Automotive Engineering at Technical University of Mombasa.</p>
<p>2</p>  <p>Mr. Osman Varwani – Member D O B 08/12/1974 Id No 13358207</p>	<p>Mr. Osman has a B.S in Computer Science and Information Networking. He has wealth of experience in ICT since 1994 to date. At the moment he is the founder and Managing Director of Innovus Group- Kenya.</p>
<p>3</p>  <p>Dr. Gracie Mullei- Member D O B 18/6/54 Passport NO A1994926</p>	<p>Dr. Gracie is a holder of Bachelor of Education. She has a 5 years' experience in Corporate Governance to date since 2015, She has been engaged in Youth leadership training, Leadership training in various churches. She has been a lecturer in various Institutions, a Manager at world Vision International for 9 years, a Director at world Servant International for 10 years.</p>
<p>4</p>  <p>Mr. Sammy K. Akilimali- Member D O B 8/6/1963 Id No 0722876545</p>	<p>Mr. Sammy has Bachelors Degree in Business Administration (Entrepreneurship) , Ordinary Diploma in Institutional Management, Higher Diploma in Catering, Hotel and Institutional Management and Diploma Business Management. He has 35 years' work experience since 1984 to date.</p>
	<p>vi</p>



<p>5</p>  <p>Eng. Oliver Khabure- Member D O B 8/3/1968 Id No 10043933</p>	<p>Mr. Oliver is a holder of B.Sc in Civil Engineering and Masters in Business Administration. He is a registered consulting engineer and has been in the field for over 25 years.</p>
<p>6</p>  <p>Anne M. Mbogo Mrs- Chief Principal/Secretary D O B 10/10/972 Id No 11592985</p>	<p>Mrs Anne Mwendia Mbogo is the current chief Principal with effect from 23/9/2020. She is a holder of Post Graduate Diploma in Education Management and BED-Home Science and Technology. She has over 6 years' experience in management of TVET Institutions as a Principal.</p>
<p>7.</p>  <p>Mr. Ephraim Munene Njeru-Member D O B 1968 Id No. 10333372</p>	<p>Mr. Ephraim Munene Njeru is a holder of Masters in Project Management and Bachelor of Education. He has a wide experience in Education sector and he has held a position of Assistant Director/ Principal Technical Accreditation and quality assurance officer. Currently he is the officer representing PS in the council.</p>
<p>9.</p>  <p>Mr. Julius N. Mwengei- Member D O B 26/4/1961 Id No 0315024</p>	<p>Mr Julius N. Mwengei is a holder of Masters in Business Administration (Entrepreneurship and Business Consulting), a professionally qualified Certified Public Accountant(CPA(K), a member of Institute of Certified Public Accountants(ICPAK), Institute of Certified Public Secretaries(ICPSK) and Institute of Credit Management(ICM). He has an audit firm where he is the in charge of day to day management affairs since 2009 to date</p>

- KENYA COAST NATIONAL POLYTECHNIC
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

MANAGEMENT TEAM

 <p>Anne M. Mbogo Mrs- Chief Principal/Secretary D O B:10/10/1972 Id No: 11592985</p>	<p>Current Chief Principal/Secretary to the Council The Accounting Officer with effect from 23rd September, 2020</p>
 <p>Mr. Show Kalama – Deputy Principal Administration D O B 30/8/1978 Id No 20883144.</p>	<p>Deputy Principal in charge of Administration</p>
 <p>Ms Jane Kariuki – Deputy Principal- Academic DO B 5/1/1971 Id No 10889552</p>	<p>Deputy Principal in charge of Academic. A holder of M Ed</p>
 <p>CPA Clerkson Onyango Bolo- Financial Controller Reg. No. 5067 D O B 4/3/1968 Id No 9418429</p>	<p>Financial Controller in charge of Account /Finance department. A holder of MBA</p>
	<p>viii</p>

KENYA COAST NATIONAL POLYTECHNIC
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022



Ms Elphase Muge –Ag Deans of Students.
D O B 28/08/1971 Id No 11605342

Dean of Students in charge of students' affairs. A holder of a degree in Supplies chain Management



Mr. Julius Kasuva – Ag Registrar.
D O B 20/10/1975 Id No 13522642

In Charge of students' admissions and career guidance. A holder of Masters in Instructional Design and Technology



CHAIRMAN'S STATEMENT

The Kenya Coast National Polytechnic (KCNP) has passed through four transitional levels. The various phases it has undergone so far reflect the Government of Kenya's concerted efforts in promoting education and training in line with the dynamic technological and industrial growth in Kenya and in Africa.

The transition of the Polytechnic has seen the growth of the Polytechnic programmes, the staff and student population, physical infrastructure and ICT. The increase of these resources without a balanced growth in financial support from the exchequer has however come with a number of challenges. It has been difficult to provide commensurate teaching resources with the growth in student numbers while the Polytechnic has also not been able to concentrate on the key areas of research and technology transfer as required.

While the mandate of the Polytechnic provides for training highly skilled workforce that is suitable for further professional development through quality inclusive and equitable TVET programs responsive to national and global competitiveness, there have been challenges related to the infrastructural developments as the government has not been providing the requisite capital expenditure. Covid-19 has also multiplied these challenges. The financial statements reflect the financial status of the Polytechnic. More personnel are required for both teaching and Non-teaching staff. Council Members have recruited some staff on part time contracts and sustaining the increase in personal emoluments will however be a challenge unless the Government bring back recurrent grant which in directly has been replaced by Government capitation. Government capitation is part of fee that was being paid by students.

The Polytechnic Council looks forward to supportive collaboration with the government to ensure continued development of the Kenya Coast National Polytechnic as provided.



Prof. J F Kanyua
Chairman of Council



REPORT OF THE PRINCIPAL

The Kenya Coast National Polytechnic, as part of its expansion strategy, has developed market driven programmes that address national priorities areas like the BIG Four in the fields of Business, Engineering, Science and Technology. Currently, the Polytechnic is offering one hundred and twenty-two (122) academic programs in diverse fields and continues to develop new programmes especially at higher diploma. KCNP is committed to the advancement of knowledge through responsible research and scholarship addressing important current scientific, social, and cultural questions. Our emphasis on research, innovation, linkages and collaboration with various stakeholders in the industry improves our visibility nationally.

To balance the development of new programmes and demand for Polytechnic education, the Polytechnic management, in consultation with the council, has continued to develop its human resource especially the teaching staff short training programmes.

The Polytechnic has developed and implemented work place policies to nurture holistic students and staff. Towards this end, KCNP has complied with gender and disability mainstreaming, alcohol and drug abuse prevention and intervention.

Valuation of Non-Current Assets

The process to value fixed assets is still on going and by the end July 2022 it will be successfully completed. Assets tagging had been completed. However, values reported are deemed costs, for the old assets, gathered by experts from building and finance department from old records based on reasonable estimates and added together with the actual costs of the currently acquired once. Therefore, by the time of preparation of these accounts, The Polytechnic shall incorporate the exact value of assets into the subsequent books of account.

Variances

The Council observed that unfavourable variances on revenue were due to unpaid Capitation by the Government and the long effect of covid-19 that resulted to the laying off of parents and guardians of their employment hence could not pay fees in good time. Positive variances on expenditure especially on general, operating, use of goods expenses, and repairs were due to stiff control mechanism application that made most of the activities scaled down as a precautionary measure to mitigate the long effect of Covid-19. But for employment cost, the Polytechnic establishment for employees is yet to be met. Despite these variations, the council members noted that the general performance had a positive variance which is an indication that



the council did not commit funds beyond its revenue limit. This therefore caused the Polytechnic to realise a surplus of Ksh 15,570,950

Sundry Creditors

By the end of the fiscal period, the Polytechnic had unpaid supplies amounting to ksh. 21,340,203. This was due to prolonged processing of documents to facilitate payments by the accounts department and also goods and services acquired at the end of the fiscal period. Hence, the Polytechnic does not have any pending bill.

