

THE NATIONAL ASSEMBLY
PAPERS Tabled

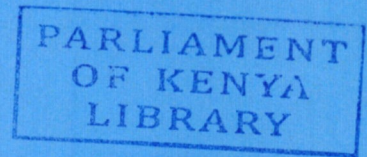
REPORT

DATE: 20 JUN 2023

DAY: Tuesday

TABLED BY: Hon Owen Bura MP
Deputy leader OF majority

CLERK-AT THE-TABLE: Inzoju Aduale



THE AUDITOR-GENERAL

ON

KABETE NATIONAL POLYTECHNIC

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



KABETE NATIONAL POLYTECHNIC

Annual Report and Financial Statements

For The Year Ended
30 June 2022

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

**KABETE NATIONAL POLYTECHNIC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**

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I. Key Polytechnic Information and Management

(a) Background information

Kabete National Polytechnic was established in 1924 as a Native Industrial Training Depot (NITD) offering trade courses. It was later converted into a military barrack to accommodate the 2nd World War soldiers (1939 - 1945). After the 2nd World War, it reverted to offering Trade courses for Primary level graduates (Standard 8) under the Ministry of Education.

The then trade courses were, Artisan in Masonry and Carpentry, Fitters, Mechanics, Welders and Electricians. These courses took three years. In 1956 a Secondary school section was introduced in addition to the artisan courses. These programmes took five (5) years, one year was meant for orientation and the four years for pursuing a General Certificate of Education (GCE London).

In 1963, the secondary section was transferred to the current Nakuru High on August 2016, issued a legal notice No. 92 known as Kabete National Polytechnic Order, 2016. This gave rise to a new legal Polytechnic known as The Kabete

School and the Technical School remained to offer only Government Trade Tests, which took a duration of two years. From 1968-1972, the Native Industrial Trade Depot (NITD) offered City and Guilds of London Examination and the East Africa Pre-technician Certificate Examination of Kenya. The courses took three years. Later these programmes were stopped and the Technical School adopted a four years' programme on basic Engineering and Building Trade course (unit 820) leading to the former East Africa Certificate of Education (EACE). The last group in this category took their examinations in 1987. In 1985, the school was converted into a Technical Training Institute at the advent of the then 8-4-4 system of education.

In exercising the powers conferred by Section 26(2) of the Technical and Vocational Education and Training Act 2013, the Cabinet Secretary for Education Science and Technology

National Polytechnic with a broader mandate anchored in the laws of the Republic of Kenya.

Statement of Strategic Intent by the Council

Kabete National Polytechnic will help in the achievement of the national goals of education as stipulated in the Constitution of Kenya 2010, the Education Act 2012, the TVET Act 2013, the Polytechnic Order 2016, Vision 2030, and

Sector Plan for Science Technology and Innovation through;

- (1) Improved policy and corporate governance for enhancing accountability and decision making.

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- (2) Expanded resource base partnership and linkages.
- (3) Improved access, equity, quality, competence-based education and training in certificate and diploma courses.

- (4) Enhanced excellence in resource and infrastructure management.
- (5) Increased visibility of Kabete National Polytechnic nationally and globally as a model TVET institution.

(b) Principal Activities

The core business of the Polytechnic is provided for by a legal notice No. 92 for Kabete National Polytechnic known as Kabete National Polytechnic *Order, 2016*. The Notice provides in Part II section 4 (1) the functions and objectives of the Polytechnic, which include;

The objects and functions of the National Polytechnic shall be to: -

1. Provide, directly or in collaboration with other institutions of higher learning, facilities for technical trainers in technological, professional, scientific education;
2. Participate in technological innovation and in the discovery, transmission and enhancement of knowledge for economic, social, cultural, scientific, and technological development;
3. Contribute to industrial and technological development of Kenya, in collaboration with the industry and other organizations, through transfer of technology;
4. Promote and establish a culture of innovation in engineering and technology and technology transfer amongst staff and trainees;
5. Develop an institution with excellence in teaching, training, scholarship, entrepreneurship, research, consultancy, community service, among other educational services and products, with emphasis on technology and its development, impact and application within and outside Kenya;
6. Provide a multi-level system of post-secondary school education and training programmes relevant to the needs of the community, covering a wide range of fields and levels with provision for recognition of prior learning and flexibility of transition between programmes;
7. Provide high quality education, research, residential, commercial, cultural, social, recreational, sporting and other facilities;
8. Advance knowledge and its practical application by research and other means, the dissemination of outcome of research by various means and the commercial exploitation of research results;
9. Promote critical inquiry within the Polytechnic and in the general community;
10. Participate in commercial ventures and activities;
11. Foster the general welfare of all staff and trainees;

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- | | |
|--|--|
| <p>12. Provide opportunities for development and further training for staff of the Polytechnic;</p> <p>13. Develop and provide educational, cultural, professional, technical and vocational services to the community and in particular, foster corporate social responsibility;</p> <p>14. Provide programmes, products and services in ways that reflect the principles of equity and social justice;</p> | <p>15. Facilitate Trainees mobility between different programmes at different technical training institutions and other national polytechnics;</p> <p>16. Conduct examinations and grant such academic awards as may be provided under this Order; and</p> <p>17. Collaborate with recognized universities for the conduct and award of degree programmes in technology.</p> |
|--|--|

Strategic Objective

- | | |
|---|---|
| <p>i. To promote excellence in TVET through creative and innovative curriculum design and development, modern instructional methods, and</p> <p>iii. modernize and develop infrastructural facilities that support services designed around the current and future needs of trainees in all their diversity while maintaining appropriate stewardship of resources and continual growth and expansion of the Polytechnic.</p> <p>iv. To establish and maintain an efficient governance and organizational structure, effective management systems and processes that provide a caring and responsive service to meet internal and external needs in a pragmatic and flexible manner.</p> <p>vii. in which all staff recognize and understand their role in ensuring the success of the Polytechnic.</p> | <p>assessment practices in accordance with the highest quality management principles.</p> <p>ii. To</p> <p>v. To enhance collaboration and linkages in research and innovation by positioning the Polytechnic to contribute through knowledge to the prosperity, sustainability and nation-building, by connecting with and committing ourselves to the global communities we serve.</p> <p>vi. To establish the Polytechnic as an institution of choice that attracts and retains staff of the highest calibre by creating an enabling environment that fosters and stimulates academic life, and a climate of professionalism</p> |
|---|---|

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Vision

A premier Polytechnic recognized globally for the advancement of Knowledge and Skills for Sustainable Development.

Mission

To provide demand driven quality Training, Research and Innovation for Sustainable Development.

Core Values

- i. Creativity
- ii. Integrity
- iii. Professionalism

- iv. Social Responsibility
- v. Team Work
- vi. Equity

(c) Key Management

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

- i. Management Board.
- ii. Academic Board
- iii. The Principal who is the Accounting Officer and Secretary to the Governing Council.

(d) Fiduciary Management

The key management personnel who are members of the Management Board during the financial year ended 30 June

2022 and who had direct fiduciary responsibility were:

Name of the Staff	Responsibility
Mr. Okumu JW Odhiambo	Principal - Chairman to Management Board/Secretary to the Council
Ms. Ernestine W. Kiragu	Deputy Principal - Administration & Finance
Mr. Otara N. Oreti	Deputy Principal - Academics and Trainees Affairs
Ms. Violet N. Kithumbu	Registrar
Mr. Shandrack M. Mweu	Dean of Students
Mr. Moses M. Ndung'u	Finance Officer
Mrs Joan R. Adoyo	Procurement Officer
Mrs. Caroline Wamaitha Kimani	Human Resource Officer.

(e) Fiduciary Oversight Arrangements

In order to facilitate the smooth running of its affairs, the Polytechnic Council establishes such committees with the membership and with such terms of reference as it may deem fit.

The following committees were in place during the year 2021/2022:

- i. Academic, Research, Innovation and Trainees Affair Committee (ARITA)
- ii. Administration, Finance, Human Resource and Resource Mobilisation Committee (AFHRRM)

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iii. Planning, Enterprise and
Infrastructure Committee (PEI)

iv. Audit and Risk Management
Committee. (ARM)

The Polytechnic Council nominates the Chairperson of each committee of the Council provided that in the absence of the Chairperson of any committee, the members present and constituting a quorum may elect one person from among them to chair the meeting. The Chairperson of the Polytechnic Council and the Principal are ex-officio members of every committee of the Council.

(i) Academic, Research, Innovation and Trainees Affairs Committee

Roles and functions

- | | |
|--|--|
| a) Monitor and oversee institutional excellence in teaching, training, scholarship, entrepreneurship, research, consultancy, community service, among other educational services and products, with emphasis on technology and its development, impact and application within and outside Kenya; | c) To submit regular reports to the Council on all matters related to education, training and research; |
| b) To oversee the management of scholarships, bursaries and | d) Evaluate regular reports on academic progress, conduct of examinations and consider academic awards as provided under the KNP Order 2016; |
| | e) Consider proposals for collaboration with recognized universities for the conduct and award of degree programmes in technology; |

prizes which may be provided for by the Academic Policy;

(ii) Administration, Finance, Human Resource and Resource Mobilisation Committee

Roles and functions

- | | |
|--|--|
| a) Check and determine that annual estimates have made provision for all the estimated expenditure, and in particular the following: | ii. Payment of the pensions, gratuities and other charges in respect of retirement benefits which are payable out of the funds of the Polytechnic; |
| i. Payment of the salaries, allowances and other charges in respect of the staff of the Polytechnic; | iii. Funding of the cost of teaching, research and outreach activities of the Polytechnic; and |

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- iv. Creation of such funds to meet future or contingent liabilities in respect of retirement benefits, insurance or replacement of building or equipment and in respect of such other matters as the Council may think fit.
- b) Review the policies, processes and programs management has put in place to prepare, prevent and protect the Polytechnic from financial risk.
- c) Monitor and review procurement of works, goods and services at the Polytechnic to ensure compliance with established laws, regulations, policies and procedures.
- d) Receive and consider proposals for the participation of the Polytechnic in commercial ventures and activities.
- e) Receive and consider proposals for investment of any of the funds of the Polytechnic in securities in which for the time being trustees may, by law, invest trust funds or in any other securities which the National Treasury may, from time to time, approve for the purpose.
- f) Consider proposals for placement on deposit with such banks as it may determine any moneys not immediately required for the purposes of the Polytechnic.
- g) Monitor and review all appropriation-in-aid to ensure compliance with donor and / or government guidelines, legal and regulatory requirements, policies and procedures.
- h) Monitor and evaluate the systems of the Polytechnic to ensure compliance with the Public Procurement and Asset Disposal Act, 2015 and all related legislations, regulations, guidelines, policies and procedures.

(iii) Planning, Enterprise and Infrastructure Committee

Roles and functions

- a) Provide directly, or in collaboration with other industry players, facilities for income generation;
- b) Promote and establish a culture of productivity in engineering and technology, and technology transfer amongst staff and trainees;
- c) Oversee the advancement of knowledge and its practical application by commercialization and exploitation of research outcomes at the Polytechnic;
- d) Oversee Polytechnics participation in commercial ventures and activities;

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- e) Oversee proper maintenance of the buildings and grounds, repair and replacement of equipment and other

movable property of the Polytechnic;

(iv) Audit and Risk Management Committee

The audit committee shall play a key role with respect to the integrity of the KNP's financial information, its system of governance, risk and internal controls, Assets Register and the legal and ethical conduct of management and employees.

The functions undertaken by an audit committee shall generally encompass the following:

- a) Evaluating whether proper procedures are in place to address key roles and responsibilities in relation to risk management.
- b) Evaluating the adequacy of the control environment to provide reasonable assurance that the systems of internal control for accountability are of a high standard and functioning as intended.
- c) Performing an independent review of the financial statements to ensure the

integrity and transparency of the financial reporting process.

- d) Monitoring the effectiveness of KNP performance information and compliance with the performance management framework and performance reporting requirements.
- e) Evaluating the quality of the internal audit function, particularly in the areas of planning, monitoring and reporting.
- f) Engaging with external audit and assessing the adequacy of management response to any issues identified by audit.
- g) Reviewing the effectiveness of how the Polytechnic monitors compliance with relevant legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.

(f) Polytechnic Headquarters

Kabete National Polytechnic
Off Waiyaki Way
P.O. Box 29010 – 00625
Nairobi

(g) Polytechnic Contacts

Telephone : (254) 790 000 001, 790 000 022, 790 000 033, 790 000 044, 790 000 055 &
790 006 666

E-mail : info@kabetepoly.ac.ke
: Website: www.kabetepoly.ac.ke

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(h) Polytechnic Bankers

- a. Standard Chartered bank
P.O. Box 48231-00100
Nairobi, Kenya.
- b. Co-operative Bank of Kenya
P.O. Box 48231- 00100
Nairobi, Kenya
- c. Equity Bank of Kenya
P.O. Box 75104-00200
Nairobi, Kenya
- d. NCBA Bank
P.O. Box 44599-00100
Nairobi, Kenya

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

II. THE POLYTECHNIC COUNCIL



Prof. Elijah I. Omwenga – Chairperson

Professor Elijah I. Omwenga, FICTAK was appointed the Chairperson of the Kabete National Polytechnic Council on 2nd October, 2019

Professor Omwenga holds a PhD in Computer Science from the University of Nairobi in the area of Information Systems. He also has a Masters degree in Computer Science from the National University of Science and Technology, Bulawayo; a Post-Graduate Diploma in Computer Science, Nairobi; and a Bachelor of Education (Sc.) degree from Kenyatta University. Prof. Omwenga has published over fifty scholarly articles in high impact journals and academic platforms. He has written three University level books. Professor Omwenga has previously served in several other boards including the Kisumu National Polytechnic, ICT Authority, NACOSTI, KENET, AVOIR and Child Fund International. He is the President of the African Association for Teacher Educators and the African representative to the World Forum for Associations of Teacher Educators (WFATE) in Ohio, USA. Professor Omwenga is currently serving as the Deputy Vice Chancellor, Academic and Student Affairs at the University of Kabianga.



Dr. Kenneth L. Chelule

Dr. Chelule was appointed a member of the Kabete National Polytechnic Council on 2nd October, 2019.

Dr Kenneth Chelule is currently a Chief Research Scientist (CRS) at Kenya Industrial Research and Development Institute and immediate former Deputy Director in charge of Research, Technology and Innovation. He holds an aPhD and a MSc in Computer Aided Engineering and Mechanical Engineering respectively from Staffordshire University, UK, Executive MBA from Jomo Kenyatta University of Agriculture and Technology (JKUAT) as well as Bachelor of Education (Technology) from Moi University. He has over 20 years' international experience in Product Development (R&D), Product Certification (CE Marking) and Product Commercialization. Dr. Chelule is a former Member of the Board of Governors of Bureti Technical Training Institute and Advisory Board Member of Emerging Africa Innovation leaders. He is a member of the Association of Medical Engineering of Kenya (MAMEK) and Member of Institution of Engineering Technologists and Technicians of Kenya (MIET)



Mr. Henry H. Duba

Mr. Duba was appointed a member of the Kabete National Polytechnic Council on 2nd October, 2019.