Upgrade of Accounting Software

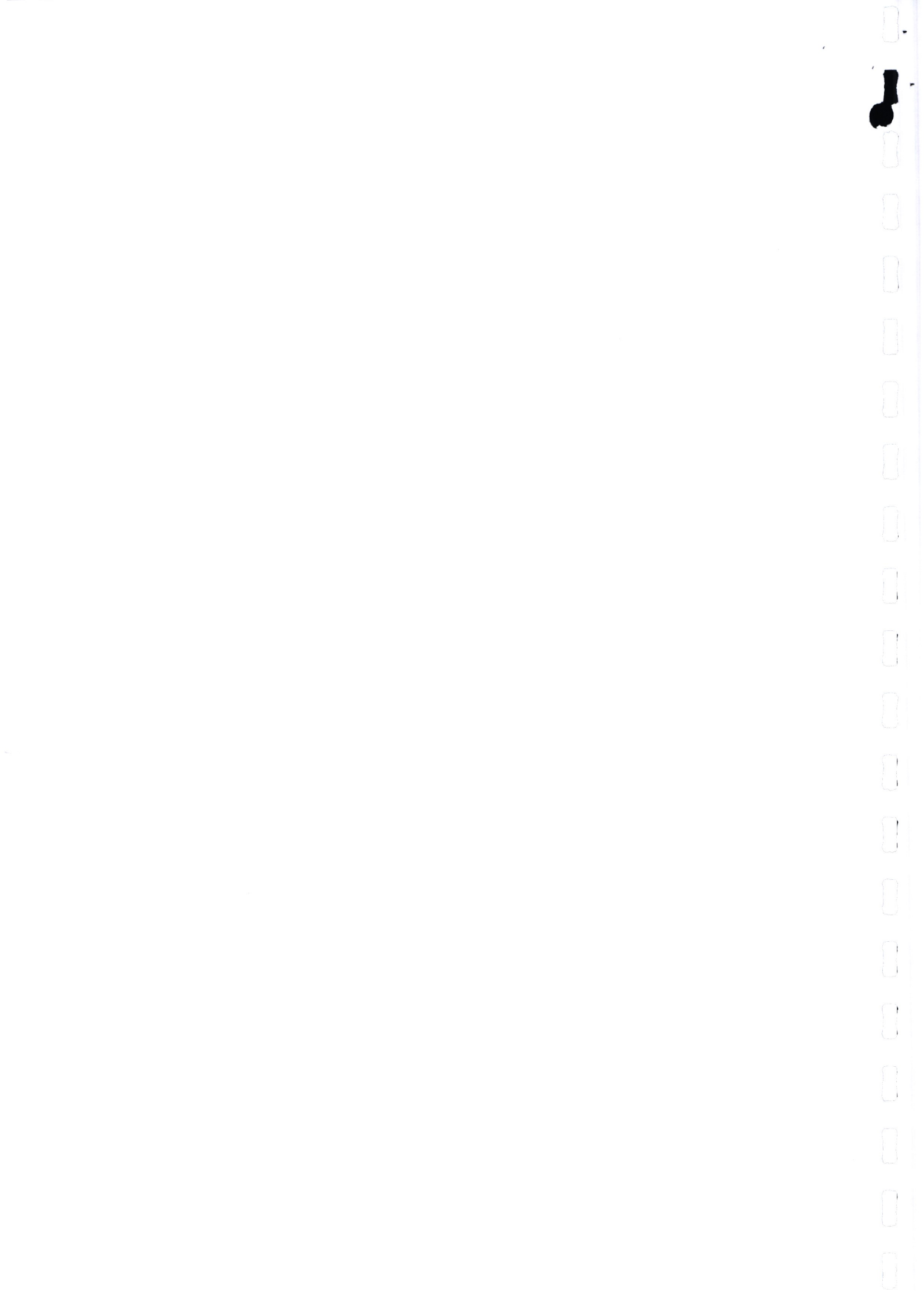
The council members noted that for accounting staff to prepare on time financial reports, the accounting software in use must be upgraded and the process of upgrading started in September, 2019 and is still on going. This will assist the accounts staff to work faster and produce more accurate and timely reports as required.

Development Projects

The Polytechnic received a total of ksh. 12,573,440 from the Government as a development grant that was used to mentored Kilifi North TVC. The Polytechnic collected a total of ksh. 6,402,936 as development funds internally. The Polytechnic also received ksh 11,400,000 from Lamu East CDF for use in mentoring Lamu East TVC and 10,000,000 from Kilifi North CDF for use in mentoring Kilifi North TVC. During the FY 2021/2022, Polytechnic managed a capital expenditure worth Ksh 44,871.903 that was comprised of acquisition of equipment, a Polytechnic bus, generator, furniture etc.



Ms. Mary M. Muthoka
Chief Principal/Council Secretary



CORPORATE GOVERNANCE STATEMENT

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

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

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

The council provides leadership through oversight, review and guidance whilst setting the strategic direction. It is the primary decision-making body for all matters considered as material to the service. The council is composed of skilled and experienced persons and carry out their functions effectively. Full council meetings are held quarterly while council committees are held frequently as needs may arise.

General Responsibilities

The council has a duty to the people of Kenya to ensure that the Kenya Coast National Polytechnic achieves its objectives efficiently and effectively and in compliance with PFM Act 2012, TVET Act 2013 and Polytechnic order 2016. Some of the statutory powers of the polytechnic are:

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



Council Remuneration

The council members are paid a sitting allowance and travelling expenses for meeting attended.

Risk Management and Internal Controls

The council has overall responsibility for the establishment and oversight of The Polytechnics risk management frameworks. The risk management policies are established to identify and analyse the risk faced by The Polytechnic and to set appropriate risk limits and controls to monitor adherence to these limits. Risk management policies and systems are reviewed regularly to reflect changes in operating conditions, legislations and services offered. The polytechnic identifies and manage risk through in-house risk review enhanced by compliance, internal and external audits.

Conflict of Interest

All council members are under a duty to avoid conflict of interest. This entails not engaging, directly or indirectly in any business that competes or conflicts with The Polytechnic business transactions.

Compliance

The council confirms that it is satisfied that The Polytechnic has adequate resources to continue operating for the foreseeable future. Because of this, The Polytechnic continues to adopt the Going Concern basis when preparing the financial statements.

The council is satisfied that The Polytechnic has to the best of their knowledge, comply with all relevant laws and conduct its business affairs in accordance with the law in particular to the PFM Act 2012, TVET Act 2013 and Polytechnic order 2016.

CORPORATE SOCIAL RESPONSIBILITY

KCNP support and mentor nearby institutions through capacity building of faculty and sharing of resources. This is being done through MOU. The institutions selected that are being supported and mentored are: Ahmed shahame Mwidani TVC, Likoni TVC, Lungalunga TVC, Kaloleni TVC, Weru TVC, Lamu East TVC and Ukunda youth polytechnic among others.

The Mandate of KCNP is to train a highly skilled workforce that is suitable for further professional development through quality, inclusive and equitable TVET programs responsible to national and global competitiveness. To fulfil that the council occasionally award bursary to some needy students.

It is KCNP responsibility to provide the required leadership in designing suitable plans and strategies that will contribute to high and sustainable socio-economic development. It is our undertaking to ensure that KCNP has a credible strategic plan and performance contract that will deliver the desired goals. To fulfil this responsibility, the Management offer short term training and development to its staff.



KENYA COAST NATIONAL POLYTECHNIC

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

REPORT OF THE GOVERNING COUNCIL

The Governing Council submit their report together with the audited financial statements for Period ended June 30, 2022 which show the state of The Kenya Coast National Polytechnic's affairs.

Principal activities

The principal activity of the Polytechnic is training

Results

The results of the entity for the year ended 30th June, 2022 are set out on page 1.

COUNCIL OF GOVERNORS

The members of the Council who served during the year are shown on page. VI to VII

Auditors

The Auditor General is responsible for the statutory audit of The Polytechnic in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Ms. Mary M. Muthoka
Chief Principal/Council Secretary
Date: 10/02/2023



STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 and Section 14 and 15 (1) of the State Corporations Act, require Council members to prepare financial statements in respect of the Polytechnic, which give a true and fair view of the state of affairs of the Polytechnic at the end of the financial year and the operating results of the Polytechnic for that period. The Council 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 is also responsible for safeguarding the assets of the Polytechnic.

The Council is responsible for the preparation and presentation of the Polytechnic financial statements, which give a true and fair view of the state of affairs of the Polytechnic for and as at the end of the financial year ended on 30 June, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accepts responsibility for the Polytechnic 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 and the State Corporations Act. The Council is of the opinion that the Polytechnic financial statements give a true and fair view of the state of Polytechnic transactions during the financial year ended June 30, 2022, and of the Polytechnic financial position as at that date. The Council further confirms the completeness of the accounting records maintained for the Polytechnic, which have been relied upon in the preparation of the Polytechnic financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The Polytechnic financial statements were approved by the Council on 10/02/2023 and signed on its behalf by:



Prof. J F Kanyua
Council Chairman



Ms. Mary M. Muthoka
Chief Principal/Council Secretary



STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The statement is based on East Africa Skills for Transformation and Regional Integration Project (EASTRIP). The EASTRIP predetermined key objective is to increase the access and improve the quality of TVET programs in the Polytechnic and to support regional integration in East Africa. The Polytechnic Industrial Advisory board was established to assist improvement of the quality of the programmes offered and also to enhance recruitment of both local and regional students. Members of the project implementation unit were appointed by the Project Manager. Achieved objectives of the project as per the program plan are as follows:

Strengthening Governance & Management

- Strategic development plan developed and approved
- Project Implementation unit established
- Training for Council and top Management was done (corporate governance)
- Strategic plan revised, Sustainability plan developed
- Policy on Scholarship developed
- Guidelines for Staff attachment and foreign exchanges developed.
- Project office established and furnished
- Benchmarking was done with (RTI Kisumu, Egerton University, Carribean Maritime University, NIT Tanzania, Arab Academy for Science Technology and Maritime Transport.