Mr Henry Huka Duba is a Public Health Professional and a Humanitarian expert. He has served in a number of International Non-Governmental Organizations for over 20 years in various capacities including as Chief of Party for ACDI/VOCA, USAID funded Development Food Aid Program (DFAP) in Uganda; Country Director for Food for the Hungry Uganda; Program Director at Mercy Corps, Uganda and Country Program Manager for Health Poverty Action in Somalia. He also worked as Emergency Health Program Manager with World Vision in South Darfur State, Sudan and Program Manager for Development Food Aid Program in Kenya with Food for the Hungry International. Prior to joining the humanitarian sector. Mr. Huka worked as a Public Health Officer with the Ministry of Health Kenya for about 10 years. He is currently the Executive Director for Health and Social Transformation Initiative (HASTIN), a national NGO working in Marsabit and Isiolo Counties of Kenya and occasionally manages a private consultancy firm, Chariot Supplies and Consult. Mr. Huka holds a Master of Public Health Degree from the University of Maastricht, the Netherlands and Diplomas in Public Health, Community Health, Environmental Health and Postgraduate Certificate in Health Management from the Health Services Management Centre, University of Birmingham, UK as well as Certificate in Health Emergencies in Large Population from the Centre for Excellence in Disaster Management and Humanitarian Assistance, in Honolulu, Hawaii.



Ms. Purity S. Karariet

Ms. Purity was appointed a member of the Kabete National Polytechnic Council on 2nd October, 2019

She is currently the Vice Chairperson of the Kajiado Public Service Board on Part time basis. She holds a Bachelor of Science degree in the area of Chemistry and Zoology from Agra University in India and specialised in Forensic Science. She has in depth skills in Auditing and Investigation having worked as an Anti-Corruption Officer. She previously worked as a Director National Housing Corporation and chairing Audit & Risk Committee.

Purity served as a National Security Committee Member (CPS) and a Trustee with Commodities Fund; Ministry of Interior and Agriculture respectively.



Ms. Phyllis E.N Wangwe

Ms. Phyllis was appointed a member of the Kabete National Polytechnic Council on 2nd October, 2019

Ms. Phyllis is an Advocate of the High Court of Kenya (Arbitrator & Mediator) and a practicing consultant in development, management and financial literacy.

She holds a Bachelor of Laws Degree (LL.B) from Moi University and a Post Graduate Diploma from the Kenya School of Law and further training at United States International University (USIU). She has an MSc. Management in Organizational Development and Project Management from Kenya Institute of Management.

Ms. Phyllis is a member of the Chartered Institute of Arbitrators (CIArb - London & Kenya), Kenya National Chamber of Commerce and Industry, Law Society of Kenya, East African Law Society, FIDA, Women on Boards Network and KEPISA (Kenya Private Sector Alliance) through the Global Innovators Society of Kenya.

She is a Director on several Boards and the Founder of CEED (Centre for Economic Empowerment and Development).



Mr. John K. Tuwei

Mr. John K. Tuwei is a holder of MSc (Organic Chemistry) from the University of Nairobi (2007) and Graduate Certificate in TVET reforms and Project Management (2011) from Chisholm Institute of TAFE in Australia and B.Ed (Science) (1996) from Kenyatta University.

Mr. Tuwei who has over 20 years' experience in Public Service, is currently The Deputy Director of Technical Education in Charge of Projects and Partnerships at the State Department for Vocational and Technical Training and the Liaison Officer for the Joint Subsector Working Group (JSSWG), a forum which brings together the State Department of VTT and all Development Partners (Multilateral and Bilateral) which support the TVET sector in Kenya. Mr. Tuwei has initiated, managed and oversighted a number of donor funded TVET projects which include, The GoK/Netherlands TVET project, GoK/AfDB TVET 1, 2 and 3 Projects, World Bank Eastrip Project, GoK/KfW TVET 1 and 2 projects and GoK/MasterCard TVET Blue Prints projects whose collective aim is to provide equitable access to quality and relevant skills to Kenyans.

Mr. Tuwei has also participated in the development and implementation of TVET Act 2013 and number of policy documents which include the TVET Blue Print and the Workforce Blue print. Mr. Tuwei is currently The PS VTT alternate member for The Kabete National Polytechnic Council and Ramogi Institute of Advanced Technology (RIAT) Board of Governors.

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Eng. Sarah W. Ngure

Eng. Sarah was appointed a member of the Kabete National Polytechnic Council on 2nd October, 2019. She is a lecturer at the Technical University of Kenya (TUK) school of Mechanical and Manufacturing Engineering. She is a Member of Institution of Engineers of Kenya (M.I.E.K), a member of Kenya Renewable Energy Association of Kenya (KEREA), and a trainer with GIZ. She holds MSc in Mechanical Engineering and BSc in Mechanical Engineering from Jomo Kenyatta University of Agriculture & Technology (JKUAT).



Mr. Robert Murithi

Mr. Murithi was appointed a member of the Kabete National Polytechnic Council on 2nd October, 2019. He holds a Masters of Arts degree in economics, BA degree in Economics and Finance and is Part qualified accountant. He is currently a PhD candidate in Economics at University of Nairobi having completed the course work and finalising on the dissertation. He has over 20 years' experience in development finance within East Africa Region with specialization in corporate and project finance



CPA Patrick Mbehi Stom

Mr. Patrick was appointed a member of the Kabete National Polytechnic on 10th March, 2022. He is an accountant and a financial analyst. He is the alternate director to the Cabinet Secretary, National Treasury. He has worked at the National Treasury for over period of 12 years and is currently deployed in the directorate of Public Investment and Portfolio Management.

Mr Stom holds a Master of Science degree in Finance, from Jomo Kenyatta University, a Bachelor degree in Business Administration (Accounting option) from Moi University, Certified Public Accountants of Kenya and Certified Securities and Investment Analysts Part II. He is a member of the Institute of Certified Public Accountant of Kenya (ICPAK) with wealth of experience in Public Sector Financial Management. He has undertaken several work improvement skills, development training, workshops and seminars on management and governance.



Mr. Okumu JW Odhiambo

Mr. Okumu JW Odhiambo

Mr. Okumu is the Principal. He is a full member of the Institution of Engineering Technologists and Technicians of Kenya (MIET) and has over 32 years' experience as a Vocational and Technical Education Trainer in which he has taught Engineering Drawing and Metal/Mechanical Technology. His wealth of Administrative experience in public TVET institutions in the Republic of Kenya transcends a number of positions some of which as Head of Department, Registrar, Deputy Principal and Principal across several institutions in Kenya. Mr. Okumu holds a Certificate IV in Training and Assessment from the University of Technology, Sydney, Australia. He has attended and trained in several Executive Management, Corporate Governance and Leadership Programs. He represented National Polytechnics in the TVET Curriculum Development, Assessment and Certification Council (TCDACC) from 2014 to 2020 as a Council Member where he chaired the Technical Committee. Currently he is the Chairman of Kenya National Polytechnics Principal's Forum and also Chairman of the Kenya Association of Technical Training Institutions (KATTI) Nairobi Regions comprising of five Counties in Kenya.

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III. MANAGEMENT TEAM



Mr. Okumu JW Odhiambo

Mr. Okumu is the Principal. He is a full member of the Institution of Engineering Technologists and Technicians of Kenya (MIET) and has over 32 years' experience as a Vocational and Technical Education Trainer in which he has taught Engineering Drawing and Metal/Mechanical Technology. His wealth of Administrative experience in public TVET institutions in the Republic of Kenya transcends a number of positions some of which as Head of Department, Registrar, Deputy Principal and Principal across several institutions in Kenya. Mr. Okumu holds a Certificate IV in Training and Assessment from the University of Technology, Sydney, Australia. He has attended and trained in several Executive Management, Corporate Governance and Leadership Programs. He represented National Polytechnics in the TVET Curriculum Development, Assessment and Certification Council (TCDACC) from 2014 to 2020 as a Council Member where he chaired the Technical Committee. Currently he is the Chairman of Kenya National Polytechnics Principal's Forum and also Chairman of the Kenya Association of Technical Training Institutions (KATTI) Nairobi Regions comprising of five Counties in Kenya.



Ms. Ernestine Watiri Kiragu

Ms. Ernestine Kiragu is the Deputy Principal Administration. She has 23 years of teaching experience in the area of Information Communication and Technology (ICT).

She has a Bachelor of Education Degree from the University of Nairobi and a Diploma in Technical Education from Kenya Technical Trainers College.



Mr. Otara N Oreti

Mr. Otara N. Oreti is the Deputy Principal Academic and Trainees Affairs . He holds a Bachelor's Degree in Commerce and M.Com-Banking & Business Economics, PGDE Economics and Business Studies form Maseno University

He has undertaken Senior Management Course (SMC) from the Kenya School of Government

He has also served as an Assistant Dean of Studnets and as the Registrar.

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Ms. Violet Njeri Kithumbu

Ms. Violet Njeri is the Registrar. She has over 28 years experience as a Technical Trainer in Electrical Engineering.

She holds a Bachelor's of Technology in Electrical Engineering (Power) and is a Certified Assessor and Verifier for TVET CDAAC Competence Based Assessments CBA. She is also a member of the Institution of Engineering Technologists and Technicians of Kenya



Mr. Shadrack M. Mweu

Mr. Mweu is the Dean of Students. He holds a Master of Science Degree in Medical Biochemistry (Kenyatta University), Post Graduate Diploma in Education (KU) and Bachelor of Science Medical Laboratory Science (JKUAT). He is registered by the Kenya Medical Laboratory Technician's and Technologists' Board (KMLTTB). He has eleven years experience in the practice and training of Medical Laboratory Technology specifically Clinical Chemistry and Immuno-Haematology. Previously he served as the Deputy Dean of Students at the institution.



Mr. Moses M. Ndung'u

Mr. Mwangi is the Finance Officer with over 10 years experience in Accounting and Finance. He is a graduate of Moi University and holds a Bachelors Degree in Business Management Finance Option. He is a CPA II Graduate and is persuing Part III. He was a former Accountant in the Ministry of Roads.

He has undertaken Senior Management Course (SMC) from the Kenya School of Government



Ms. Caroline W. Kimani

Ms Caroline is the Human Resource Officer. She holds a Bachelor degree in Sociology from Egerton University. She has Diploma II in Human Resources Management and Certified Secretary Part II

She has undertaken Senior Management Course (SMC) from the Kenya School of Government

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Ms. Joan R. Adoyo

Ms. Joan is the Procurement Officer. She holds a Bachelor's degree in Business Management –Purchasing and Supplies from Moi University.

She has an Advanced Certificate in Supplies Management.

She has undertaken Senior Management Course (SMC) from the Kenya School of Government

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IV. CHAIRMAN'S STATEMENT

It is with great pleasure that I present this Financial Report for the financial year that ended 30 June 2022.

Following the elevation of the Institution to a National Polytechnic in 2016, the status has brought along several opportunities.

Key among these include; increased enrolment, government support, higher networking avenues and more linkages and collaborations. Along with these there are also high levels of expectations from the trainees, community, employees and other stakeholders.

Indeed, my Council is aware that the Polytechnic came into being at a time when the higher education sector has changed drastically with a historical record of increased numbers of higher education Institutions in the country.

Inevitably, with the number of trainees qualifying to join University, National Polytechnics and Technical & Vocational Colleges increasing significantly over the years as well as the changing government policies, the operating environment is becoming extremely competitive.

In response to this growing demand and the existing operating environment, we have to be prepared to increase physical facilities that would give us a competitive advantage.

The emergence of Covid-19 Pandemic greatly affected the core operations of the Institution during this period.

During the period under review, the Strategic Plan being implemented has envisioned to address the emerging challenges and takes advantage of the existing opportunities in the operating environment.

The Strategic Plan provides a clear roadmap to the Polytechnic Council and Management during the period 2020-2024 of the Polytechnic's development. The projects and activities for the year were therefore undertaken as per the strategic plan. It is expected that the Government would contribute significantly towards the realization of our dreams as envisaged in the plan in terms of provision of the required financial resources.

Other avenues to fund the planned expansion of the physical facilities and infrastructure would also be explored with the main focus being centred on resources mobilization and strategic initiatives.

The Polytechnic nevertheless continued to expand and improve its requisite physical facilities as a result of increased population in terms of trainees and staff numbers.

I am therefore pleased to report that during the year under review, a number of projects were initiated and are ongoing.

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The Polytechnic's annual financial position as at June 30, 2022, recorded a decrease of Kshs 69.99 million from Kshs 4.424 billion to Kshs 4.354 billion in 2020/2021 and 2021/2022 respectively.

During the year under review, the Polytechnic reported a decrease of Kshs 152.21 million in surplus from Kshs 82.22 million in the year 2020/2021 to Kshs (69.99) million in the year 2021/2022.

The decrease is as a result of the effects of Covid-19 pandemic.

The Polytechnic cash and cash equivalent decreased by Kshs 151.56 million from Kshs 203.83 million to Kshs 52.27 million in year 2020/2021 and 2021/2022 respectively. This reduction was as a result of payment of supplies of goods and services.


Prof. Elijah I. Omwenga, FICTAK
COUNCIL CHAIRMAN

Conclusion.

I strongly believe that with all the planned strategies as envisaged, it is apparent that the future of the Polytechnic is bright and secure. Our commitment as a Council is to continue setting the right tone at the top which is geared towards the realization of the Polytechnic's vision and mission. Finally, I want to thank my fellow members of the Council, the Principal, the Management Board, Staff and Trainees of Kabete National Polytechnic for their commitment and hard work exhibited during the year. I also wish to thank the Government and all our stakeholders for their unwavering support. It is our expectation that the peaceful and productive environment witnessed during the year will continue into the coming years.

29/9/2022
DATE

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V. REPORT OF THE PRINCIPAL

I am pleased to present my report for the 2021/2022 financial year which ended on 30 June 2022. Indeed, in the last five years, the higher education sector witnessed a rapidly changing operating environment characterized by stiff competition, changing customer demands, Covid-19 Pandemic and declining resource allocation to public institutions.

Despite the many challenges now inherent in this new operating

environment, the Polytechnic continued to discharge its mandate of teaching, research and outreach successfully with the exception of the effects of Covid-19 Pandemic which affected the core operation during the year under review. By 30 June 2022, the trainees' enrolment stood at 12,529 (Table 1) as compared to 11,733 Trainees in the previous year. This figure comprises of Diploma, Certificate and Artisan Trainees.

Table 1: Trainees Enrolment per Department as at 30th June, 2022

S/no	Department	Artisan	Certificate	Diploma	Total
1	Electrical And Electronic Engineering		580	907	1487
2	Mechanical Engineering		592	858	1450
3	Building & Civil Engineering		372	1758	2130
4	Applied Science		479	365	844
5	Computer Studies		436	982	1418
6	Business Studies		463	1769	2232
7	Liberal Studies		41	183	224
8	Hospitality	117	229	775	1121
9	Health Science		56	875	931
10	Journalism and Media Studies			108	108
11	Architecture and Spatial Planning			584	584
	TOTAL ENROLMENT	117	3248	9164	12529

Financial Performance

As in the previous years, the main source of funding to the Polytechnic during the period under review was school fees with a contribution of a total of Kshs 334.57 million for recurrent expenditure purposes. In addition, the Polytechnic generated a sum of Kshs 3.86 million from Hire of facilities and Kshs 35.12 from other sources (Note 8). Income Generating Activities (IGA's), Catering and other

Incomes. The Polytechnic also received Kshs 271.48 million from the Ministry of Education being the capitation and Kshs 0.92 million for Monitoring and Evaluation.