1. Institutionalizing Industry Linkages

- Six stakeholder forums were conducted
- Industrial Advisory Board was established with 86% representation from the industry
- Eight Memorandum of Understandings (MOUs) were signed
- Thirty members of Staff underwent for staff attachment
- Student attachment is continuously being conducted
- Tracer studies was conducted and representatives from all departments were trained

2. Development of Market Relevant CBET Curriculum

- Labour Market Survey was Conducted
- Seven curriculums have been developed, 3 Short term and 4 long term.
- Six other curriculums have been developed and awaiting approval
- E learning platform was established and piloting of two courses per department



3. Training School Managers and Trainers

- Training Needs assessment for Staff has been done
- Ten Heads of sections were trained on supervisory skills development.
- Nineteen Members of Staff were trained on Project Management PMP (PIU & 6 others)
- Six Staff members were trained on Public Relations & Customer care
- Four staff members were trained on sign language course.

4. Upgrade of Key Training Facilities and Infrastructure

- Project Bus procured and delivered
- Contract for supply of equipment has been signed.
- Designs for Buildings Complete including ESIA
- Evaluation for construction complete and a waiting signing of contract.
- Grievance Redress Committee established and trained

5. Outreach to Non Project National TVET

- Terms of Reference for Marketing Consultant has been made and approved
- Needs for support has been received from Ukunda Youth
- Fifteen Institutions have been trained and allowed to use our Labour Market Survey

MANAGEMENT DISCUSSION AND ANALYSIS

The Management noted that the Polytechnic did better compared with the previous financial year. The Polytechnic realized a surplus of ksh 15,570,950 (3.99%) and as compared to the previous year which was ksh 2,316,862 (0.76%). 65% absorption of the budgetary allocation and 67% realization of the budgeted revenue. The Management also noted that the Polytechnic liquidity ratio is still strong and is currently stands at 2.48 as well as acid test ratio at 1.58.

REPORTS ON PROJECTS IMPLEMENTED AND INTER-ENTITY TRANSFERS

The Management of Kenya Coast National Polytechnic since 2014 was tasked to mentor nine (9) Technical Training Institutions. These institutions are: Ahmed Shahame TVC, Kaloleni TVC, Likoni TVC, Lungalunga TVC, Weru TVC, Lamu East TVC, Lamu West (Mpeketoni) TVC, Godoma TVC and Kilifi North TVC. Ahmed Shahame TVC, Kaloleni TVC, Likoni TVC, Lungalunga TVC, Weru TVC and Godoma TVC have all been completed and the Ministry has already posted Principals to manage them. Lamu West (Mpeketoni) TVC and Lamu East TVC are about 87% complete. Lau East TVC already has a Principal. Kilifi North TVC is about 60% complete.



REPORT ON ENVIRONMENTAL AND SUSTAINABILITY

Kenya Coast National Polytechnic Management has designated an area to temporarily store garbage from the kitchen and Food & Beverage Department, that is collected within two days by a licensed NEMA waste handler for disposal at a registered dumping site

The Polytechnic has outsourced gardening contractor responsible for watering & plant trees, pruning, naming trees and propagating endangered species of trees. The polytechnic is keen to increase forestry, gardens, grass and avoiding cutting of trees.

The polytechnic is served by municipal water though ground water is the main source of water supply. We have one borehole at the centre of the Polytechnic meeting our water demands. We also collect rain water in underground & surface tanks combined at Building & Civil Engineering block, administration block, applied science block and Chandaria hall. An effort to allow ground water to recharge and avoid depletion.

The polytechnic is not sewerred. we have septic tanks for management of sewage. Much waste water is generated from hostels, kitchens and toilets. We have upgraded our system to include battle tanks for effective waste disposal from septic tanks to soak pits to meet water quality regulations. We have no water treatment plant. We are working closely with sewage companies to exhaust any overflows.

We are served by Kenya Power lines. We have a standby generator to meet the power supply demands within the facility. We are wishing on moving to blue economy to utilize solar energy in future to conserve on use of petroleum fuel backups

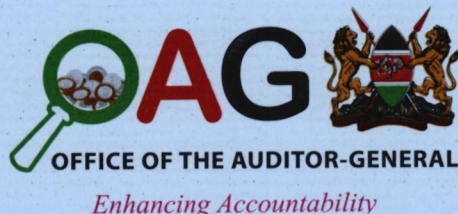
Key sustainability strategic themes

Sustainability strategic themes refers to the key elements for sustainability that lead to the achievement of the goals of Kenya Coast National Polytechnic –EASTRIP project sustainability. It includes the fundamental forces that will propel the Kenya Coast National Polytechnic –EASTRIP project towards its intended objectives, vision, mission, strategies, and core values, all developed from situational analysis of the organization. The result of situational analysis yields strategies and integrated activities, which are allocated scarce resources within the institutional environment so as to meet the present objectives. It is with this background, that Kenya Coast National Polytechnic –EASTRIP project leadership team will propel all the elements of the sustainability strategic themes to generate synergy and positive morale in Kenya Coast National Polytechnic –EASTRIP project wellbeing and sustainable growth. 4.2 EASTRIP Sustainability Strategic Theme



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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KENYA COAST NATIONAL POLYTECHNIC FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Coast National Polytechnic set out on pages 1 to 24, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and

other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kenya Coast National Polytechnic as at 30 June, 2022, 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 and the Public Finance Management Act, 2021.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The statement of financial position reflects inventory balance of Kshs.5,740,608 as at 30 June, 2021 while the previous audited balance was Kshs.3,728,199, resulting in a variance of Kshs.2,012,409 which was not explained or reconciled.

In the circumstances, the accuracy and completeness of the inventory balance as at 30 June, 2022 could not be confirmed.

2. Property, Plant and Equipment

2.1 Ownership Documents

As previously reported, included in the property, plant and equipment balance of Kshs.1,684,741,136 is Kshs.832,486,760 in respect of Shanzu land and Kshs.240,349,188 in respect of Town land, all totaling Kshs.1,072,835,948. The title deed for Shanzu land provided for audit review indicated that the land was registered in the name of the Polytechnic and the parcel of land measures twenty-two (22) hectares. However, information available indicates that the land has been encroached on by squatters who have put up permanent structures.

Although the Management confirmed that the National Land Commission had issued a notice to the squatters to vacate the land, no action had been taken by the time of audit in the month of January, 2023 and the squatters continue to occupy the land. The possible impairment as a result of the encroachment has not been provided for in these financial statements.

Further, Town land is the land on which the Polytechnic presently stands. Information provided for audit review indicates that the land is registered in the name of County Government of Mombasa. It was also noted that the same parcel of land has four (4) public primary schools and two (2) secondary schools.

In the circumstances, the accuracy, completeness, rights and obligations of the property, plant and equipment amount of Kshs.1,684,741,136 could not be confirmed.

3. Receivables from Exchange Transactions

3.1 Long Outstanding Debts

The statement of financial position and as detailed in Note 18 to the financial statements reflect an amount of Kshs.311,124,401 in respect of receivables from exchange transactions. Review of records provided for audit revealed the following observations:

- i. As disclosed in Note 18, Kshs.105,780,204 relates to student debtors. The balance has increased by 30% from Kshs.73,745,029 in 2020/2021 to Kshs.105,780,204 in 2021/2022 financial year. However, there is no evidence of any efforts made towards collecting the debts.
- ii. Further, as reported in previous years, receivables from exchange transactions balance of Kshs.311,124,401 includes Kshs.4,159,310 in respect of a staff debtor. Information available indicates that the debt relates to fraud by the staff and was a subject of a court case which has been determined in favor of the staff. However, it was not clear why to date the debt has not been written off.

In the circumstances, the accuracy, completeness and validity of the trade and other receivables balance of Kshs.311,124,401 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects total revenue budget and actual on comparable basis of Kshs.580,776,000 and Kshs.390,722,112 respectively resulting to an under-funding of Kshs.190,053,888 (or 33%) per cent of the budget. Similarly, the Polytechnic expended Kshs.375,151,162 against an approved budget of Kshs.580,429,000 resulting to an under-expenditure of Kshs.205,277,838 (or 35%) per cent of the budget.

The shortfall in receipts and under-expenditure affected the Polytechnic's planned activities and impacted negatively on service delivery to the public.

Key Audit Matters

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Construction of Baffle Reactors and Soak Pits

The statement of financial performance and as disclosed in Note 13 to the financial statements reflects an amount of Kshs.38,113,197 in respect of repairs and maintenance expenses. Included in the expenditure is an amount of Kshs.34,753,462 and Kshs.2,328,195 for maintenance of equipment and machinery and maintenance of buildings - property is Kshs.34,753,462 and Kshs.2,328,195 respectively.

Review of request for quotation No. KCNP/T/02/BR/01/2020/2021 revealed that the Polytechnic awarded the tender for the proposed construction of baffle reactors and soak pits to a construction company at a contract sum of Kshs.5,115,651 for a period of 12 months starting from the 15 September, 2021. However, the following observations were made;

- (i) The contract sum was above the procurement threshold in the second schedule of the Public Procurement and Asset Disposal Act, 2015.
- (ii) An amount of Kshs.3,692,193 was paid during the year under review but the certificate of measured works was not provided for audit review.

In the circumstances, the Polytechnic did not get value for money totaling Kshs.3,692,193 for the year ended 30 June, 2022.

2. Mentored Institutions Projects/Works – Kilifi North Technoical Vacation College

The statement of financial position and as disclosed in Niota 22 to the financial statement reflects an amount of Kshs.375,391,118 in respect of Mentored Institutions Projects/Works. The amount includes Kshs.22,763,353 payments to a company for the erection of twin workshops, classrooms and office blocks for Kilifi North Technical Vocation College which is mentored by the Polytechnic. However, the report of the inspection and acceptance committee was not provided for audit review.

Further, at the time of the audit inspection of the project, the contractor was not on site, the project stalled and no further request for extension had been made by the contractor. In the circumstances, the institution may not realize value for money for expenditure of amount of Kshs.22,763,353 for the mentor Institution.

3. Underutilized Driving School Truck

The statements of financial position and as disclosed under Note 20 to the financial statements reflects additions to motor vehicles figure of Kshs.16,660,815, out of which Kshs.3,817,900 was paid to Isuzu East Africa Limited for the purchase of a truck. However, at the time of audit inspection carried out in the month of January, 2023, the truck was still parked and the Polytechnic had not started offering driving courses, close to one year after delivery.

In the circumstances, the Polytechnic has not achieved value for money on the truck purchased at a cost of Kshs.3,817,900 during the year ended 30 June, 2022.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed. I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall 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 control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Council /Board of Governors

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

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

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

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

The Council/Board of Governors 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

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

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

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

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

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

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Polytechnic's ability to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Polytechnic to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Polytechnic to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

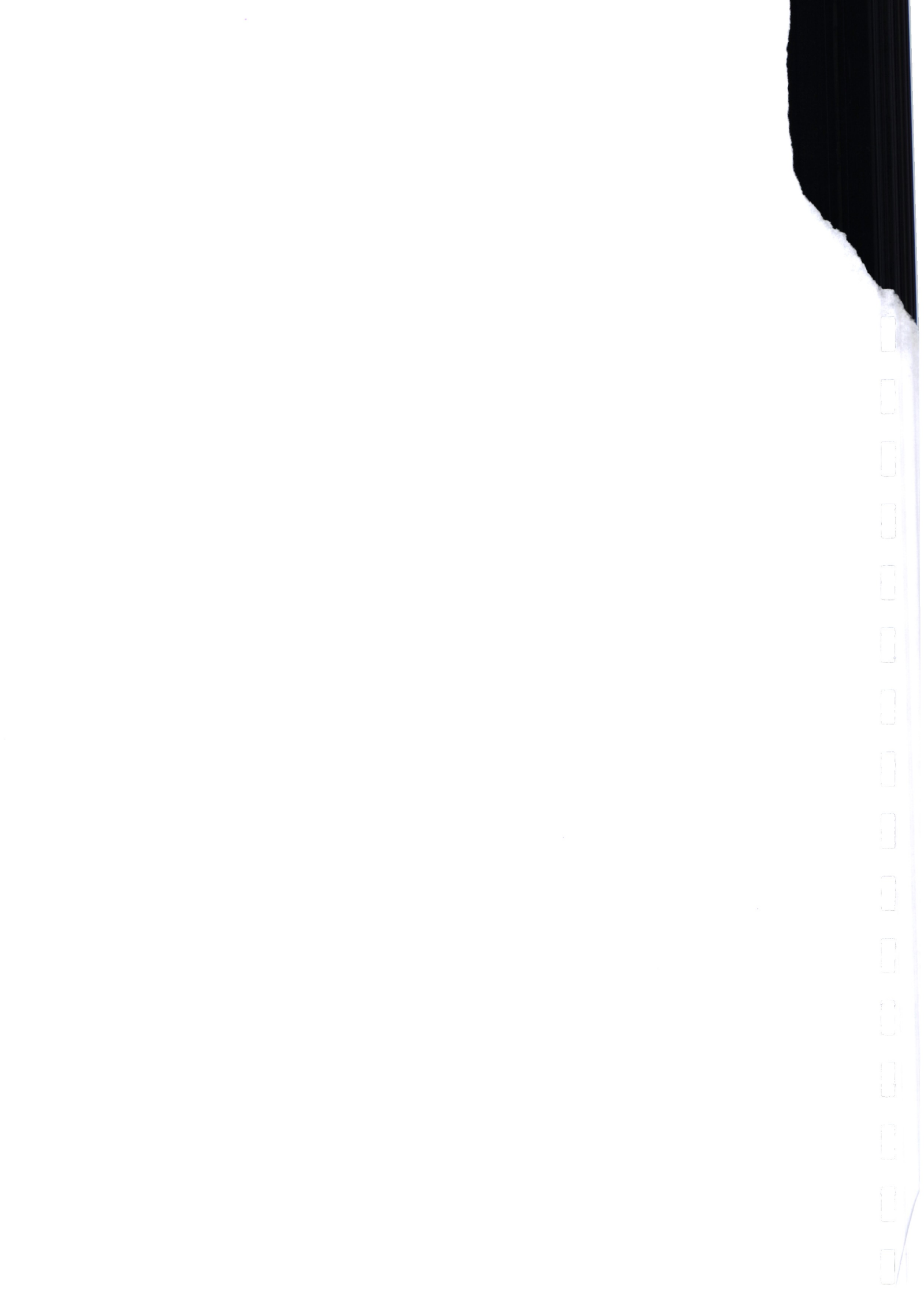
12 May, 2023



STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2021-2022	2020-2022
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government–Capitation	5	141,585,000	134,257,500
Revenue from exchange transactions			
Rendering of services- Fees from students	6	212,867,204	126,484,619
Other Services Rendered	7	34,003,637	28,888,836
Rental revenue from facilities and equipment	8	515,750	379,020
Other income	9	1,750,521	15,884,674
Total Revenue from exchange transactions		<u>249,137,112</u>	<u>171,637,149</u>
Total revenue		<u>390,722,112</u>	<u>305,894,649</u>
Expenses			
Employee costs	10	83,522,041	59,587,358
Remuneration of Council Members	11	5,329,840	6,509,364
Depreciation	12	49,928,864	46,666,818
Repairs and maintenance	13	38,113,197	33,762,157
General Expenses	14	117,357,874	82,989,826
Operating Expenses	15	58,062,552	61,434,880
Use of Goods and Services	16	22,836,794	12,627,384
Total expenses		<u>375,151,162</u>	<u>303,577,787</u>
Net Surplus for the year		<u>15,570,950</u>	<u>2,316,862</u>

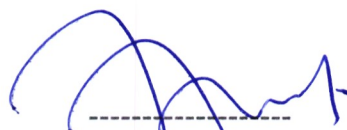
The notes set out on pages 6 to 20 form an integral part of the Annual Financial Statements.



V. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Notes	2021-2022 Kshs	2020-2021 Kshs
Assets			
Current assets			
Cash and cash equivalents	17	553,806,280	652,823,244
Receivables from exchange transactions	18	311,124,401	230,403,530
Inventory	19	4,056,253	5,740,608
Total current assets		868,986,934	886,954,973
Non-current assets			
Property, plant and equipment	20	1,684,741,136	1,713,956,192
Intangible assets	21	29,460,000	25,202,088
Mentored Institutions Projects/works	22	375,391,118	350,734,402
Total Non-current assets		2,089,592,254	2,089,892,682
Total assets		2,958,579,188	2,976,847,655
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	23	349,217,404	400,822,673
Non-current liabilities			
Total liabilities		349,217,404	400,822,673
Net assets		2,609,361,784	2,576,024,982
Mentored Institutions Grants	24	416,194,183	382,220,743
Reserves	25	52,167,193	40,764,257
Accumulated surplus	26	221,158,032	209,689,795
Capital Fund	27	1,604,842,366	1,628,350,187
World Bank- EASTRIP	28	315,000,000	315,000,000
Total net assets and liabilities		2,609,361,784	2,576,024,982

The Financial Statements set out on pages 1 to 5 were signed on behalf of The Polytechnic Council by



Chairman of Council



Financial Controller



Chief Principal/Council Secretary

ICPAK No 5067

Date. 10/02/2023

Date 10/02/2023



KENYA COAST NATIONAL POLYTECHNIC
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2022

VI. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR END 30 JUNE
2022

	Mentored TTI Fund	Fair value adjustment reserve	Retained earnings	Capital/ Development Grants/Fund	Total
At 30 June, 2020	351,053,177	32,509,039	207,372,933	1,626,760,787	2,217,695,936
Development grant	20,000,000	-----	-----	-----	20,000,000
Mentored Institution Grant Adjustment	11,167,566	-----	-----	-----	11,167,566
Grant- Monitor & Evaluation	-----	-----	-----	1,589,400	1,589,400
Reserve for the year		8,255,218	-----	-----	8,255,218
Surplus for the year	-----	-----	2,316,862	-----	2,316,862
At 30 June, 2021	382,220,743	40,764,257	209,689,795	1,628,350,187	2,261,024,982
Surplus for the year	-----	-----	15,570,950	-----	15,570,950
Reserve for the year	-----	11,402,936			11,402,936
Development grant for Mentored Institutions- Kilifi TTI- MOHEST	12,573,440	-----	-----	-----	12,573,440
Development grant for Mentored Institutions- Kilifi Noth CDF	10,000,000	-----	-----	-----	10,000,000
Development grant for Mentored Institutions- lamu East CDF	11,400,000	-----	-----	-----	11,400,000
Monitor & Evaluation Expenses	-----	-----	-----	(1,035,800)	(1,035,800)
Interest Earned –transferred back to EASTRIP from KCNP	-----	-----	(4,102,713)	-----	(4,102,713)
Decrease in Land & Swimming pool Valuation	-----	-----	-----	(107,080,075)	(107,080,075)
Increase of valuation of other assets	-----	-----	-----	74,589,805	74,589,805
Increase in valuation of Intangible assets	-----	-----	-----	10,018,259	10,018,259
TOTAL	416,194,183	52,167,193	221,158,032	1,604,842,376	2,294,361,784