The Polytechnic recorded a decrease of Kshs 152.21 million in surplus from Kshs 82.22 million to Kshs (69.99) million in year 2020/2021 and 2021/2022

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respectively. This was a result of Covid-19 pandemic.

However, at the end of the financial year the Polytechnic had not received revenue

of Kshs 78.9 million from the following sources:

Table 2: Revenue Receivable.

Description	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
	KShs		KShs	KShs	KShs
Non-Current receivables- From Non-Exchange Transactions					
Exchequer Capital Grant Receivable	-	3,010,388	-	-	-
M.o.E - Lent Money For Githunguri TVC	-	20,000,000	-	10,000,000	-
M.o.E - Ruiru TVC	-	20,000,000	-	-	-
CDF Ruiru - Ruiru TVC	-	10,000,000	-	-	-
Exchequer Capitation Receivable	-	117,411,258	-	-	-
Total current receivables	-	170,421,646	-	10,000,000	-
Current receivables-From Exchange Transactions					
Student debtors	32,191,955	88,380,782	78,031,821	74,293,395	63,438,759
Rent debtors	6,576,545	8,825,702	7,733,650	7,936,797	7,819,147
KPLC Lease	-	210,000	280,000	350,000	420,000
Teachers Service Commission	-	-	-	-	9,390,600
Avic International	-	-	-	-	500,000
Post Training Forum for International Corporation(FIC)	-	-	-	-	347,286
Less Provision for Bad & Doubtful Debts	-	-	-	(4,136,167)	(3,642,645)
Total current receivables	38,768,500	97,416,484	86,045,471	78,444,025	78,623,235
Non-current receivables					
Advance payments-Salary	422,063	225,500	370,000	143,153	300,153
Total receivables	39,190,563	97,641,984	86,415,471	78,587,178	78,923,388
Grad Total	39,190,563	268,063,630	86,415,471	88,587,178	78,923,388

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Note: capitation totalling to Kshs 79,395,000 for the fourth quarter had not been received by 30 June, 2022. However, in the circular Ref No. MOE/VTT/11/4 VOL.VII dated 12 July, 2022 the ministry

of Education State Department for TVET informed us that fourth quarter capitation was not be disbursed by the government due to budgetary constraints in the FY 2021/2022.

Conclusion

In conclusion, I take this opportunity to thank the Polytechnic Council for providing the desired guidance and support during the year which was way beyond expectations and which I highly appreciate. I also wish to sincerely thank the Management team, all staff and Trainees for the peace, hard work and discipline exhibited throughout the year.



Okumu JW Odhiambo
PRINCIPAL

Finally, I would like to thank the Government for its support during the period under review. I also appreciate the moral support of our collaborators, partners and other stakeholders during the year.

It is my desire that we shall continue working together as a team in the new financial year and beyond.

29/9/2022

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VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

1. STRATEGIC THEME/ISSUE: Excellence in TVET through Creative and Innovative Curriculum for Sustainable Development

STRATEGIC OBJECTIVE 1:

To promote excellence in TVET through creative and innovative curriculum design and development, modern instructional methods, and assessment practices in accordance with the highest quality management principles

Key Result Area 1	Excellence in TVET through Creative and Innovative Curriculum for Sustainable Development			
Outcome 1.1	Improved Equitable Access to Quality Education And Training			
	<i>Strategic Objectives</i>	<i>Strategic Objectives</i>	<i>Strategies</i>	<i>Achievements</i>
	To promote excellence in TVET through creative and innovative curriculum design and development, modern instructional methods, and assessment practices in accordance with the highest quality management principles	Quality Training	<ul style="list-style-type: none"> • Develop new and relevant Curriculum/training programmes • Promote use of modern equipment and technology • Integrate ICT in learning • Launch market driven courses in liaison with the industry • Entrench CBET by implementing approved CBET curricula • Rebrand the institution • Establish open and distance learning programmes • Strengthen Private-Public partnership towards offering affordable education and training 	<ul style="list-style-type: none"> • Deployed ICT for E- Learning during Covid period • Developed new CBET Curricular for Scaffolding Level 4 • Purchased 100 computers for ICT Training and Integration
		To enhance Equitable Access to Education	<ul style="list-style-type: none"> • Sensitize students on opportunities for student financing • Promote affirmative action for TVET trainees • Promote scholarship and bursary programmes • Promote access to physical infrastructure • Promote gender inclusivity programmes 	<ul style="list-style-type: none"> • Launched KNP Charter of CAPA/ATUPA WITED • Increased Gender Parity in STEM Enrolment

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2. STRATEGIC THEME/ISSUE: Resource Mobilization and Infrastructure Development

STRATEGIC OBJECTIVE 2: To modernize and develop infrastructural facilities that support services designed around the current and future needs of trainees in all their diversity while maintaining appropriate stewardship of resources and continual growth and expansion of the Polytechnic.

Key Result Area 2	Resource Mobilization and Infrastructure Development			
Outcome 2.1	Adequate Resources and Modernized infrastructural development that Quality TVET Training			
	<i>Strategic Objectives</i>	<i>Issues</i>	<i>Strategies</i>	<i>Achievements</i>
	To modernize and develop infrastructural facilities that support services designed around the current and future needs of trainees in all their diversity while maintaining appropriate stewardship of resources and continual growth and expansion of the Polytechnic.	Modernization and Infrastructural Development	<ul style="list-style-type: none"> • Develop effective Human Resource Functional Processes to attract and retain quality staff • Expand Infrastructure to cope with increasing number of students • Construction, Renovation and expansion of institution's buildings & Utilities • Mobilize financial resources through development of project proposals 	<ul style="list-style-type: none"> • Used Internal Resources to: <ol style="list-style-type: none"> i. Achieve 80% completion rate for the New Tuition Block to be used by Applied Sciences and Computing and Informatics Department ii. Renovate/paint all classrooms iii. Renovate Asbestos from 8 classrooms iv. Convert 6 staff housing blocks into office blocks for staff and Guidance & Counselling Unit v. Lay Cabro paving in 5 major roads walkways from within the Polytechnic
Stewardship and Mobilization of Resources		<ul style="list-style-type: none"> • Improve stewardship in financial, built and natural resources • Commercialize and generate revenue from Production Unit • Develop human capacity in financial management • Strengthen financial management system to meet the requirements resulting from increased budgetary responsibilities • Enhance Risk and Disaster Preparedness 	<ul style="list-style-type: none"> • Reviewed Policy Documents for efficiency in Internal Process <ol style="list-style-type: none"> i. ICT Policy ii. Internal Controls and Procedures Policy iii. HR Procedures & Policy Manuals • Sponsored <ol style="list-style-type: none"> i. Accounting Staff ii. Audit Staff iii. HR Staff iv. Supply Chain Officers for relevant Professional Training 	

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4. STRATEGIC THEME/ISSUE: Research, Innovation and Technology for Sustainable Collaborations and Linkages

STRATEGIC OBJECTIVE 4: To enhance collaboration and linkages in research and innovation by positioning the Polytechnic to contribute through knowledge to the prosperity, sustainability and nation-building, by connecting with and committing ourselves to the global communities we serve.

Key Result Area 4	Research, Innovation and Technology for Sustainable Collaborations and Linkages			
Outcome 4.1	Improved Research, Technology and Innovations for Mutual Beneficial Collaborations			
	<i>Strategic Objectives</i>	<i>Issues</i>	<i>Strategies</i>	<i>Achievements</i>
	To enhance collaboration and linkages in research and innovation by positioning the Polytechnic to contribute through knowledge to the prosperity, sustainability and nation-building, by connecting with and committing ourselves to the global communities we serve	Institutional collaborations and Linkages	<ul style="list-style-type: none"> • PPP strategy • Strengthen collaborations with research institution locally and internationally • Promote productive engagements with industries and manufacturing firms • Engage in strategic research partnerships to develop better tools and processes to enhance community entrepreneurial capacities 	<ul style="list-style-type: none"> • Established Technology Transfer Centre to upgrade skills for Community Members • Trained BodaBoda Riders on Road Safety
		ICT Integration	<ul style="list-style-type: none"> • Installation and operationalization of ICT systems in all departments • Develop digital instructional content • Develop ICT policy 	<ul style="list-style-type: none"> • Joined KENNET for ICT Service Provison
		Research and Innovations	<ul style="list-style-type: none"> • Develop and implement research policy • Enhance research capacities for research in the institution by Strengthening research to encourage creativity and innovativeness • Promote dissemination of research findings and innovations • Establish repository for dissemination and sharing of research findings 	<ul style="list-style-type: none"> • Facilitated staff to carry out Research that translated into Conference Papers

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5. STRATEGIC THEME/ISSUE: Human Capital Development, Changing Environment and Emerging Challenges

STRATEGIC OBJECTIVE 5:

To establish the Polytechnic as an institution of choice that attracts and retains staff of the highest calibre by creating an enabling environment that fosters and stimulates academic life, and a climate of professionalism in which all staff recognize and understand their role in ensuring the success of the Polytechnic.

Key Result Area 5	Human Capital Development, Changing Environment and Emerging Challenges			
Outcome 5.1	An Attractive Institution that Responds Adequately to the Needs of Staff and Trainees			
	<i>Strategic Objectives</i>	<i>Issues</i>	<i>Strategies</i>	<i>Achievements</i>
	To enhance collaboration and linkages in research and innovation by positioning the Polytechnic to contribute through knowledge to the prosperity, sustainability and nation-building, by connecting with and committing ourselves to the global communities we serve	Human Capital Development	<ul style="list-style-type: none"> • Polytechnic performance evaluation and management system- Program and projects M&E system • Polytechnic/Review mechanisms for performance management, including framework for evaluation PAS-AWPs, • Enhance Human resources technical capacities & Succession Planning • 	<ul style="list-style-type: none"> • Conducted various Capacity Building Training for staff in a variety of programs as per Performance Contract
		Enabling Environment	<ul style="list-style-type: none"> • Develop and implement requisite and consistent policies & regulations. • Adhere and sustain to high standards in provision of quality services • Enhance working environment, safety and welfare of staff. • Promote the provision of adequate teaching and learning materials 	<ul style="list-style-type: none"> • Converted staff houses into office Blocks • Acquired Modern furniture for staff and Library
		Emerging Issues	<ul style="list-style-type: none"> • 	

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Governing Council Meeting Attendance.

Current Council Members

Council Member	Date Appointment	Date Retirement	Responsibility	Membership & Attendance	Polytechnic Council	Academic Research Innovation and Trainees Affairs	Admin. Finance, HR & Resource Mobilisation	Planning Estate Infrastructure	Audit & Risk Mgt.	Adhoc
Prof. Elijah I. Omwenga	2nd Oct, 2019	1st Oct, 2022	Current Chairperson of the Council	Membership Attendance	√ 8/8					
Okumu J. W.Odhuambo	.		Principal/Secretary to the Council	Membership Attendance	√ 8/8	√ 3/5	√ 6/7	√ 4/5		2/7
Dr. Kenneth L. Chelule	2nd Oct, 2019	1st Oct, 2022	Academic Research Innovation and Trainees Affairs	Membership Attendance	√ 8/8	√ 5/5	√ 7/7		√ 4/4	√
Robert M. Muriithi	2nd Oct, 2019	1st Oct, 2022	Admin. Finance, HR & Resource Mobilisation	Membership Attendance	√ 8/8		√ 7/7	√ 5/5		2/7
Sarah W. Ngure	2nd Oct, 2019	1st Oct, 2022	Planning Estate & Infrastructure	Membership Attendance	√ 8/8	√ 5/5		√ 5/5		2/7
Purity S. Karariet	2nd Oct, 2019	1st Oct, 2022	Audit & Risk Management	Membership Attendance	√ 5/8	√ 4/5			√ 4/4	3/7
Phyllis N. Namachanja	2nd Oct, 2019	1st Oct, 2022	Member	Membership Attendance	√ 8/8		√ 7/7		√ 4/4	√

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Council Member	Date Appointment	Date Retirement	Responsibility	Membership & Attendance	Polytechnic Council	Academic Research Innovation and Trainees Affairs	Admin. Finance, HR & Resource Mobilisation	Planning Estate & Infrastructure	Audit & Risk Mgt.	Adhoc
Henry H. Duba	2nd Oct, 2019	1 st Oct, 2022	Member	Membership Attendance	√ 7/8		√ 7/7	√ 5/5		
John Tuwei				Membership Attendance	√ 6/8	√ 2/5	√ 3/7	√ 2/5	√ 3/4	
Patrick Storm				Membership Attendance	√ 0/8	√ 1/5		√ 1/5	√ 1/4	

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VII. CORPORATE GOVERNANCE STATEMENT

1. Process of Council Members Appointment.

The Polytechnic Council was appointed by the Cabinet Secretary Ministry of Education, with effect from 2nd October, 2019 for a term of three years. There are 8 Council members comprising of the Chairman, one member representing Principal Secretary Ministry of Education, six (6) independent members. The Principal is an *ex-officio* member of the Council.

Subject to the provisions of the Polytechnic order, the office of a member of the Council shall become vacant if the member:

- a) Resigns by notice in writing addressed to Cabinet Secretary
 - b) Is unable to perform the functions of the Office by reason of prolonged physical or mental incapacity.
 - c) Is adjudged bankrupt by a court of competent jurisdiction or enters into a composition or scheme of arrangement for the benefit of creditors
 - d) Is guilty of gross misconduct
 - e) Fails to meet requirements of chapter six of the Constitution
Or
 - f) Is convicted of an offence and sentenced to imprisonment for a period of six months or more.
- b) Promote inclusion of persons with disability, minorities and marginalized and
 - c) Ensure balanced cores skills and competencies amongst the members

In appointing members of the Council the Cabinet Secretary shall stagger the appointment of some members to maintain a proportion of new membership that ensures continuity in the services of the Council.

2. Process of Council Member Removal.

Where the office of a member of the Council becomes vacant the Cabinet Secretary may subject to the provisions of this order, appoint another person to fill the vacancy for the unexpired term of such member.

Notwithstanding the generality of the foregoing any member of the Council suspected of having contravened chapter six or chapter thirteen of the Constitution shall vacate office to pave way for investigations.

Where a person who has vacated office under sub-paragraph (3) is not found culpable after investigations carried out under sub-paragraph (5) the person shall be reinstated as a member of the Council. Paragraph 12 shall apply with respect to the conduct of the business and affairs of the Council.

The appointment of Council members shall:

- a) Take into account ethnic and gender balance

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3. Roles and Functions of the Council

- i. To ensure that proper management structure is in place and that the management maintain the corporate integrity, reputation and responsibility of the Polytechnic
- ii. To monitor and evaluate the implementation of the strategies, policies and management plans of the Polytechnic
- iii. To constantly review the viability and financial sustainability of the Polytechnic once in every year
- iv. To ensure that the Polytechnic complies with all the relevant laws, regulations, governance practices and accounting and auditing standards

4. Committees of the Polytechnic Council

In order to facilitate the smooth running of its affairs, the Polytechnic Council establishes such committees with the membership and with such terms of reference as it may deem fit. The following committees were in place during the financial year 2021/2022.

- i. Academic, Research, Innovation and Trainees Affair Committee
- ii. Administration, Finance, Human Resource and Resource Mobilisation Committee
- iii. Planning, Estate and Infrastructure Committee
- iv. Audit and Risk Management Committee.

The Polytechnic Council nominates the Chairperson of each committee of the Council provided that in the absence of the Chairperson of any committee, the members present and constituting a quorum may elect one person from among them to chair the meeting. The Chairperson of the Polytechnic Council and the Principal are ex-officio members of every committee of the Council.

5. Induction Training

The TVET Act No. 29 of 2013 Section 28 and 29 establishes and gives mandate to the Councils and Board of Governance to manage the TVET institutions on behalf of the Education Cabinet Secretary.

It is a requirement that the Governing Council members understand their functions and conduct well through induction program, and hence need for induction.

In the 2021/2022 FY Audit and Risk Committee members attended one (1) training as described follows:

- a) When Culture is the Culprit for Audit and Risk Management Committee at Pride Inn Paradise Beach Resort, Mombasa from 26th to 29th October, 2021 organised by Institute of Internal Auditors Kenya.

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The following topics were covered:

- i. Ethical program implementation- the culture mirror.
- ii. Our culture our future
- iii. Navigating Organisational politics to realise the internal audit value
- iv. Leveraging culture for a digital transformation.
- v. Unmasking the culture culprit in Organisations.
- vi. Cultural Assessment and Modelling for Organisation Transformation.
- vii. Integrating Independence and Diversity in the Boardroom.
- viii. Embedding culture or effective risk management

6. Council Remuneration

The Polytechnic Council members do not receive a salary. They are however paid a sitting allowance for every scheduled meeting attended. The Chairman also receives a monthly honorarium. The sitting allowance paid to the council members is disclosed in note 12 of the financial statements

Shared Believe

The Polytechnic Council and management have a shared believe that corporate governance is a continuous process and that good corporate governance must be embedded in our culture to support our values of discipline, high moral standards and integrity which are fundamental to the long term success and sustainability of our mandate as an institution of higher learning


Prof. Elijah I. Omwenga, FICTAK
CHAIRMAN OF COUNCIL

Date: 29/9/2022

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VIII. MANAGEMENT DISCUSSION AND ANALYSIS

a) Operational and Financial Performance

The following management's discussion and analysis (MD&A) provides a comprehensive overview of the financial position of Kabete National Polytechnic as at June 30th, 2022 and its changes in financial position for the period under review as compared to the period ended 30th June, 2021.

This report covers the period between 1st July, 2021 to 30th June, 2022 as stipulated by the reporting template issued by the National Treasury

Staffing as at 30th June 2022 was as follows:

During the period under review, the Polytechnic had a staff of 350 staff (males -191 and females - 159)

Description	M	F	Total
PSC Trainers	89	68	157
Governing Council Trainers	39	37	76
Governing Council Non-Trainers	63	54	117
Total	191	159	350

Student Enrolment as at 30th June 2022 was as follows:

During the period that has just ended, financial reporting of Kabete National Polytechnic included 11 academic departments, offering 38 diploma

programmes, 22 Craft Certificate programs and 4 Artisan programmes, with 12,529 Trainees enrolled.

S/no	Department	Artisan	Certificate	Diploma	Total
1	Electrical And Electronic Engineering		580	907	1487
2	Mechanical Engineering		592	858	1450
3	Building & Civil Engineering		372	1758	2130
4	Applied Science		479	365	844
5	Computer Studies		436	982	1418
6	Business Studies		463	1769	2232
7	Liberal Studies		41	183	224
8	Hospitality	117	229	775	1121
9	Health Science		56	875	931
10	Journalism and Media Studies			108	108
11	Architecture and Spatial Planning			584	584
	TOTAL	117	3248	9164	12529

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Kabete National Polytechnic conducts its activities on 52 acres of land.

The Polytechnic's financial report includes four basic financial statements: The Statement of Financial Performance, the Statement of Financial Position, the Statement of Cash Flows and the statement of Comparison of Budget and Actual Amount. These statements

focus on the financial performance of the Polytechnic, the changes in financial position, cash flows of the Polytechnic's activities and compliance with the approved budget respectively

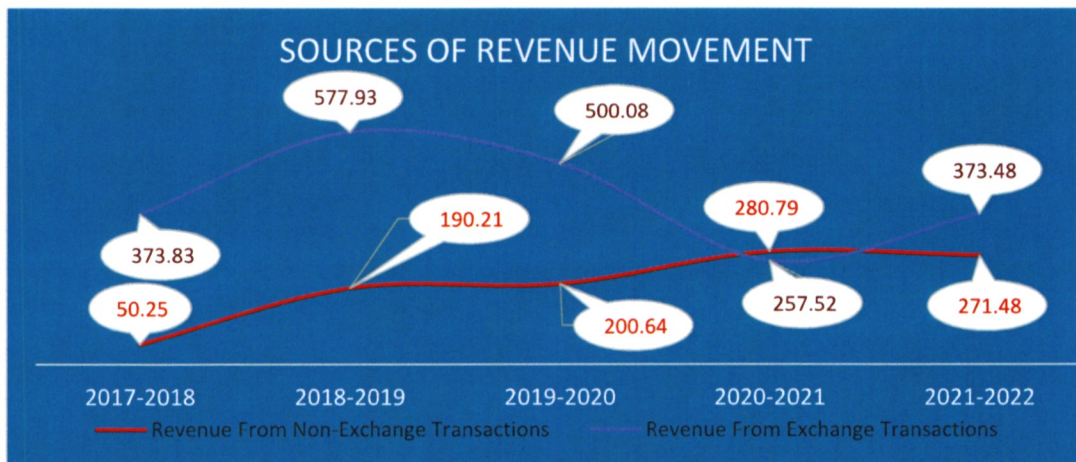
Financial Highlights

The Polytechnic's financial position as at June 30th, 2022, declined with a decrease in net position of Kshs 69.99 million from Kshs 4.424 billion to 4.354 billion as at 30th June, 2021 and 30th June, 2022 respectively. Reduction was as a result of decrease in cash and cash equivalent.

Revenue from Exchange Transactions was the major source of funding for the Polytechnic.

During the period under review, the enrolment was 12,539 Trainees compared to 11,733 Trainees in financial year 2020/2021.

Significant components of the operating revenue:



Sources of Operating Revenue for the last five years.

Description	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Transfer from National Government	50,250,000	190,211,758	200,640,000	280,788,634	271,482,106
Tuition (School Fees)	347,459,109	536,874,082	486,051,303	249,810,116	334,573,325
Hire of Facility	-	-	-	238,500	3,855,114
Other Income	26,374,338	41,056,289	14,030,914	7,473,875	35,117,645
Total	424,083,447	768,142,129	700,722,217	538,311,125	645,028,190

Total operating revenues increased by Kshs 106.72 million from Kshs 538.31 million by 30 June, 2021 to Kshs 645.03 million by 30th June 2022 since operations went back to normal despite Covid-19 Pandemic

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Other Income.

Hire of facilities generated Kshs 3.85 million while other income generated Kshs 35.11 million. During the period under review, a total of 10,586 Trainees had been validated by

KUCCPS. However, capitation due to them for the fourth quarter totalling to Kshs 79,395,000 had not been received whereas in the previous period a total of Kshs 96,000,00 had been received for the 4th quarter.

Operating Expenses

The following table summarizes the Polytechnic's operating expenses for the last five years on comparative basis.

Description	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Use of Goods and Services	278,647,877	368,157,248	280,386,408	223,684,498	479,602,507
Employee Costs	59,727,564	99,925,990	109,105,836	95,844,132	103,529,469
Council Expenses	2,955,400	8,084,514	12,309,716	11,790,241	12,593,727
Depreciation and Amortization	-	-	0	52,723,830	66,143,224
Repair Maintenance & Improvement	12,440,957	17,671,769	29,837,031	45,360,040	29,666,776
Contracted Services	-	-	2,915,835	11,403,521	-
Finance Costs	1,201,300	1,021,842	512,192	368,276	-
Project Costs	3,681,861	10,500,000	48,126,330	14,913,499	23,492,325
Total	358,654,959	505,361,363	483,193,348	456,088,037	715,028,028

Total operating expenses for the period under review was Kshs 715.03 million. There was an increase in operating expenses of Kshs 258.94 million from 456.09 million to Kshs 715.03 million by the end of June, 2021 and 2022 respectively since operations have gone back to normal as compared to the previous period whereby most of the training was done virtually. Again, the cost of living (inflation) has gone very high and the price of commodities have also sky rocketed. An

analysis of expenses demonstrates that the major expenditure of the Polytechnic in the period under review was use of goods and services representing 67.2% while compensation to employees (i.e. salary, wages and benefits accounted for 14.5% of the total operating expenses.

It should be noted that the Polytechnic appears to be spending more money than received due to late submission of Capitation.

Summary of Financial Performance over the last five years.

The Statement of Financial Performance presents the revenues earned and the expenses incurred during the last five years.

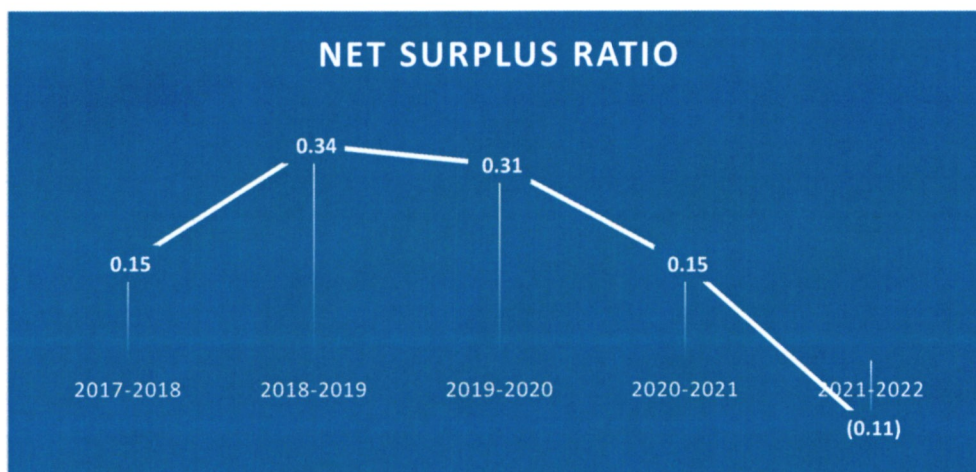
Description	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Total Operating Revenue	424,083,447	768,142,129	700,722,217	538,311,125	645,028,190
Total Operating Expenses	358,654,959	505,361,363	483,193,348	456,088,037	715,028,028
Total	65,428,488	262,780,766	217,528,869	82,223,088	(69,999,838)

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During the period under review, the Polytechnic reported a decrease of Kshs 150.9 million in surplus from Kshs 82.22 million to

Kshs (68.7) million by the end of June, 2021 and 2022 respectively. The Decrease was as a result of late submission of Capitation.

Movement of Net-Surplus Ratio



The surplus ratio decreased by 0.26 from 0.15 to (0.11) by the end of June, 2021 and 2022 respectively in the performance indicator of

the Polytechnic. This was brought about by the increase in expenditure.

Statement of Financial Position

The Statement of Financial Position presents the financial position of the Polytechnic at the end of the period under review and includes all assets (current and non-current), liabilities (current and non-current) and net position of the Polytechnic. Current assets are classified

as such if they are available to satisfy current liabilities. Net position is one indicator of the financial position of the Polytechnic, while the change in net position is an indicator of whether the overall financial position has improved or worsened during the year.

Summary of Financial Position over the last five years.

Description	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
	Kshs	Kshs	Kshs	Kshs	Kshs
Current Assets	73,795,035	154,266,619	394,165,638	282,420,336	131,194,512
Non-Current Assets	73,331,345	292,711,112	4,121,278,124	4,260,939,243	4,337,749,397
Total Assets	147,126,380	446,977,730	4,515,443,763	4,543,359,578	4,468,943,909
Current Liabilities	79,851,254	111,422,499	180,407,665	119,053,562	114,637,731
Net Assets	67,275,126	335,555,232	4,335,036,098	4,424,306,016	4,354,306,178
Net Assets and Liabilities	147,126,380	446,977,730	4,515,443,763	4,543,359,578	4,468,943,909

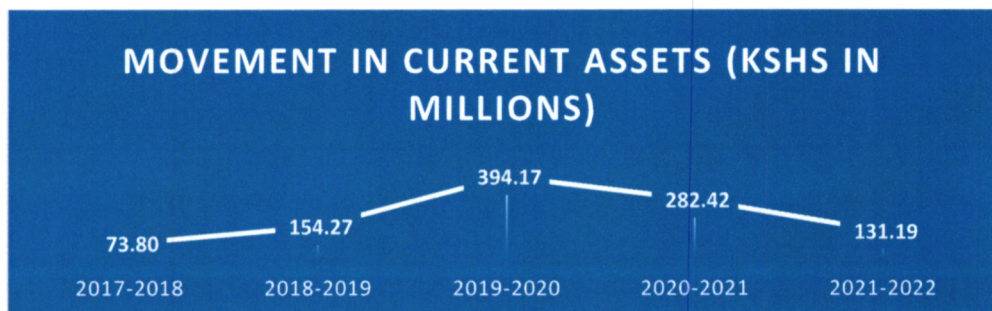
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Current Assets and Current Liabilities

Current assets include cash and cash equivalent, Receivables from Non-Exchange Transactions and Receivable from Exchange Transactions. Current assets decreased by

Kshs 151.23 million from Kshs 282.42 million to Kshs 131.19 million by the end of June, 2021 and 2022 respectively. This was due to decrease in cash and cash equivalent.

Movement in Current Assets

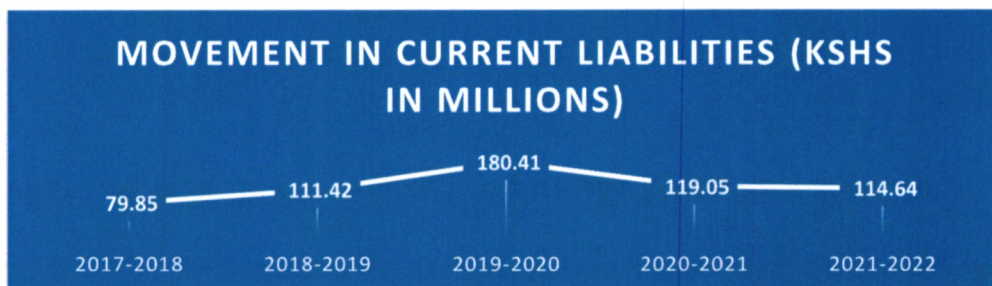


Current Liabilities

Current liabilities include trade and other payables from Exchange Transactions,

Refundable deposits to customers and payments received in advance

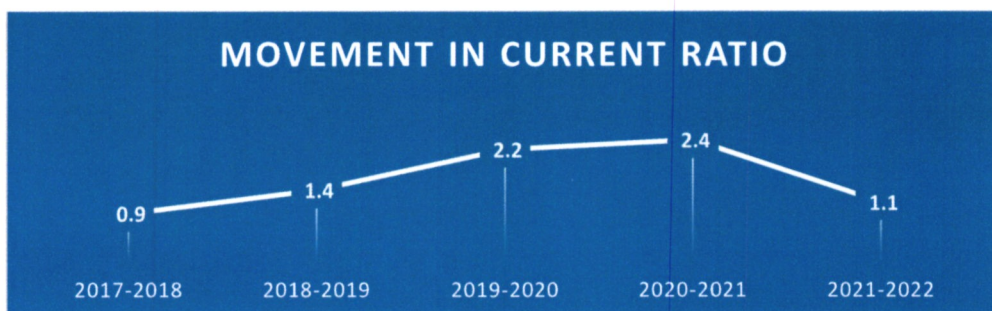
Movement in Current Liabilities



Current liabilities decreased by Kshs 4.41 million from Kshs 119.05 million to Kshs 114.64 million by the end of June, 2021 and

2022 respectively. The decrease is primarily related to a payment of suppliers and issuance of refundable deposits.