KENYA COAST NATIONAL POLYTECHNIC
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2022

VII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2022

	Notes		2020-2021
			Kshs
Cash flows from operating activities			
Receipts			
Government grants	5	-----	1,589,400
Government Capitation	5	141,585,000	134,257,500
Rendering of services- Fees from students	6	212,867,204	126,484,619
Other Services Rendered	7	33,003,637	28,888,836
Rental revenue from facilities and equipment	8	515,750	379,020
Other income	9	1,750,521	15,884,674
Mentored Institution grants	22	34,973,440	20,000,000
Decrease/increase in payables	23	(51,605,269)	174,580,841
Provision for bad and doubtful debt	23	(16,938,183)	-----
Mentored Institution Grant Adjustment	24	-----	11,167,566
Internal Development Fund/Reserve	25	11,402,936	8,255,218
World Bank- EASTRIP	28	-----	115,000,000
Total Receipts		367,555,036	636,487,674
Payments			
Compensation of employees	10	83,522,041	59,587,358
Remuneration of Council Members	11	5,329,840	6,509,364
Repairs and maintenance	13	38,113,197	33,762,157
General Expenses	14	117,357,874	82,989,826
Provision for bad and doubtful debt	14	(16,938,183)	-----
Operating Expenses	15	58,062,552	61,434,880
Use of Goods and Services	16	22,836,794	12,627,384
Increase/Decrease in receivable	18	80,720,871	133,259,240
Decrease in Inventory	19	328,054	(2,012,409)
Monitoring and Evaluation		1,035,800	-----
Mentored Institution projects/works	22	24,656,716	13,604,286
Interest Earned –transferred back to EASTRIP from KCNP	26	4,102,713	-----
Total Payments		419,128,269	401,762,086
Net cash flows from operating activities		(51,573,233)	234,725,588
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(47,443,731)	(73,205,208)
Work in Progress	20		
Net increase/(decrease)in cash and cash equivalents		(99,016,964)	161,520,380
Cashandcashequivalentsat1JULY 2021	17	652,823,244	491,302,864
Cashandcashequivalentsat30 JUNE 2022	17	553,806,280	652,823,244



KENYA COAST NATIONAL POLYTECHNIC
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2022

**VIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR
THE YEAR ENDED 30 JUNE 2022**

	Original budget	Adjustment	Final Budget	Actual on comparable basis	%Performance difference
	2021-2022	2021-2022	2021-2022	2021-2022	2021-2022
Revenue	Kshs			Kshs	Kshs
Government recurrent grants	50,250,000	-----	50,250,000	-----	0
Government grants/Capitation	180,000,000	-----	180,000,000	141,585,000	78.6
Rendering of services- Fees from students	268,591,000	-----	268,591,000	212,867,204	79.3
Other Incomes	81,935,000	-----	81,935,000	36,269,908	44.3
Total income	580,776,000	-----	580,776,000	390,722,112	67.3
Expenses		-----			
Compensation of employees	100,582,000	-----	100,582,000	83,522,041	82.5
Council Members allowances	7,439,000	-----	7,439,000	5,329,840	71.65
General, Operating and Use of Goods Expenses	363,558,000	-----	363,558,000	198,257,220	54.5
Repairs and Maintenance	68,850,000	-----	68,850,000	38,113,197	55.4
Provision of depreciation	40,000,000	-----	40,000,000	49,928,864	124.8
Total expenditure	580,429,000	-----	580,429,000	375,151,162	64.6
Surplus for the period	347,000	-----	347,000	15,570,950	

Explanations on the variances

- The unfavourable variance on revenue were due to Government not remitting full capitation. The Polytechnic did not receive any money for recurrent grant from the Government. Students also did not fulfil their parts because the long negative effect of corvid -19
- Positive Variance on general, operating, use of goods and repairs were due to the instilled control mechanism that lead to scaling down of the operational activities' as a precautionary measure to mitigate the long negative effect of corvid -19
- For employees cost, the Polytechnic yet to meet employee establishment.



IX. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kenya Coast National Polytechnic is established by and derives its authority and accountability from the Public Finance Management Act, 2012. KCNP is wholly owned by the Government of Kenya and is domiciled in Kenya. The Polytechnic principal activity is Training.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying KCNP accounting policies.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of The Polytechnic.

The financial statements have been prepared in accordance with the International Public Sector Accounting Standards- Accrual (IPSAS). The Polytechnic adopted IPSASA-Accrual in the FY 2020/2021. The accounting policies adopted have been consistently applied to all the years presented.

3 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 entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds



3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ii) Revenue from exchange transactions

Rendering of services

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

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

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2020/2021 was approved by the Council Members on 24th June, 2020. Some revisions or additional appropriations were made to the approved budget.

The Polytechnic budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Property, plant and equipment

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 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.

d) Inventories

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.

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 Entity.

e) 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 Kenya Commercial Bank.

f) Comparative figures

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



4 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. 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 Entity
- 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 14

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.



NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2021-2022	2020-2021
	KShs	KShs
Unconditional grants		
Operational grant	-----	-----
GOK Capitation received	141,585,000	134,257,500
	141,585,000	134,257,500
Conditional grants		
Development grant	-----	-----
Monitoring and Evaluation grant	-----	1,589,400
Development grant- Kilifi TTI	12,573,440	20,000,000
Kilifi North CDF	10,000,000	-----
Lamu East CDF	11,400,000	-----
Total government grants and subsidies	175,558,440	155,846,900

KCNP did not get any operational grant in the financial year 2021/2022. However, KCNP received Capitation totalling to Ksh 141,585,000. Ksh 12,573,440 that was received from the Ministry was for use in mentoring Kilifu Nrth TTI, who carried out mentoring and evaluation of projects while a total of Ksh 21,400,000 was received from Kilifi North for Kilifi TVC construction of workshops and classrooms and Lamu East as indicated a bove.

6. RENDERING OF SERVICES-FEE FROM STUDENTS

Description	2021/2022	2020-2021
	KSH	KSH
Tuition fees	114,277,693	70,844,745
Activity fees	13,244,661	4,729,363
Teaching Material fees	626,885	756,066
Equipment fees	275,055	268,130
Local Transport and Travelling fees	11,790,500	1,425,782
Contingencies fees	365,865	369,490
Part time fees	8,661,729	21,712,244
Registration fees	401,210	150,720
Application fees	578,540	408,490
College Identity Cards fees	1,583,520	682,220
Centre fees	58,050	392,300
Electricity fees	13,798,000	4,581,035
Repairs Maintenance and Improvement	12,008,500	4,213,716
Personal Emoluments fees	25,410,000	11,148,890
Attachment fees	1,088,700	538,627
Maintenance fees	-----	1,000
Educational tour fees	654,765	312,468
Studio Fees	28,676	157,150
Internet fees	157,830	217,940
Insurance fees	5,729,659	446,713
T/Shirts fees	857,541	328,055
Project fees	142,000	49,800
	10	



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Laboratory /Facility Fees	192,435	122,755
Matriculation	48,950	72,520
KMLTTB Fees	886,440	2,554,400
Total revenue from the rendering of services	212,867,204	126,484,619