Movement of Current Ratio



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The Polytechnic's current assets cover current liabilities by a factor of 2.4 and 1.1 time as at 30th June, 2021 and 2022 respectively. This represents an indicator of good liquidity and the ability to bear short-term demands on

working capital. The Polytechnic's current assets also cover approximately 7.4 months and 2 months of its total operating expenses by the end of June, 2021 and 2022 respectively.

Movement of Cash and Cash Equivalent



Cash and cash Equivalent decreased by Kshs 151.56 million from Kshs 203.83 million to Kshs 52.27 million by the end of June, 2021 and 2022 respectively. The decrease is

primarily related to payment of suppliers of goods and services and delay in remitting capitation.

b) Compliance with Statutory Requirements

Compliance and regulatory risk include the risk of non-compliance with regulatory Requirements. The polytechnic has complied

with all externally imposed requirements throughout the period under review

c) Key Projects and Investment Decisions Planned/Implemented

The Polytechnic has undertaken several projects to create a conducive environment for

students and implement the presidential directive of the Big 4 Agenda.

The ongoing and proposed projects have been financed internally.

S/No	Project Name	Project Description	Location	Total Estimated Cost	Current Status	Allocation for FY 2021/2022	Expected Deliverables (Outputs) for FY 2021/2022
1.	Construct a Tuition Block	Complete external, electrical & plumbing works and acquire completion certificate	KNP	211,847,838	100%	37,668,841	i. Acquire Completion Certificate

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2.	Solar Water Heaters	Install two solar water heaters	KNP	5,000,000	0%	5,000,000	<ul style="list-style-type: none"> i. Install water supply tank and plumbing works. ii. Install two solar water heating panels
3	Solar Street Lights	Install fifteen solar street lights	KNP	2,000,000	0%	2,000,000	<ul style="list-style-type: none"> i. Trench, lay the duct and install power on the driveway and walk ways ii. Install fifteen solar street lights
4	Construct a standard Running Track and Football Field	Excavate, compact & level the field to ensure proper slope & drainage. Plant grass, mark the football field and the running tracks and Install football goalposts	KNP	6,000,000	100% Complete the construction of the running track and football field	6,000,000	<ul style="list-style-type: none"> i. Mark the football field and the running tracks ii. Install football goalposts

Photos of Completed Projects

CONSTRUCTION OF TUITION BLOCK



As at 1st July, 2021



As at 30th June, 2022

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**CONSTRUCTION OF ROAD AND CAR
PARKING ALONG THE MAIN STORE**



As at 1st July, 2021



As at 30th June, 2022

**CABRO WORKS ALONG ELECTRICAL
ENGINEERING DEPARTMENT**



As at 1st July, 2021



As at 30th June, 2022

**CONSTRUCTION PARKING AREA AT THE
ADMINISTRATION BLOCK**



As at 1st July, 2021



As at 30th June, 2022

**KABETE NATIONAL POLYTECHNIC
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**INSTALLATION OF ACCESS CONTROL IN THE
LIBRARY AND FURNISHING WITH CARRELS**



As at 1st July, 2021



As at 30th June, 2022

LEVELLING OF MAIN FIELD



As at 1st July, 2021



As at 30th June, 2022

**CONSTRUCTION OF ABLUTION BLOCK NEXT
TO BASKET BALL PITCH**



As at 1st July, 2021



As at 30th June 2022

**KABETE NATIONAL POLYTECHNIC
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**CONSTRUCTION OF ABLUTION BLOCK NEXT
TO POLYTECHNIC DISPENSARY**



As at 1st July, 2021



As at 30th June 2022

**CONVERSION OF A RESIDENTIAL HOUSE TO
A CONFERENCE ROOM**



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IX. ENVIRONMENTAL AND SUSTAINABILITY REPORTING STATEMENT

Kabete National Polytechnic exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/citizen first, delivering relevant goods and services, and improving operational excellence. Below is a highlight of strategies and activities that promote the organisation's strategic objectives.

Sustainability Strategy and Profile

The Polytechnics are charged with the responsibility of creating a knowledge-based society that upholds justice, democracy and accountability. In this regard, KNP is under duty to promote a culture of compliance with laws, civility and human decency in behaviour among the Polytechnic community and between the Polytechnic community and the outside world. At the same time, the government, communities, development partners and other stakeholders continue to make substantial investment to support higher education programs and projects.

In the last few years the Polytechnic has benefited from CDF through fees payment for various needy trainees. As one of the TVET institutions in Nairobi County, it will be prudent for the administrators, political players and stakeholders not only to continue with their goodwill in harnessing financial support which will not only be of great use to the Polytechnic, but

also in helping the Polytechnic amongst other institutions, position themselves in terms of TVET training in line with Vision 2030.

The government's effort is appreciated within the context of TVET Act of 2013 on Technical and Vocational Education and Training, Research and Innovation. This has given much impetus to the allocation of funds to TVET institutions in form of Trainees' capitation, HELB loans and bursaries and infrastructural development fund in the implementation of the "big 4" Agenda.

KNP is located in Nairobi County within an area of moderately well-endowed work force. Being in the town proximity, the Polytechnic is exposed to a variety of challenges that must be addressed. At institutional level, the increase in the number of trainees enrolled in regular programmes has not been matched by the desire for expanded infrastructure such as lecture halls and lecture rooms, library, offices, workshops and laboratories, hostels and other facilities. KNP has increasingly been compelled to address its funding shortfall from alternative sources.

The Kenya Vision 2030 has accorded science, technology and innovation high priority.

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The vision is based on the realization that in an increasingly knowledge-based and globalized world, Science, Technology and Innovation (ST&I) are essential, both for social and economic progress and for global competitiveness of our nation. KNP is a critical driver of innovation systems and the resultant development in science, technology and innovation such as our award winning robot in the TVET robotic contest involving universities and colleges.

Technical education is essential for economic progress and for global competitiveness of our nation and is also central in productivity and the socio-economic transformation of the country. The Sector Plan for Science, Technology and Innovation (2013-2017) provides for revitalization and harnessing of science, technology and innovation for Kenya's prosperity and global competitiveness. In this regard, human resource development, research and knowledge generation will be strengthened at KNP to enhance their application in national production systems for sustainable development.

In line with the fourth agenda of the "Big 4" and the Vision 2030, KNP has the knowledge and capacity to deliver on the Manufacturing agenda.

KNP needs to improve and expand the laboratories/workshops and accredit them to meet the set standards for the local and international market. Further, KNP will construct and equip an innovation laboratory/workshop.

Sustainability strategy and profile

(The top management especially the accounting officer should make reference to sustainable efforts, broad trends in political and macroeconomic affecting sustainability priorities, reference to international best practices and key achievements and failure).

Environmental performance

Protection of the environment in which we live and operate is part of our organizational cultural values and principles and we consider it to be a sound business practice. Care for the environment is one of our key responsibilities and an important part of the way in which we do business.

We commit to:

- i. Provide a framework for planning and sustainable management of the Polytechnic environment.
- ii. Strengthen the institutional and individual capacity for effective management of the environment.
- iii. Ensure sustainable management of the Polytechnic's environment and its surrounding.
- iv. Ensure cooperation, collaboration, partnerships and participation in the protection conservation and management of the environment by all stakeholders.

Application of these principles and practices will make a significant contribution to the Polytechnic's environmental sustainability programs.

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The Management therefore ensures that the Polytechnic reduces the environmental impact by:

- i. Engaging with staff, Trainees and the surrounding communities to encourage environmentally sustainable behaviour.
- ii. Planting of trees to minimize greenhouse gas emissions in operations and work towards carbon neutrality.
- iii. Minimizing use of natural resources such as water, non-renewable energy and paper.
- iv. Following the waste hierarchy- avoid or minimize, reduce, reuse, recycle and then dispose off correctly as the last option.
- v. Minimizing the use of hazardous substances.
- vi. Encouraging sustainable practices in relation to design, transport and travel, procurement and catering.

Employee welfare

When a vacant position arises, an advertisement is placed in two leading daily newspapers and online in order to reach a wide audience and coverage. The adverts usually contain a caption indicating that the polytechnic is an equal opportunity employer. Women, people with disabilities and marginalised communities are encouraged to apply.

During the shortlisting process, the panel ensures that at least a third (1/3) of the candidates are opposite gender. Throughout the interview process, if the highest number of successful candidates are male a consensus is reached to engage a female candidate though they may not have scored the highest but have met the minimum requirements.

In the course of hiring process, the relevant stakeholders like the heads of departments are involved in every stage of the recruitment process in order to get the best fit for the Departments. The council also takes part in the interviews to ensure a balanced perspective and transparency in the recruitment process. Returns are made after the interviews to the Ministry of Education on the recruitment of Public Service Commission trainers.

Every year returns are made to the National Employment Authority (NEA) on the status of all employees in each year. The returns include those that have been hired and those who have left the service of the Polytechnic during the year.

Efforts made by the Polytechnic to improve employees' skills include:
1. The Human Resource Department carries out a training needs assessment from which a training calendar is developed in order to ensure that the polytechnic has the right skills.

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2. The Polytechnic pays for trainings to build their competencies in various areas and also pays for their membership in professional bodies.

3. In August 2019, the Polytechnic facilitated the top management and Public Service Commission trainers to attend a senior management Course at the Kenya School of Government.

4. The Polytechnic's ICT and Hospitality Department have in house programs for training staff in their areas of specialization in order to improve their skills.

The Polytechnic carries out an annual appraisal process during which employees are evaluated by the Heads of Department in consultation with the Human Resource Officer in order to identify their strengths and weaknesses and recommendations are given to improve on the identified weak areas.

On health and safety, the Polytechnic carries out a First Aid training for both Trainees and staff and this is carried out annually. The polytechnic has procured a WIBA cover for all staff.

Market place practices-

The organisation should outline its efforts to:

- a) Responsible competition practice.
Explain how the organisation ensures responsible competition practices with issues like

anti-corruption, responsible political involvement, fair competition and respect for competitors.

- b) Responsible Supply chain and supplier relations-explain how the organisation maintains good business practices, treats its own suppliers responsibly by honouring contracts and respecting payment practices.
- c) Responsible marketing and advertisement-outline efforts to maintain ethical marketing practices.
- d) Product stewardship-outline efforts to safeguard consumer rights and interests.

Market place practices-

The management also ensured that we dealt responsibly, openly and fairly with clients and partners/stakeholders as defined in our service charter by:

- i. Serving our clients with dignity, courtesy and respect.
- ii. Continuously providing efficient and effective service.
- iii. Adhering to ethical and equitable service provision
- iv. Enhancing transparency, integrity and accountability
- v. Observing the principle of natural justice.
- vi. Maintaining appropriate confidentiality
- vii. Discharging our duties professionally and with due

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diligence and ensuring delivery of affordable quality education.

under the supervision of the Dean of Trainees' office.

**Corporate Social Responsibility /
Community Engagements**

As part of Corporate Social Responsibility, the Polytechnic participates in community programs and activities that involve encouraging staff and Trainees' participation in community activities. Our Trainees were involved in cleaning up exercise in "N" Market and Kabete police station.

The Polytechnic dispensary in conjunction with Ministry of Health Westlands Sub-County carries out major medical screening every term for the Trainees, staff and the community around the institution.

The screening of the neighbouring community was majorly on non-communicable diseases like hypertension and diabetes where those who availed themselves had their blood pressure and blood sugar checked and all the suggestive cases were given referrals accordingly by the Polytechnic clinician.

This was preceded by sensitization of our community on all the non-communicable diseases on preventive measures. Major cleaning up exercise of areas around the institution and the police station was undertaken to maintain good environmental hygiene.

exercises by our final year Trainees in medical laboratory and pharmacy courses

The operational and ultimate responsibility for the commitment to our Corporate Social Responsibility principles lies with the Council and the top management. Every employee of Polytechnic is expected to give their full co-operation to the above principles in their activities at work. Clients or stakeholders are also expected to apply our environmental principles.

The effectiveness of the policy statement will be monitored and reviewed regularly by the Council and Management to ensure the Polytechnic's continued compliance with any relevant legislation to meet new legal requirements and to identify areas in need of improvement. We will also ensure that all changes will be brought to the attention of all employees as necessary.

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X. REPORT OF THE POLYTECHNIC COUNCIL

The Polytechnic Council submits its report together with the audited financial statements for the year ended 30 June, 2022 which show the state of the Polytechnic's affairs.

Principal activities

The principal activities of the Polytechnic continue to be the provision of quality education, training, research and innovation in partnerships with stakeholders globally.

Results

The results of Kabete National Polytechnic for the year ended 30 June, 2022 are set out on page 1 (one) to 30 (thirty).

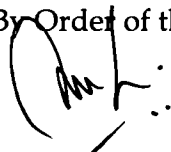
Polytechnic Council Members

The members of the Polytechnic Council who served during the year are shown on page x and xiii. Patrick Stom to represent the National Treasury was appointed 10th March 2022 on No member of the Council Retired during the year under review.

Auditors

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

By Order of the Council



Mr. Okumu J. W. Odhiambo
PRINCIPAL/SECRETARY TO THE COUNCIL

29/9/2022
Date

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XI. STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

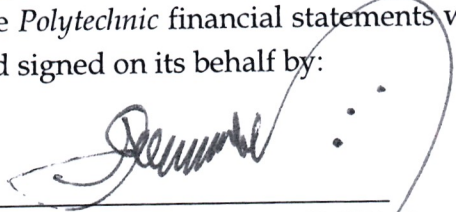
Section 81 of the Public Finance Management Act, 2012 and (Section 14 of the State Corporations Act, and Section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013) require the council members to prepare financial statements in respect of the Polytechnic, which give a true 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 year. The Council members are also required to ensure that the Polytechnic keeps proper accounting records which disclose with reasonable accuracy the financial position of the Polytechnic. The Council members are also responsible for safeguarding the assets of the Polytechnic. The Council members are responsible for the preparation and presentation of the Polytechnic's financial statements, which give a true and fair view of the state of affairs of the Polytechnic for and as at the end of the financial year 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 Polytechnic; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material mis-statements, whether due to error or fraud; (iv) safeguarding the assets of the Polytechnic; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for the Polytechnic's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and (the State Corporations Act, and the TVET Act). The council members are 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 30 June, 2022, and of the Polytechnic's financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the Polytechnic, which have been relied upon in the preparation of the Polytechnic's financial statements as well as the adequacy of the systems of internal financial control.

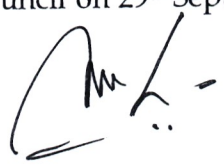
Nothing has come to the attention of the council members to indicate that the Polytechnic will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The Polytechnic financial statements were approved by the Council on 29th September 2022, and signed on its behalf by:



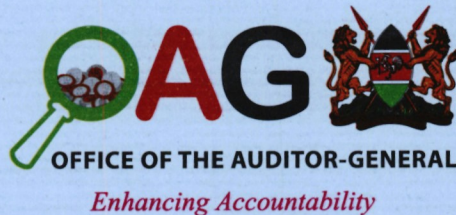
Prof. Elijah I. Omwenga, FICTAK
CHAIRMAN OF THE COUNCIL



Mr. Okumu J. W. Odhiambo
PRINCIPAL

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
E-mail: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



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

REPORT OF THE AUDITOR-GENERAL ON KABETE 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 the Effectiveness of Internal Control, 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 Kabete National Polytechnic set out on pages 1 to 34, which comprise of 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, statement of comparison of budget and actual amounts

Report of the Auditor-General on Kabete National Polytechnic for the year ended 30 June, 2022

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 Kabete 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 Public Finance Management Act, 2012 and the Technical and Vocational Education Training Act, 2013.

Basis for Qualified Opinion

1.0 Unsupported Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.4,324,420,997 as disclosed in Note 22 in the financial statements. However, review of the asset register revealed that the motor vehicles' net book value is recorded as Kshs.21,492,356 while the register indicates value of Kshs.20,149,083 resulting to an unreconciled variance of Kshs.1,343,273. Further, motor vehicles, plant and machinery were fully depreciated with nil net book values but still appeared in the books of the Polytechnic.

In addition, as reported in the previous year, review of the Board minutes and the Polytechnic land file revealed that the Polytechnic was allocated land under Grant No. I.R. 23463 for a period of 99 years from 1 January, 1967 registered in the name of Board of Governors Kabete Technical School measuring 52.6 acres. Further, review of the Board minutes and land file correspondences revealed a long-running dispute between the Polytechnic and the local Church which claims ownership of five (5) acres. The National Lands Commission investigated the matter and concluded that the Church has no legal claim on the land and that the title held by the Church was obtained fraudulently. The Polytechnic Council and Management have not demonstrated action taken to secure the land and ensure that it is registered in the name of the Polytechnic as required by Section 3(2)(b) of the Kabete National Polytechnic Order, 2016.

In the circumstances, the accuracy, completeness, ownership and valuation of the property, plant, and equipment balance of Kshs.4,324,420, 997 as at 30 June, 2022 could not be confirmed.

2.0 Unsupported Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 20 to the financial statements reflects receivables from exchange transactions balance of Kshs.78,923,388. Included in this balance is rental debtors of Kshs.7,819,147. However, aging analysis of rental records revealed that an amount of Kshs.6,902,797 had been outstanding for over one year with some rent debtors dating back to the year 2007. Further, included in the rent debtors are amounts of Kshs.1,034,000 in respect of deceased staff and Kshs.4,893,311 in respect of staff who either retired or moved out of the staff houses for which there is no recovery plan.

In addition, included in the receivables balance is Kshs.420,000 and Kshs.63,438,759 relating to Kenya Power and student debtors respectively. Management did not provide explanations on the amounts due that had not been recovered or written off from the books of accounts.

In the circumstances, the accuracy and fair statement of the receivables from exchange transactions balance of Kshs.78,923,388 as at 30 June, 2022 could not be confirmed.

3.0 Unreconciled Variance Between the Polytechnic and the Kenya Universities and Colleges Central Placement Service

The statement of financial position and as disclosed in Note 24 to the financial statements reflects trade and other payables from exchange transactions of Kshs.58,433,571. The data retrieved from Kenya University and Colleges Central Placement Service revealed that the Polytechnic owes the Service an amount of Kshs.11,028,000. However, the Polytechnic only disclosed an amount of Kshs.8,182,000 resulting in an unreconciled variance of Kshs.2,846,000.

In the circumstance, the accuracy and completeness of trade and other payables from exchange transactions balance of Kshs.58,433,571 as at 30 June, 2022 could not be confirmed.

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

Emphasis of Matter

Budgetary Control and Performance

The Polytechnic incurred expenditure of Kshs.648,885,224 against actual receipts of Kshs.645,028,190 resulting to an over-absorption of Kshs.3,857,034 of the actual budget. The implication of this is that some of the activities implemented in the year were unbudgeted for.

My opinion is not modified in respect of this matter.

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, and based on the audit procedures performed, I confirm that, nothing 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

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 3000 and 400. 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 THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, and 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 governance were not effective.

Basis for Conclusion

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

Responsibilities of Management and the Board of Trustees

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 controls, risk management and overall governance.

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

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

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

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

Auditor-General's Responsibilities for the Audit

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 control in order to give an assurance on the effectiveness of internal controls, risk Management and overall governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal controls would not necessarily disclose all matters in the internal 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 controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

06 June, 2023



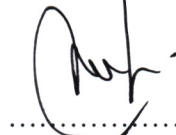
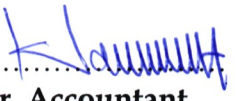
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XIII. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2021-2022 Kshs	2020-2021 Kshs
Revenue from non-exchange transactions			
Transfers from the Nat. Govnt' - Capitation	5	233,190,000	262,935,000
Transfers from the Nat. Govnt' - Conditional Grant	5	38,292,106	17,853,634
Total Revenue from Non-Exchange Transactions		271,482,106	280,788,634
Revenue from exchange transactions			
Transfers from the Nat. Govnt' - Capitation	5		
Rendering of services- Fees from students	6	334,573,325	249,810,116
Hire of Facilities and Equipment	7	3,855,114	238,500
Income Generating Activities	8	-	1,565,930
Catering Services - Pay As You Eat	9		4,151,869
Other income	10	35,117,645	1,756,076
Total Revenue from exchange transactions		373,546,084	257,522,491
		-	
Total revenue		645,028,190	538,311,125
Expenses			
Use of goods and services	11	479,602,507	223,684,498
Employee costs	12	103,529,469	95,844,132
Council Expenses	13	12,593,727	11,790,241
Depreciation and amortization expense	14	66,143,224	52,723,830
Repairs and maintenance	15	29,666,776	45,360,040
Contracted Services	16	-	11,403,521
Finance Cost	17	-	368,276
Project Expenses	18	23,492,325	14,913,499
		-	
Total expenses		715,028,028	456,088,037
Net Surplus for the year		(69,999,838)	82,223,088

The notes set out on pages 6 to 30 form an integral part of the Annual Financial Statements.

The Financial Statements set out on pages 1 to 5 were signed by:


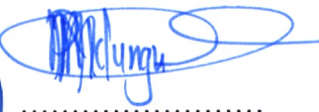


			
Chairman of Council	Finance Officer	Principal	Sr. Accountant
Date 29/9/22	Date 29/09/2022	Date 29/9/22	Date 29/09/2022
			ICPAK No 23207

**KABETE NATIONAL POLYTECHNIC
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XIV. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Notes	2021-2022 Kshs	2020-2021
ASSETS			
Current Assets			
Cash and cash equivalents	19	52,271,124	203,833,158
Receivables from exchange transactions	20	78,923,388	78,587,178
Non-Current Assets			
		131,194,512	282,420,336
Receivable from Non-Exchange Transactions	21	-	10,000,000
Property, plant and equipment	22	4,324,420,997	4,230,946,643
Intangible Assets	23	13,328,400	19,992,600
Total Non-Current Assets		4,337,749,397	4,260,939,243
TOTAL ASSETS		4,468,943,909	4,543,359,578
LIABILITIES			
Current Liabilities			
Trade and other payables from exchange transactions	24	58,433,571	51,844,863
Refundable deposits from customers	25	56,204,160	67,208,699
Total Current Liability		114,637,731	119,053,562
		4,354,306,178	4,424,306,016
Revaluation Reserve	27	3,795,310,784	3,795,310,784
Retained Earning	28	524,272,781	594,272,619
Capital Fund	29	34,722,613	34,722,613
TOTAL NET ASSETS AND LIABILITIES		4,354,306,178	4,424,306,016

The Financial Statements set out on pages 1 to 5 were signed by:

			
Chairman of Council	Finance Officer	Principal	Sr. Accountant ICPAK No 23207
Date 29/9/22	Date 29/9/2022	Date 29/9/2022	Date 29/9/2022

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XV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2022

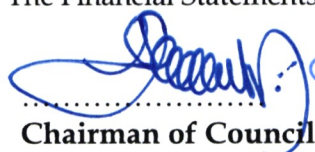
	Revaluation Reserve	Fair value adjustment reserve	Retained earnings	Capital/Development Grants/Fund	Total
At July 1, 2020	3,782,682,092	-	512,049,531	34,722,613	4,329,454,237
Valuation gain	12,628,692	-	-	-	12,628,692
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
Capital/Development grants received during the year	-	-	-	-	-
Surplus for the period	-	-	82,223,088	-	82,223,088
Transfer of depreciation/amortization from capital fund to retained earnings	-	-	-	-	-
At June 30, 2021	3,795,310,784	-	594,272,619	34,722,613	4,424,306,016
At July 1, 2021	3,795,310,784	-	594,272,619	34,722,613	4,424,306,016
Valuation gain	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-
Total comprehensive income	-	-	-	-	-
Capital/Development grants received during the year	-	-	(69,999,838)	-	(69,999,838)
Surplus for the period	-	-	(69,999,838)	-	(69,999,838)
Transfer of depreciation/amortization from capital fund to retained earnings	-	-	-	-	-
At June 30, 2022	3,795,310,784	-	524,272,781	34,722,613	4,354,306,178

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

	Notes	2021-2022	2020-2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from the Nat. Govnt' - Conditional Grant	5	271,482,106	280,788,634
Rendering of services- Fees from students	6	334,573,325	249,810,116
Hire of facilities and equipment	7	3,855,114	238,500
Income Generating Activities	8	0	1,565,930
Catering Services (Pay-As-You-Eat)	9	0	4,151,869
Other income	10	35,117,645	1,756,076
Total Receipts		645,028,190	538,311,125
Payments			
Use of goods and services	11	479,602,507	223,684,498
Employees Costs	12	103,529,469	95,844,132
Council Expenses	13	12,593,727	11,790,241
Repair Maintenance & Improvement	15	29,666,776	45,360,040
Contracted Services	16	0	11,403,521
Finance cost	17	0	368,276
Project Cost- Mentored TVC's	18	23,492,325	14,913,499
Total Payments		648,884,804	403,364,207
Cash flows from operating activities		(3,856,614)	134,946,918
Decrease/ (Increase) in Receivable from Exchange Transactions	20	(336,211)	7,828,293
Decrease/ (Increase) in Receivable from Non-Exchange Transactions	21	10,000,000	(10,000,000)
Increase / (Decrease) in Trade & Other Payables	24&25	(4,415,832)	(61,354,103)
Net cash flows from operating activities		1,391,344	71,421,108
Cash flows from investing activities			
Proceeds from sale of property, plant and Equipment			
Purchase of property, plant, equipment and intangible assets	22	(152,953,379)	(169,756,256)
Net cash flows used in investing activities		(152,953,379)	(169,756,256)
Cash flows from financing activities			
Repayment of borrowings	26	0	(5,581,862)
Net cash flows used in financing activities			(5,581,862)
Net increase/(decrease) in cash and cash equivalents		(151,562,035)	(103,917,010)
Cash and cash equivalents at 1 July	19	203,833,158	307,750,168
Cash and cash equivalents at 31 Dec	19	52,271,123	203,833,158

The Financial Statements set out on pages 1 to 5 were signed by:


Chairman of Council

Date 29/09/22


Finance Officer

Date 29/09/2022


Principal

Date 29/9/22


Sr. Accountant

ICPAK No 23207
Date

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XVII. STATEMENT OF COMPARISON OF BUDGET & ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2022

Recurrent Budget	Original Annual Budget ²	Adjustments ⁴	Final Annual budget ⁵	Actual Cumulative to Date ⁶	% of Utilization ⁷
	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	2021-2022 Kshs	
Revenue					
Transfers from other Govt entities Govt Capitation grants	268,440,000		268,440,000	233,190,000	87%
Government Recurrent Grant	50,000,000		50,000,000		0%
Government Grant (Special Purpose)				38,292,106	
Rendering of services- Fees from students	300,179,810		300,179,810	334,573,325	111%
Hire of Facilities and Equipment	2,300,000		2,300,000	3,855,114	168%
Other Income	40,724,010		40,724,010	35,117,645	86%
Total income	661,643,820	-	661,643,820	645,028,190	97%
Expenses					
Use of Goods and services	341,386,044		341,386,044	479,602,507	140%
Employees Costs	141,367,500		141,367,500	103,529,469	73%
Council Expenses	22,830,080		22,830,080	12,593,727	55%
Depreciation & Amortization Expenses	66,143,224		66,143,224	66,143,224	100%
Repair and Maintenance	31,970,987		31,970,987	29,666,776	93%
Project Cost	-		-	23,492,325	
Total expenditure	603,697,835	-	603,697,835	715,028,028	118%
Surplus for the period	57,945,985	-	57,945,985	-	69,999,838

(Budget notes)

1. Transfer from Other Government Entities – the Polytechnic did not receive capitation for the fourth quarter which had been budgeted for.
2. Hire of Facilities – As a result of renovating our conference hall, the demand for the facility has tremendously increased thus generating more income than was expected.
3. Other Income – the decrease was as a result of conversion of some residential houses to Institutional offices. Also pay as you eat system did not realise the expected revenue due to high cost of commodities.
4. Use of Goods and Services. The increase was as a result of high cost of training and other materials due to inflation.

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-
5. *Employees Cost. – Some of the Council Trainers were absorbed by the PSC contrary to what was projected. Again the polytechnic had not implemented the pension scheme which was budgeted for.*
 6. *Council Expenses – The Polytechnic Council have regularised the number of meetings.*

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XVIII. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Kabete National Polytechnic is established by and derives its authority and accountability from Section 81 of the Public Finance Management Act, 2012 and (section 14 of the State Corporations Act, and the Technical and Vocational Education and Training Act, 2013 Act. The

Polytechnic is wholly owned by the Government of Kenya and is domiciled in Kenya. The Polytechnic's principal activity is provision of quality education, training, research and innovation in partnerships with stakeholders globally

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 the *Polytechnic's* 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 Public Finance Management Act, 2012 the State Corporations Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). 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 Polytechnic 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.

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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

ii) Revenue from exchange transactions

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 2021/2022 was approved by the Council on 15th January, 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

The Polytechnic's 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

In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section *XI* of these financial statements.

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

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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. **As per the Polytechnic Policy, assets are not depreciated in the year of acquisition.**

The annual rates in use are:

Land	0%
Buildings	2.5%
Motor Vehicles	25%
Furniture & Fittings	12.5%
Computers & Printers	33.3%
Plant & Equipment	20%
Computer Software	25%
Intangible Assets	25%

d) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the Polytechnic. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Polytechnic also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance

of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Polytechnic will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Polytechnic. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

e) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated

impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite

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f) Research and development costs

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

- The technical feasibility of completing the asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset

- The ability to measure reliably the expenditure during development.

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

g) Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity

investments or available-for-sale financial assets, as appropriate. The Polytechnic determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method,

less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Polytechnic has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the

effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The losses arising from impairment are recognized in surplus or deficit.