7. OTHER SERVICES RENDERED

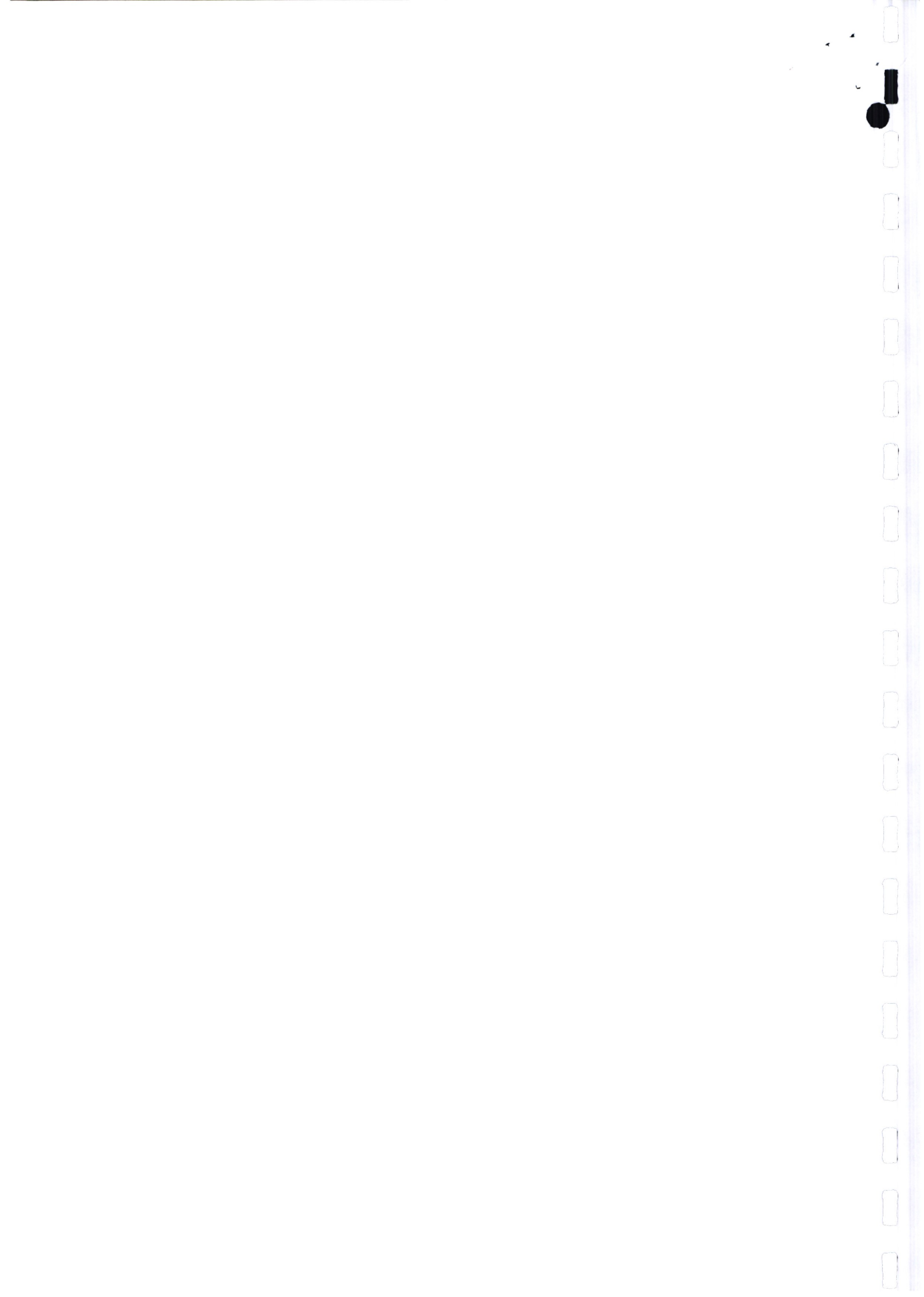
Description	2021/2022	2020=2021
	KSH	KSH
Chandaria Hall/Conference income	2,199,656	1,066,741
Corner Restaurant	27,476,539	23,950,030
Carpentry and Joinery	-----	6,000
Clothing P. Unit	630,780	458,050
KCNP Hostel	3,696,662	3,408,015
Total revenue from other services rendered	34,003,637	28,888,836

8. RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2021/2022	2020=2021
	KSH	KShs
Swimming Pool	-----	
KCNP House Rent	-----	16,520
KCNP Mini shops	358,250	362,500
Students shop rent	157,500	-----
Total rentals	515,750	379,020

9. OTHER INCOME

Description	2021/2022	2020-2021
		KShs
Transcript/Supplementary	-----	3,500
Library charges	14,630	19,920
Graduation Gown	363,470	13,300
Disposal income	60,270	217,045
KUCCPS Registration	547,715	79,031
KMLLT Registration	-----	7,500
Food and Beverage Training	298,486	121,365
Fixed Deposit Interest	-----	15,257,093
Board Registration	121,180	142,725
Passport	-----	11,660
Cosmology	15,470	10,555
Bicycle tag	-----	1,000
Photo copy	329,300	-----
Total other income	1,750,521	15,884,674



KENYA COAST NATIONAL POLYTECHNIC
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2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. EMPLOYEE COSTS

	2021/2022	2019-2020
	KSH	KShs
Salaries and wages	69,393,728	46,459,045
Employee related costs-contributions to pensions and medical aids	2,904,078	2,904,078
Commuting allowances	2,083,000	2,083,000
Housing benefits and allowances	4,141,235	4,141,235
Provision for retirement benefit	5,000,000	4,000,000
Employee costs	83,522,041	59,587,358

11. REMUNERATION OF COUNCIL MEMBERS

Description	2021/2022	2020-2021
		KShs
Chairman's Honoraria	672,000	-----
Sitting and Transport allowances	4,657,840	-----
Total Council emoluments	5,329,840	6,509,364

12. DEPRECIATION AND AMORTIZATION EXPENSE (ALSO SEE NOTE 20)

Description	2021/2022	2020-2021
	KSH	KShs
Property, plant and equipment	41,596,689	37,537,396
Intangible assets	8,332,175	9,129,422
Investment property carried at cost	-----	-----
Total depreciation and amortization	49,928,864	46,666,818

13. REPAIRS AND MAINTENANCE

Description	2021/2022	2020-2021
Buildings-Property	2,328,195	16,864,747
Equipment and machinery	34,753,462	10,392,180
Vehicles	537,900	738,210
Furniture and fittings	493,640	672,045
Computers and accessories	-----	41,045
Other	-----	5,053,930
Total repairs and maintenance	38,113,197	33,762,157



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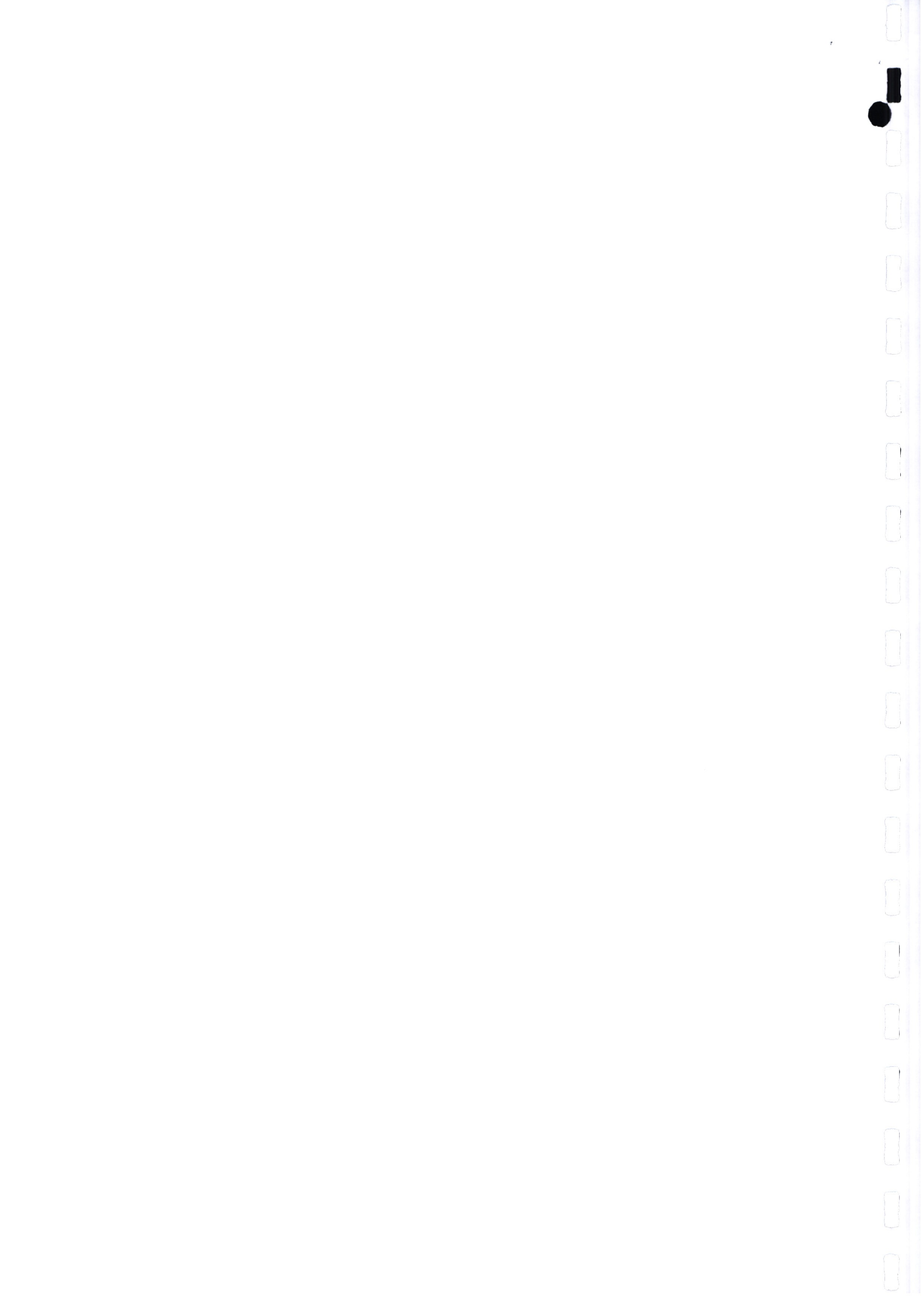
NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. GENERAL EXPENSES

Description	2021/2022	2020-2021
	KSH	KShs
Transport Travelling and Subsistence	10,559,138	4,869,042
Marketing and Graduation	13,376,139	4,906,346
Benchmarking	814,000	352,700
General Insurance	1,950,908	1,379,350
Staff medical insurance	12,279,424	8,602,980
Legal expenses	1,479,137	862,600
Staff Capacity Building	4,656,872	2,057,510
Consumables	34,436,699	27,342,125
Staff and Students activity	6,445,394	543,230
MMUST Program	520,000	664,200
Provision of Audit fee	600,000	600,000
Research and Innovation	4,284,790	69,900
EASTRIP (KCNP)	2,158,540	2,329,180
Tender Expenses	254,220	-----
Cleaning services	5,071,865	3,815,398
Sanitary Services	910,780	1,372,758
KMLTTB	64,000	2,400,000
ISO expenses	311,000	469,060
Provision of Bad debt 20% of 84,690,916	16,938,183	20,353,447
KEFEB	215,500	-----
Postages	31,285	-----
Total	117,357,874	82,989,826

15. OPERATING EXPENSES

Description	2021/2022	2020-2021
	KSH	KShs
Contingencies Expenses	2,527,544	10,168,999
Stationary	713,060	535,000
Attachment	4,577,576	1,395,000
Corner restaurant	23,276,602	26,023,191
Part Time expenses	12,792,474	16,370,823
Education tour	2,395,685	696,345
NTSA	-----	136,000
Postages	-----	22,650
Planning and Policy Development	1,315,650	288,315
Carpentry and joinery	-----	69,560
Responsibility allowance	-----	2,314,672
Internal committee allowance	144,500	1,727,500
	13	



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Computer expenses	-----	12,100
Lamu West Mentoring	-----	62,715
Corporate Social Responsibility	930,192	914,796
Bank charges	1,148,063	640,119
Hall expenses	-----	40,095
CDACC Training	16,800	17,000
Radio licenses	125,000	-----
Library expenses	2,058,856	-----
Staff welfare fund	3,455,150	-----
Administration expenses	436,400	-----
Passport	149,000	-----
KUCCPS	2,000,000	-----
Total	58,062,552	61,434,880

16. USE OF GOODS AND SERVICES

Description	2021/2022	2020-2021
	KSH	KShs
Internet services	1,878,894	2,650,663
Water and Electricity	5,730,476	2,255,333
KCNP Hostel	-----	22,335
Security costs	6,760,489	5,225,378
Leave allowance	-----	5,000
Clothing P.U	555,507	253,275
Board Registration	-----	242,400
Students identity	619,383	351,500
T/SHIRTS	650,000	1,345,000
Hire of classroom	664,500	276,500
Air time allowance	1,095,500	-----
KATTI Subscription	652,131	-----
Design	3,330,014	-----
Students projects	79,900	-----
TVET Trade fair	639,000	-----
Show exhibition	181,000	-----
Total	22,836,794	12,627,384



KENYA COAST NATIONAL POLYTECHNIC
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2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CASH AND CASH EQUIVALENTS

Description	2021/2022	2020-2021
	KSH	KShs
Current account	277,454,105	342,407,152
Others- Savings account and Cash in hand	108,197,486	99,571,966
	385,651,591	441,847,168
World Bank EASTRIP	168,154,689	210,844,126
Total cash and cash equivalents	553,806,280	652,823,244

17(a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2021-2022	2020-2021
		KShs	KShs
a) Current account			
Kenya Commercial bank			
Main Account- A/C 1	1106525027	197,984,827	284,063,143
College Fund Account – A/C 2	1106525183	5,291,719	4,787,503
Production Unit- A/C 3	1106525051	60,594,623	51,316,845
Lamu West (Mpeketoni) TTI	1106496795	1,225,503	1,240,408
Weru TTI	1160509670	210,559	221,064
Lamu East TTI	1160509964	11,766,886	377,391
Kaloleni TTI	1160510067	358,512	369,017
Ahmed Shahame TTI	1160509506	21,476	31,781
		277,454,105	342,407,152
b) Equity Bank			
KCNP (EASTRIP-Project)	0250279469130	168,154,689	210,844,126
		445,608,794	553,251,278
c) Others(specify)			
Savings Accounts			
Kenya Commercial bank			
Reserve Fund	1104912325	32,496,203	32,507,007
Capital Development	1104913992	50,540,150	41,635,955
Caution Money	1104950367	25,135,693	25,137,258
		108,172,046	99,280,220
d) i. Cash in hand -KCNP			
		8,890	159,796
ii .Cash in hand -EASTRIP			
		16,550	131,950
Grand total		25,440	291,746

KENYA COAST NATIONAL POLYTECHNIC
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2022

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2021/2022	2020-2021
	KSH	KShs
Current receivables		
Student debtors-Fees	105,780,204	73,745,029
Mombasa County Government (students fees)	30,159,105	30,159,105
Advances	32,000	321,515
KCNP Mini Shop	299,500	258,500
Swimming Pool	1,862,000	900,000
Staff Debtor- Robert wangila	4,159,310	4,159,310
GUS Training MSA County Government	5,143,195	5,143,195
Weru TTI Operations	2,132,535	2,231,535
Ahmed Shahame Operations	3,007,601	3,007,601
Dishonoured Cheque	845,035	344,000
Lunga Lunga TTI	1,413,589	892,089
Kaloleni TTI	2,228,478	1,465,258
Kilifi TTI	140,206	87,006
EASTRIP	150,931,473	104,023,924
Likoni TTI	2,627,083	1,723,789
Lmu East TTI	322,587	-----
Imprest	40,500	938,500
Kigali ttc	-----	54,300
Railway Training Institute NRB	-----	36,000
KATTI- Participation fee	-----	211,600
Student Union	-----	701,274
Total current receivables	311,124,401	230,403,530

19. INVENTORIES

Description	2021/2022	2020-2021
	KSH	KShs
Food and Beverage Training stores	31,496	278,044
Corner restaurant stores	552,076	587,729
Main Store-Procurement	1,332,455	1,236,301
Clothing Section	-----	847,800
Carpentry and Joinery	996,722	-----
Applied science/Medical	-----	172,960
Electrical	509,545	-----
Mechanical	514,630	20,700
Building and Civil engineering	-----	584,665
Cosmetology	99,363	
Masonry	19,966	
Total inventories	4,056,253	3,728,199



KENYA COAST NATIONAL POLYTECHNIC
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. PROPERTY, PLANT AND EQUIPMENT

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets S. Pool	Plant and equipment	Capital Work in progress	Total
		Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2020	1,072,835,948	487,373,774	18,380,469	38,286,290	24,316,560	5,243,596	173,652,660	4,683,311	1,824,772,608
Work in Progress		4,683,311						(4,683,311)	
Additions		3,115,265		3,031,661	6,158,000		33,873,728	14,045,839	60,224,493
At 30 June 2021	1,072,835,948	495,172,350	18,380,469	41,317,951	30,474,560	5,243,596	207,526,388	14,045,839	1,884,997,101
Depreciation And impairment									
At 1 July 2021	1,072,835,948	41,622,412	9,339,077	14,978,150	20,303,574	615,386	84,182,310		171,040,909
Work in progress		453,549,938	9,041,392	26,339,801	10,170,986	4,628,210	123,344,078	14,045,839	1,713,956,192
Additions		2,702,907				3,591,407	7,751,525	(14,045,839)	
Depreciation for the year		3,966,840	16,660,815	2,846,679			21,397,569		44,871,903
Decrease in valuation of Land & swimming pool		9,204,394	6,425,552	3,648,310	3,051,296	205,490	19,061,647		41,596,689
Increase in valuation other assets	(104,765,948)					(2,314,127)			(107,080,075)
At 30 June 2022	968,070,000	48,684,709	9,473,345	607,707	13,104,464		2,719,580		74,589,805
	968,070,000	499,700,000	28,750,000	26,145,777	20,224,154	5,700,000	136,151,105		1,684,741,136

Building
Swimming Pool
Plant and Equipment

2%
2.5%
12.5%

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KENYA COAST NATIONAL POLYTECHNIC
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Motor Vehicles	25%
Computers and Other Electronics	30%
Motor Vehicles	25%
Furniture and Fittings	12.5%



NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. INTANGIBLE ASSETS- SOFTWARE

Description	2020/2022	2020-2021
		KSks
At beginning of the year 1 July 2020	25,202,088	21,350,795
Additions: Windows and Antivirus	390,000	742,000
Addition: MIS Upgrade	2,181,828	4,307,040
Addition: CCTV		4,031,571
Addition: Asset tagging W.I.P		3,900,104
Amortization 30% on ksh 27,773,916	(8,332,175)	(9,129,422)
Increases of valuation of Intangible assets	10,018,259	-----
At end of the year 30 June 2021	29,460,000	25,202,088

Assets tagging was still on going at the closure of this financial year to pave way of assets valuations.