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Impairment of financial assets

The Polytechnic assesses at each reporting date whether there is objective evidence that a financial asset or an Polytechnic of financial assets is impaired. A financial asset or a Polytechnic of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the

financial asset or the Polytechnic of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

effective interest method amortization process.

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

i) Inventories

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

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

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

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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

j) Provisions

Provisions are recognized when the Polytechnic has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities

The Polytechnic does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the

Contingent assets

The Polytechnic does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Polytechnic in the notes to the financial statements. Contingent assets are assessed continually to ensure

k) Changes in accounting policies and estimates

The Polytechnic recognizes the effects of changes in accounting policy retrospectively. The effects of changes in

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 Polytechnic.

Where the Polytechnic expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

possibility of an outflow of resources embodying economic benefits or service potential is remote.

that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

accounting policy are applied prospectively if retrospective application is impractical.

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l) Employee benefits

Retirement benefit plans

The Polytechnic provides gratuity for employees whereby upon retirement

they are paid one-month basic salary for every year served.

m) Related parties

The Polytechnic regards a related party as a person or an Polytechnic with the ability to exert control individually or jointly, or to exercise significant influence over the Polytechnic, or vice

versa. Members of key management are regarded as related parties and comprise the directors, the CEO/principal and senior managers.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various

commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

o) Comparative figures

Where necessary comparative figures for the previous financial year have been

amended or reconfigured to conform to the required changes in presentation.

p) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial

statements for the year ended June 30, 2022.

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4. Significant Judgments and Sources of Estimation Uncertainty

The preparation of the Polytechnic's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of

contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Polytechnic based its assumptions and estimates on parameters available when the

consolidated financial statements were prepared.

However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Polytechnic. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed
- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 18 (a).

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.

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Notes to the Financial Statements

5. (a) Transfers from National Government - Ministry of Education

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Unconditional Grant</i>	-	
<i>Government Capitation</i>	233,190,000.00	262,935,000.00
<i>Total Unconditional Grant</i>	233,190,000.00	262,935,000.00
<i>Conditional Grant</i>		
<i>M.o.E-Construction of Githunguri TVC</i>	14,146,053.00	13,466,667.00
<i>M.o.E-Construction of Ruiru TVC</i>	24,146,053.00	3,466,667.00
<i>M.o.E - Monitoring and Evaluation</i>		920,300.00
<i>Total Conditional Grant</i>	38,292,106.00	17,853,634.00
<i>Total government grants and subsidies</i>	271,482,106.00	280,788,634.00

This include money received as capitation and for the Construction of Githunguri and Ruiru TVC's

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5(b) Transfers from other Government Ministry – Ministry of Education

<i>Name of the Entity sending the grant</i>	Amount Recognized to Statement of Comprehensive Income	2021/2022	2021/2022	Amount Recognised in Capital Fund.	2021/2022	Total Grant Income during the Year	2021/2022	Amount Recognized to Statement of Comprehensive Income	2020/2021	Amount Recognised in Capital Fund.	2020/2021	Total Grant Income during the Year	2020/2021
	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
Ministry of Education Unconditional Grant													
<i>M.o.E - Capitation</i>	233,190,000		233,190,000			233,190,000		262,935,000				262,935,000	
Total Unconditional Grant	233,190,000	-	233,190,000			233,190,000		262,935,000				262,935,000	
Conditional Grant													
<i>M.o.E-Construction of Githunguri TVC</i>	14,146,053		14,146,053			14,146,053		13,466,667				13,466,667	
<i>M.o.E-Construction of Ruiru TVC</i>	24,146,053		24,146,053			24,146,053		3,466,667				3,466,667	
<i>M.o.E - Monitoring and Evaluation</i>								920,300				920,300	
Total Conditional Grant	38,292,106	-	38,292,106			38,292,106		17,853,634				17,853,634	
Total	271,482,106	-	271,482,106			271,482,106		280,788,634				280,788,634	

The above amount of Kshs 38,292,106 is a conditional grant for Githunguri and Ruiru projects being mentored by Kabete National Polytechnic

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6. Rendering of Services

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Tuition fees</i>	62,132,957	65,690,669
<i>Personal Emolument Fees</i>	38,470,504	59,394,513
<i>Boarding Equipment and Stores Fees</i>	4,905,894	5,476,191
<i>Local Transport and Travelling Fees</i>	14,874,493	12,305,217
<i>Electricity Water & Conservancy Fees</i>	13,240,058	14,813,259
<i>Repair Maintenance & Improvement Fees</i>	14,359,728	15,108,193
<i>Contingency Fees</i>	455,274	1,745,528
<i>Application Fees</i>	29,410	1,263,000
<i>Hostel Registration Fees</i>	523,840	5,422,980
<i>Book Fund Fees</i>	305,490	4,565,183
<i>Insurance Fees</i>	1,563,463	3,569,180
<i>Student Union Fees</i>	1,499,340	1,346,644
<i>Library Fees</i>	900,927	472,740
<i>Activity Fees</i>	4,373,479	2,338,858
<i>Medical Fees</i>	1,990,400	1,437,260
<i>Security Fees</i>	258,440	887,720
<i>Student ID Fees</i>	874,480	683,970
<i>Administration Fees</i>	33,619,386	8,636,028
<i>Attachment Fees</i>	2,466,765	2,692,380
<i>Pharmacy & Poisons Board Fees</i>	-	36,600
<i>Internet Fees</i>	3,065,612	2,999,548
<i>Examination Fees</i>	29,002,883	36,589,035
<i>Examination Materials Fees</i>	1,773,470	1,013,710
<i>Helb Student Bursary</i>	64,730,123	
<i>CDF - Constituency Development Fund</i>	33,309,137	
<i>Hire of Studio</i>	400,250	311,410
<i>KUCCPS Registration</i>	2,012,100	
<i>Contracted Services</i>	2,852,150	-
<i>KMLTTB</i>	89,750	936,800
<i>Project Fees</i>	-	73,500
<i>Decrease in Provision for Bad Debts</i>	493,523	
Total revenue from the rendering of services	334,573,325	249,810,116

This is revenue from exchange Transaction which is basically school fees charged to students

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7. Hire of Facilities and Equipment

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Hire of Facilities and Equipment</i>	3,785,114	168,500
<i>Operating lease Revenue - KPLC</i>	70,000	70,000
Total	3,855,114	238,500

This is revenue generation as a result of hiring Polytechnic Facilities such as conference rooms, hall and fields. For the lease, the polytechnic entered into a lease

agreement with Kenya power and Lighting Company where by the lease per year is kshs 70,000

8. Income Generating Activities

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Tuition Equipment & Stores Fees - Part-Time Students</i>		1,212,820
<i>Catering Income</i>		30,000
<i>Examination Centre Fees</i>		323,110
<i>Fabrication of Shelves</i>		
Total	-	1,565,930

As per the new reporting template this income was reclassified to other income

9. Catering Services (Pay -As-You-Eat)

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Breakfast</i>		1,033,004
<i>Lunch</i>		1,595,506
<i>Supper</i>		1,523,359
Total	-	4,151,869

As per the new reporting template this income was reclassified to other income

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10. Other Income

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Income Generating Activities</i>	10,930,620	
<i>Catering Services (Pay-As-You-Eat)</i>	13,460,129	
<i>House Rent for the year-Trainers</i>	1,218,400	1,267,476
<i>House Rent for the year- Non-Trainers</i>	566,626	483,300
<i>Income from sale of tender</i>	157,500	3,000
<i>Graduation Fees</i>	479,960	
<i>Disposal of Idle Assets</i>	101,520	
<i>Sale of T-Shirts</i>	180,370	
<i>Survey and Titling</i>	8,022,520	
<i>Penalties</i>	-	2,300
Total other income	35,117,645	1,756,076

Survey and titling: this is the amount of money received from various TVET institutions with high risk of grabbing and encroachment, upon request by the PS

Ministry of education for facilitating ministry of Lands and Education officials in carrying out establishment of beacons and titling of lands.

11. Use of Goods and Services

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Training Equipment & Stores</i>	22,817,514	23,411,510
<i>Boarding Equipment & Stores</i>	7,555,112	4,375,196
<i>Transport & Travelling</i>	8,901,906	4,245,292
<i>Electricity</i>	11,712,655	7,775,669
<i>Security</i>	11,273,750	10,719,000
<i>Professional services</i>	8,279,480	4,140,199
<i>Subscriptions</i>	1,096,110	430,620
<i>Administration costs</i>	67,384,630	37,420,594
<i>Examination Costs</i>	99,332,356	63,446,276
<i>Fees Refund</i>	5,586,060	2,675,502
<i>Library</i>	2,201,350	361,200
<i>Staff Costs</i>	65,158,910	28,315,336
<i>Students Expenses</i>	45,650,136	19,534,693
<i>Income Generation Activities Expenses</i>	6,895,747	8,063,586
<i>Catering Expenses</i>	16,489,659	8,769,825
<i>Hire of Facilities</i>	1,227,873	-
<i>CDF Bursary</i>	33,309,137	-
<i>HELB Bursary</i>	64,730,123	-
Total Good and Services	479,602,507	223,684,498

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This refers to what the polytechnic is spending money on. Administration cost went high as a result of staff training and development cost as a way of capacity building.

Generally the cost of use of good and services went higher as compared to the previous year since operations had gone back to normal after the Covid-19 pandemic

12. Employee Costs

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Salaries and Wages</i>	74,882,604	63,506,821
<i>Travelling Allowance</i>	4,714,000	5,821,000
<i>Housing benefits and allowances</i>	18,636,750	20,438,250
<i>Medial Allowance</i>	965,450	1,162,095
<i>Employers NSSF Contribution</i>	432,600	453,800
<i>Leave Allowance</i>	514,000	552,000
<i>Gratuity</i>	3,384,065	3,910,166
<i>Employee costs</i>	103,529,469	95,844,132

The average number of employees during the period was 226 (2020/2021- 274). Staff gratuity is payable after successful completion of contract. Also, in 2020-2021 financials years, council trainers

were engaged on part time basis and therefore during the Covid-19 pandemic they were not paid as opposed to the current situation whereby they are engaged on contact basis

13. Council Expenses

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Chairman's Honoraria</i>	1,045,716	1,019,573
<i>Sitting Allowances</i>	10,606,098	10,114,663
<i>Insurance Cover</i>	441,913	236,005
<i>Airtime</i>	420,000	420,000
<i>Training</i>	80,000	
<i>Total director emoluments</i>	12,593,727	11,790,241

The Council expenses were higher during the period under review as compared to the same period of the previous year since

most of the meetings in the previous period were conducted virtually as opposed to physical

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14. Depreciation and Amortization expense

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Property, plant and equipment</i>	59,479,024	46,059,630
<i>Intangible assets</i>	6,664,200	6,664,200
Total Depreciation and Amortization	66,143,224	52,723,830

15. Repairs and Maintenance

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Repair and Cleaning of Septic Tanks</i>	9,000	320,000
<i>Repair of Equipment & Machineries</i>	487,871	1,105,798
<i>Repair of Furniture</i>	88,400	671,405
<i>Repair & Maintenance of Buildings</i>	18,722,670	35,947,653
<i>Maintenance of Ground</i>	9,075,812	750,468
<i>Rewiring of Buildings</i>	-	2,420,124
<i>Covid 19 Pandemic</i>	-	4,110,992
<i>Repair of Perimeter Wall</i>	-	33,600
<i>Plumbing Works</i>	1,028,635	
<i>Repair of Main Gate</i>	254,388	
Total repairs and maintenance	29,666,776	45,360,040

As compared to the previous year, the cost of repairs went down as a result of stringent measures put in

place to curb virilising of polytechnic facilities

16. Contracted Services

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Asset Valuation Expenses</i>		11,403,521
Total Contracted Services	-	11,403,521

17. Finance Costs

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Interest on Loan - NCBA Bank</i>		368,276
Total Finance Costs	-	368,276

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This costs relate to interest expense on acquisition of Polytechnic bus.

18. Project Expenses

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Githunguri T.V.C</i>	9,408,091	12,460,899
<i>Ruiru T.V.C</i>	14,084,234	2,452,600
Total Project Costs	23,492,325	14,913,499

This relates to the cost incurred for construction of Githunguri and

Ruiru Technical and Vocational Colleges

19. Cash and Cash Equivalents

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Current account</i>	52,271,124	203,833,158
Total cash and cash equivalents	52,271,124	203,833,158

19 (b). Detailed Analysis of Cash and Cash equivalents

<i>Financial institution</i>	2021-2022	2020-2021
	KShs	KShs
a) Current account		
<i>Cash In Hand</i>	56,090	92,440
<i>Standard Chartered - Main A/c</i>	10,388,571	136,725,929
<i>Standard Chartered -IGA A/c</i>	4,154,207	6,903,633
<i>Co-op - Fees Collection A/c</i>	6,342,918	26,717,015
<i>Co-op - Examination A/c No.</i>	1,013,904	10,362,514
<i>Co-op - G.o.K Development A/c</i>	18,596,634	3,034,175
<i>Co-op - Internal Dev. A/c</i>	5,880,617	17,828,858
<i>Equity Bank - PAYE A/c No.</i>	4,275,439	605,850
<i>NCBA Gratuity A/c No.</i>	1,562,743	1,562,743
Total Cash and Cash Equivalent	52,271,124	203,833,158

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20. Receivables from Exchange transactions

(a) Current Receivables from Exchange transactions

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Current receivables</i>		
<i>Student debtors</i>	63,438,759	74,293,395
<i>Rent debtors</i>	7,819,147	7,936,797
<i>KPLC Lease</i>	420,000	350,000
<i>Advance payments-Salary</i>	300,153	143,153
<i>Teachers Service Commission</i>	9,390,600	
<i>Avic International</i>	500,000	
<i>Post Training</i>	350,088	
<i>Forum for International Corporation(FIC)</i>	347,286	
<i>Less Provision for Bad & Doubtful Debts</i>	(3,642,645)	(4,136,167)
<i>Total Receivables From Exchange Transaction</i>	78,923,388	78,587,178

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts. The

Polytechnic has significant concentration of credit risk on amounts due from Trainees fees arrears.

The Council sets the Polytechnic credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated

21. Receivables from Non-Exchange transactions

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Bal b/f M.o.E - Githunguri TVC</i>		10,000,000
<i>Total Receivable from Non-Exchange Transactions</i>	-	10,000,000

This was the amount that the Ministry owed Kabete national Polytechnic for the Construction of Githunguri TVC but it was received during the year under review

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22. Property, Plant and Equipment

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and Equipment	Capital Works-in-Progress	Total
	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
<i>Cost</i>								
<i>As at 1st July 2021</i>	3,250,000,000	562,907,704	15,425,888	32,049,433	54,772,714	90,140,242	225,650,662	4,230,946,643
<i>Additions During the Period</i>		132,038,415	9,922,940	2,044,500	4,216,428	180,300	4,550,796	152,953,379
<i>Disposals During the Period</i>								-
<i>Transfer/adjustments During the Period</i>		225,650,662					(225,650,662)	-
<i>As at 30th June 2022</i>	3,250,000,000	920,596,781	25,348,828	34,093,933	58,989,142	90,320,542	4,550,796	4,383,900,022
<i>Depreciation and impairment</i>								
<i>As at 1st July 2021</i>	-	13,791,674	5,141,963	4,492,481	9,826,754	12,865,126	-	46,117,998
<i>Depreciation for the Period</i>		14,072,693	5,141,963	4,000,010	18,236,311	18,028,048		59,479,025
<i>Impairment For the Period</i>								
<i>As at 30th June 2022</i>	-	27,864,367	10,283,925	8,492,492	28,063,065	30,893,174	-	105,597,023
<i>Net book values</i>								
<i>As at 30th June 2022</i>	3,250,000,000	906,524,088	20,206,865	30,093,923	40,752,832	72,292,494	4,550,796	4,324,420,997
<i>As at 30th June 2021</i>	3,250,000,000	562,907,704	15,425,888	32,049,433	54,772,714	90,140,242	225,650,662	4,230,946,643

Buildings were revalued in March, 2020 by Pinnacle Valuers Limited. Valuations are made on the basis of the recent market transactions on arm's length terms (i.e. open market value). The book values of the properties were adjusted to the revaluations and the resultant and is shown in the revaluation reserve in accumulated fund.