22. MENTORED INSTITUTIONS PROJECTS/WORKS

	Ahmed Shahame TTI	Weru TTI	Lamu East TTI	Lamu West TTI	Kaloleni TTI	Likoni TTI	Total
Cost		Shs	Shs	Shs	Shs	Shs	Shs
At 1 June 2016	58,943,101	42,122,695	34,957,061	12,543,287	17,172,341	10,553,020	176,291,505
Additional certificates	8,816,168	9,292,537	20,393,127	26,529,083	29,267,107	30,749,617	125,047,639
At 30th June 2017	67,759,269	51,415,232	55,350,188	39,072,370	46,439,448	41,302,637	301,339,144
Additional certificates	-----	-----	-----	8,624,966	-----	-----	8,624,966
At 30th June 2018	67,759,269	51,415,232	55,350,188	47,697,336	46,439,448	41,302,637	309,964,110
Additional certificates	-----	-----	-----	-----	-----	16,741,106	16,741,106
At 30th June 2019	67,759,269	51,415,232	55,350,188	47,697,336	46,439,448	58,043,743	326,705,216
Furniture Purchase	-----	-----	-----	-----	-----	-----	10,424,900
At 30th June 2020	67,759,269	51,415,232	55,350,188	47,697,336	46,439,448	58,043,743	337,130,116
Additional certificates Kilifi	-----	-----	-----	-----	-----	-----	11,106,390
Additional certificates	-----	-----	2,497,896	-----	-----	-----	2,497,896
At 30th June 2021	67,759,269	51,415,232	57,848,084	47,697,336	46,439,448	58,043,743	350,734,402
Additional certificates Lamu E.	-----	-----	1,893,364	-----	-----	-----	1,893,364
Additional certificates Kilifi	-----	-----	-----	-----	-----	-----	22,763,352
At 30th June 2022	67,759,269	51,415,232	59,741,448	47,697,336	46,439,448	58,043,743	375,391,118



KENYA COAST NATIONAL POLYTECHNIC

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23. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2020/2021	2020-2021
	KSH	KShs
Suppliers	21,340,203	31,357,991
Student union Fund	535,226	-----
Soma Sacco ltd	-----	22,077
CDF/HELP/Trust/KENHA Bursary	-----	1,990,180
Provision of Audit fee	1,241,379	3,000,000
Provision of Bad debt	80,721,818	63,783,635
Provision of bad debt- Robert Wangila 100%	4,159,310	4,159,310
Examination	41,487,985	26,011,760
Caution Money	9,241,830	8,053,785
Retention for Construction works- Mentored	1,288,078	9,048,142
Prepaid Fees	33,111,088	38,623,332
NYS Sponsored Students	156,090,487	214,465,019
Lamu East TTI	-----	307,442
Total trade and other payables	349,217,404	400,822,673

24. MENTORED INSTITUTIONS GRANTS

	Ahmed Shahame TTI	Weru TTI	Lamu East TTI	Lamu West TTI	Kaloleni TTI	Likoni TTI	Total
Cost		Shs	Shs	Shs	Shs	Shs	Shs
At 1 June 2016	48,291,819	41,644,485	45,392,523	39,700,000	36,702,488	10,000,000	221,731,315
Grants from MOHEST	3,902,760	-----	4,366,327	-----	2,832,792	21,121,825	32,223,704
Grants from NG-CDF	10,000,000	10,000,000	10,000,000	-----	10,000,000	10,000,000	50,000,000
At 30th June 2017	62,194,579	51,644,485	59,758,850	39,700,000	49,535,280	41,121,825	303,955,019
Grants from MOHEST	-----	-----	-----	15,141,082	-----	10,000,000	25,141,082
At 30th June 2018	62,194,579	51,644,485	59,758,850	54,841,082	49,535,280	51,121,825	329,096,101
At 30th June 2019	62,194,579	51,644,485	59,758,850	54,841,082	49,535,280	51,121,825	329,096,101
Grants from MOHEST	-----	-----	-----	-----	-----	8,776,681	8,776,681
Grants for Furniture	-----	-----	-----	-----	-----	-----	12,500,000
MOHEST grant for Kilifi TTI	-----	-----	-----	-----	-----	-----	11,847,961
At 30th June 2020	62,194,579	51,644,485	59,758,850	54,841,082	49,535,280	59,898,506	362,220,743
Development grant	-----	-----	-----	-----	-----	-----	20,000,000
At 30th June 2021	62,194,579	51,644,485	59,758,850	54,841,082	49,535,280	59,898,506	382,220,743
Development grant CDF- Lamu East			11,400,000				11,400,000
Development grant CDF- Kilifi North	-----	-----	-----	-----	-----	-----	10,000,000
Development grant MOHEST- Kilifi TTI	-----	-----	-----	-----	-----	-----	12,573,440
At 30th June 2022	62,194,579	51,644,485	71,158,850	54,841,082	49,535,280	59,898,506	416,194,183



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25. RESERVE

Description	2021/2022	2020-2021
	KSH	KShs
Balance b/f 1/7/2019	40,764,257	32,509,039
Retirement Provision	-----	-----
Add provision for the period	5,000,000	4,000,000
Less Payments	-----	-----
Development Fund	-----	-----
Add receipt for the period	6,402,936	4,255,218
Total reserve	52,167,193	40,764,257

26. ACCUMULATED SURPLUS

Description	2021/2022	2020-2021
	KSH	KShs
Balance b/f 1/7/2018	209,689,795	207,372,933
Inventory Adjustment	-----	-----
Surplus for the period	15,570,950	2,316,862
Interest Earned –transferred back to EASTRIP from KCNP	(4,102,713)	-----
Total Accumulated surplus	221,158,032	209,689,795

27. CAPITAL FUND

Description	2021/2022	202-2021
	KSH	KShs
Balance b/f 1/7/2019	1,628,350,187	1,626,760,787
Development grant	-----	-----
Add receipt for the period	-----	-----
Monitor and Evaluation expenditure	(1,035,800)	1,589,400
Decrease in valuation of Land and Swimming pool	(107,080,075)	-----
Increase in valuation of other assets	74,589,805	-----
Increase in intangible assets valuation	10,018,259	-----
Total Capital fund	1,604,842,376	1,628,350,187

28. WORLD BANK- EASTRIP

Description	2021/2022	2020-2021
	KSH	KShs
Equity Bank Account-0250279469130		
Balance b/f 1/7/2020		200,000,000
Receipt during the year	-----	115,000,000
Total	315,000,000	315,000,000

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29. EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	20xx-20xx	20xx-20xx
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	-----	-----	-----	-----	-----
Non-current benefit obligation	-----	-----	-----	-----	-----
Total employee benefits obligation	-----	-----	-----	-----	-----

The Polytechnic has not started operating defined benefit scheme for full-time employees.

	2016-2017	
	KShs	
Valuation at the beginning of the year	-----	
Changes in valuation during the year	-----	
Valuation at end of the year	-----	

The Polytechnic contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs.1080 per employee per month.



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APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
ADL/12P/16/17/ (2)	Unsupported balances in FP				
"	Lack of cash books for saving accounts	Cash books were opened	FC- Mr Bolo	Resolved	N/A
	Valuation of Fixed assets	Currently assets are being valued	SPO- Mrs Dorothy	Resolved	N/A
"	Payment of sitting allowance to a council member without a appointment letter	A representative of the ministry was appointed.	Chief Principal	Resolved	N/A
ADL/12P/17/18/ (2)	Non- disclosure of bank overdraft	It was due to direct banking which were missing in the cash book	FC- Mr Bolo	Resolved	N/A
"	Lack of Aging analysis of students debt	Currently it has been done	FC- Mr Bolo	Resolved	N/A
ADL/12P/18/19/ (2)	Unaccounted for donations of assets	Waiting for the valuation of asset which is still ongoing currently	FC- Mr Bolo	Resolved	N/A
	Lack of policy guidelines on Part time	Already prepared and approved by the council	Chief Principal	Resolved	N/A
ADL/12P/19/20/ (2)	Unsupported opening balance of cash and cash equivalent	This was opening balance as at 1 July 2016 of which was the closing balance for the FY 2005/2016 audited by the Ministry auditors	FC- Mr Bolo	Resolved	N/A

 Chief Principal/ Secretary to the Council

Date. 10/02/2023



APPENDIX II: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1 EASTRIP	6334-KE	W.WORLD BANK	5 YEARS	1,080,000,000	YES	YES
2.						

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, ie total costs incurred, stage which the project is etc)

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1.	EASTRIP	1,080,000,000	104,023,924	0.33%	315,000,000	150,931,473	WORLD BANK
2	-----	-----	-----	-----	-----	-----	-----
3	-----	-----	-----	-----	-----	-----	-----



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APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized						Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Mentored Inst. grants	Receivables	Others - must be specific		
Lamu East CDF		Development	11,400,000	-----	-----	11,400,000	-----	-----	-----	-----
Ministry of Education		Development	8,915,000	-----	-----	8,915,000	-----	-----	-----	-----
Ministry of Education		Development	3,658,440	-----	-----	3,658,440	-----	-----	-----	-----
Kilifi North CDF		Development	10,000,000	-----	-----	10,000,000	-----	-----	-----	-----
Total			33,973,440	-----	-----	33,973,440	-----	-----	-----	-----