Work in progress relates to the development projects that were still going on at the end of the financial year. During the year under review, Work-In-Progress amounting to Kshs 225,650,662 was capitalised since the projects were completed.

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Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020). These amounts were adopted in the financial statements on 30th June, 2020

19 (b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
<i>Buildings</i>	346,249,014		346,249,014
<i>Plant and machinery</i>	3,968,128		3,968,128
<i>Motor vehicles, including motorcycles</i>	21,630,155		21,630,155
<i>Computers and related equipment</i>	20,814,156		20,814,156
<i>Office equipment, furniture, and fittings</i>	15,103,942		15,103,942
Total	407,765,395	-	407,765,395

23. Intangible Assets

Computer Software

	Cost	2021-2022	2020-2021
	Kshs	Kshs	Kshs
<i>At the Beginning of the Year</i>	19,992,600		26,656,800
<i>Additions During the Period</i>			
<i>Disposals During the Period</i>			
<i>Transfer/adjustments During the Period</i>			
At the End of the Year	19,992,600		26,656,800
Depreciation and impairment			
<i>At the Beginning of the Year</i>	6,664,200		
<i>Depreciation for the Period</i>	6,664,200		6,664,200
<i>Impairment For the Period</i>			
At the End of the Year	13,328,400		6,664,200
Net book values			
At the End of the Year	13,328,400		19,992,600

This includes Management information system and computer softwares

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24. Trade and Other Payables from Exchange transactions

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Trade payables</i>	58,433,571	51,844,863
<i>Total trade and other payables</i>	58,433,571	51,844,863

This is the amount owed to the supplies of goods and services. Aging analysis has been given on page 27

25. Refundable Deposits from Customers

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Consumer deposits-Prepaid fees</i>	311,150	311,150
<i>Student Caution Money</i>	34,462,743	34,130,050
<i>Helb Student Loan</i>	16,917,626	27,712,119
<i>Helb Student Bursary</i>	1,068,350	2,974,720
<i>CDF - Constituency Development Fund</i>	2,741,421	1,209,790
<i>Equity Foundation</i>	35,500	35,500
<i>TVET Scholarship</i>	665,000	665,000
<i>Lappset</i>	2,370	170,370
<i>Total deposits</i>	56,204,160	67,208,699

Refundable deposits reduced during the year under review as a result of issuance of the respective funds to the bonafide trainees.

26. Borrowings

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Balance at beginning of the period</i>		5,581,862
<i>Repayments</i>		(5,581,862)
<i>Balance at end of the period</i>	-	-

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27. Revaluation Reserve

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Land</i>	3,250,000,000	3,250,000,000
<i>Building and Infrastructure</i>	394,154,341	394,154,341
<i>Motor Vehicle</i>	(1,062,305)	(1,062,305)
<i>Furniture and Fittings</i>	34,998,113	34,998,113
<i>Computers</i>	29,482,690	29,482,690
<i>Plant and Equipment</i>	87,737,945	87,737,945
Total revaluation Reserve	3,795,310,784	3,795,310,784

28. Retained Earnings

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Balance b/f</i>	594,272,619	512,049,531
<i>Surplus/(Deficit) for the year</i>	(68,714,347)	82,223,088
Total Accumulated Surplus (Deficit)	525,558,272	594,272,619

29. Capital Fund

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Balance b/f</i>	34,722,613	34,722,613
Total Capital Fund	34,722,613	34,722,613

30. Cash generated from operations

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Surplus for the year before tax</i>	(69,999,838)	82,223,088
<i>Adjusted for:</i>		
<i>Depreciation</i>	66,143,224	52,723,830
Working Capital adjustments	(3,856,614)	134,946,918
<i>Decrease/(Increase) in receivables from Exchange Transactions</i>	(336,211)	7,828,293
<i>Decrease/(Increase) in receivables from Non-Exchange Transactions</i>	10,000,000	(10,000,000)
<i>Increase/(Decrease) in payables</i>	(4,415,832)	(61,354,103)
Net cash flow from operating activities	1,391,344	71,421,108

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31. Financial Risk Management

The Polytechnic's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The Polytechnic's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to

minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The Polytechnic does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The Polytechnic's financial risk management objectives and policies are detailed below:

(i) Credit risk

The Polytechnic has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the Polytechnic's management based on prior experience and their assessment of the current economic environment.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors.

The carrying amount of financial assets recorded in the financial statements representing the Polytechnic's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

<i>Description</i>	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<i>At 30 June, 2021</i>				
<i>Receivables from exchange transactions</i>	78,587,178	78,587,178	-	-
<i>Receivables from Non-Exchange Transactions</i>	10,000,000	10,000,000	-	-
<i>Bank balances</i>	203,833,158	203,833,158	-	-
Total	292,420,336	292,420,336	-	-
<i>At 30 June, 2022</i>				
<i>Receivables from exchange transactions</i>	78,923,388	78,923,388	-	-
<i>Receivables from Non-Exchange Transactions</i>	-	-	-	-
<i>Bank balances</i>	52,271,124	52,271,124	-	-
Total	131,194,512	131,194,512	-	-

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32. Financial Risk Management

(i) Credit risk

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the Polytechnic has recognised in the financial statements

is considered adequate to cover any potentially irrecoverable amounts.

The Polytechnic has significant concentration of credit risk on amounts due from late disbursement of capitation money which is always budgeted for.

The Council sets the Polytechnic's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Polytechnic's directors, who have built an appropriate liquidity risk management framework for the management of the Polytechnic's short, medium and long-term funding and liquidity management requirements. The Polytechnic manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the Polytechnic under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

<i>Description</i>	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<i>At 30 June, 2021</i>				
<i>Trade payables</i>	38,523,688	3,690,466	9,630,709	51,844,863
Total	38,523,688	3,690,466	9,630,709	51,844,863
<i>At 30 June, 2022</i>				
<i>Trade payables</i>	9,956,961	13,368,962	35,107,648	58,433,571
Total	9,956,961	13,368,962	35,107,648	58,433,571

Out of Kshs 35,107,648 for payables over 5 months is Kshs 23,960,778.20 being retention monies for ongoing projects.

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(iii) Capital Risk Management

The objective of the Polytechnic's capital risk management is to safeguard the Polytechnic's ability to continue as a

going concern. The Polytechnic capital structure comprises of the following funds:

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Revaluation Reserve</i>	3,795,310,784	3,795,310,784
<i>Retained earnings</i>	524,272,781	594,272,619
<i>Capital reserve</i>	34,722,613	34,722,613
Total funds	4,354,306,178	4,424,306,016
<i>Total borrowings</i>	-	-
<i>Less: cash and bank balances</i>	(52,271,124)	(203,833,158)
Net debt/(excess cash and cash equivalents)	(52,271,124)	(203,833,158)
Gearing	0.00%	0.00%

Related Party Balances

Nature of related party relationships

Entities and other parties related to the Polytechnic include those parties who have ability to exercise control or exercise significant influence over its operating

and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the Kabete National Polytechnic, holding 100% of the its equity interest. The Government of Kenya has

provided full guarantees to all long-term lenders of the Polytechnic, both domestic and external. Other related parties include:

- i) The National Government;
- ii) Key management;
- iii) Council;

The transactions and balances with related parties during the year are as follows:

i. Government of Kenya

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Grants from National Govt</i>	271,482,106	270,788,634
Total	271,482,106	270,788,634

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ii. Polytechnic Council

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Council Expenses</i>	12,593,727	11,790,241
Total	12,593,727	11,790,241

iii. Polytechnic Top Management.

The top management officers who are employed by the Polytechnic Council are three

<i>Description</i>	2021-2022	2020-2021
	KShs	KShs
<i>Top Management</i>	5,330,040	5,330,040
Total	5,330,040	5,330,040

33. Events After the Reporting Period

There were no material adjusting and non- adjusting events after the reporting period.

34. Ultimate and Holding Polytechnic

The Polytechnic is a Semi- Autonomous Government Agency under the Ministry of education. Its ultimate parent is the Government of Kenya.

35. Currency

The financial statements are presented in Kenya Shillings (Kshs).

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XIX. APPENDICES

Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	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)
1.0	<p>Misstatement of Trade and Other Payables The statement of financial position and as disclosed in Note 24 to the financial statements reflects trade and other payables amounting to Kshs. 51,344,863. However, review of records revealed that the Institution owes Kenya Universities and Colleges Central Placement Services (KUCCPS) Kshs.7,170,000 which has not been included in the reported trade and other payables amounts.</p> <p>In the circumstances, the trade and other payables balance of Kshs.51,344,863 is understated by Kshs.7,170,000.</p>	<p>KUCCPS started placing student in TVET Instruction in 2014. However, once placement is done not all students placed report to the respective Institutions.</p> <p>The Polytechnic does not have any record on the balance reported of Kshs 7,170,000 as the details of the students have not been availed to us for reconciliation.</p> <p>We have written to KCCPUS requesting them to furnished us with students' details to enable us to reconcile with our records of students. It should be appreciated that KUCCPS will invoice based on the number of students placed and not on students who actually report and get admitted to learning Institutions. Thus the need for reconciliation between the two institutions</p>	Okumu JW Odhiambo-Principal	Issue not Resolved	Next twelve months

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<p>2.0</p>	<p>Lack of Land Ownership Document The statement of financial position and as disclosed in Note 22 to the financial statements reflects property, plant and equipment balance of Kshs.4,230,888,275. As reported in the previous financial year, a review of the Board minutes and the Polytechnic land file revealed that the Polytechnic was allocated land under Grant No I.R. 23463 for a period of 99 years from 1 January, 1967 registered in the name of Board of Governors of Kabete Technical School measuring 52.6 acres. Further, review of Board minutes and land file correspondence file revealed a long running dispute between the Polytechnic and local Church which claims ownership of five (5) acres of the land. The dispute is subject to three court cases which have not been concluded.</p>	<p>There has been a land dispute dating many years back and the case is in court and not yet concluded. The Ministry of Lands and Physical Planning and Ministry of Education carried out an exercise for establishing beacons and titling of Lands that Public TVET Institution Occupies. Detailed Report is available with the Permanent Secretary Ministry of Education State Department of TVET</p>	<p>Polytechnic Council</p>	<p>Partially Resolved</p>	<p>Next twelve months</p>
<p>In addition, the National Lands Commission investigated the matter and concluded that the Church has no legal claim on the land and that the title held by the Church was obtained fraudulently. The Polytechnic Council and Management have not demonstrated action taken to secure the land and ensure that it is registered in the name of the Polytechnic as required by Section 3(2)(b) of the Kabete National Polytechnic Order 2016.</p> <p>In the circumstances, the ownership of the Polytechnic land could not be confirmed.</p>					

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<p>3.0</p>	<p>Receivables from Exchange Transactions - Rent and Student Debtors</p> <p>The statements of financial position and as disclosed in Note 20 to the financial statements reflects receivables from exchange transactions balance of Kshs. 78,587,178 which includes rent debtors amounting to Kshs. 7,936,797. Review of the aging analysis of the rent records revealed that an amount of Kshs. 6,902,797 had been outstanding for over one year with some rent debtors dating back to the year 2007. Further, included in the rent debtors are amounts of Kshs. 1,034,000 in respect of a deceased staff and Kshs. 4,893,311 in respect of staff who either retired or moved out of the staff houses. Management did not provide explanations why the amounts due had not been recovered from the affected staff or written off from the books of account.</p> <p>In addition, included in the receivable's balance is Kshs. 350,000 and Kshs. 74,293,395 relating to rent receivable from Kenya Power & Lighting Company and student debtors respectively. Management has not explained measures taken to recover the debts.</p> <p>In the circumstances, the recoverability of these outstanding debtors is doubtful and the receivables balances may be impaired.</p>	<p>Previously, the Trainers were under the Teachers Service Commission. Despite several request by the Management of Kabete National Polytechnic to TSC to help recover rent on our behalf, this did not bear any fruits. Currently, all trainers were taken over by the Public Service Commission. The management have written to the Human Resource Director, Ministry of Education-State Department of Vocational and Technical Training.</p> <p>Deductions were made but the Directorate is yet to remit the money so that we can offset with the outstanding balances of the respective trainers. The management also wrote to the Directorate to remit the money recovered from trainer's salaries (</p> <p>As for the deceased (unrecoverable), the Polytechnic Management and the Council are seeking authority to write then off as bad debt</p>	<p>Okumu JW Odhiambo-Principal</p>	<p>Issue partially Resolved</p>	<p>Next twelve months</p>
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Okumu JW Odhiambo
PRINCIPAL

29/9/2022
DATE

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Appendix II: Reporting of Climate Relevant Expenditures

Name of the Organization: Kabete National Polytechnic
 Telephone Number: 0790 000 001, 0790 000 022
 Email Address: info@kabetepoly.ac.ke
 Name of CEO/MD/Head: Okumu JW Odhiambo

Name and contact details of contact person (in case of any clarifications) MIM Ndung'u - 0728 223 618

Project Name	Project Description	Project Objectives	Project Activities	Reporting Quarters				Source of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
1. Tree planting	Planting 300 indigenous trees at Githunguri TVC	To assist the surrounding community to improve the environmental conservation	Using seedlings from SNP tree nursery to donate to the neighbouring mission hospital					Internal funds	<ul style="list-style-type: none"> Equity Bank
2. Student Centre	Fixing 30 benches and beautification	To create a conducive environment for student use during free time	Land scaping and fixing of benches and shades to be used by students during their free time					Internal funds	Internal

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Appendix III: Disaster Expenditure Reporting Template

Year: 2021/2022 Financial Year						
Name of Institution: KABETE NATIONAL POLYTECHNIC						
Name of reporting officer: Okumu JW Odhiambo						
Contact details of the reporting officer:						
Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme.	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Kshs.)	Comments
Health care	Diseases surveillance. Provision for PPE's for staff	Natural epidemics Natural epidemics	Provision of healthcare and awareness to both staff and students Provision of personal protective equipment's e.g gloves, masks, goggle and safety boots.	Medical Expenses Staff Cost	3,514,252 640,000	In progress In progress
Environmental	Environmental degradation.	Climatological	Training of staff on effects of Environmental degradation	Staff Cost	422,400	Good progress
Safety	Emergency First Aid supplies.	Geophysical/ Fires.	Provision of fire extinguishers Provision of flood lights and extra batteries	Administration Cost	150,000	Good progress