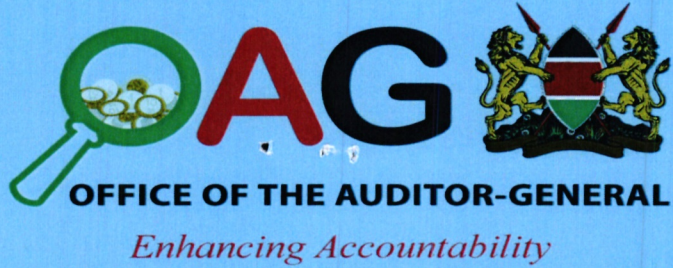



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 THE NATIONAL ASSEMBLY <b>REPORT</b>	
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**THE AUDITOR-GENERAL**

**ON**

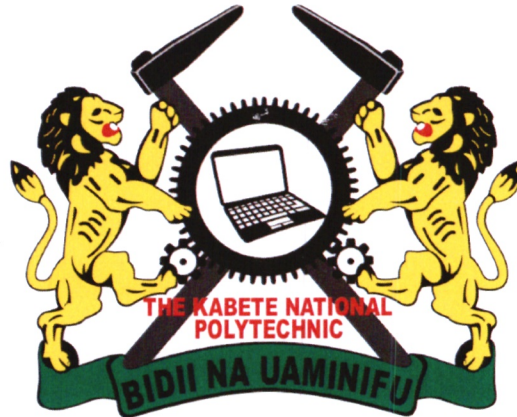
**KABETE NATIONAL POLYTECHNIC**

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



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# KABETE NATIONAL POLYTECHNIC

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## Annual Report and Financial Statements

For the year Ended  
30 June 2020

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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**  
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**I. KEY ENTITY 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 2<sup>nd</sup> World War soldiers (1939 - 1945). After the 2<sup>nd</sup> 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 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 year 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 on August 2016, issued a legal notice No. 92 known as Kabete National Polytechnic Order, 2016. This gave rise to a new legal entity known as The Kabete 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.
- (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

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

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**Strategic Objective**

- i. Enhance access and equity
- ii. Improve institutional corporate governance
- iii. Promote effective application of ICT
- iv. Promote use of modern equipment and technology
- v. Institutionalize effective research and development
- vi. Diversify sources of funding and increase funding
- vii. Harness human resources
- viii. Improve and sustain relevant skills
- ix. Strengthen the existing communication system
- x. Enhance collaboration and linkages
- xi. Enhance competitiveness
- xii. Develop a framework for physical facilities, construct new building and acquire new facilities

**Vision**

A model Polytechnic in technical and vocational, education and training (TVET), research and innovation globally.

**Mission**

To provide quality education, training, research and innovation in partnership with stakeholders globally.

**(c) Key Management**

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

**(a)** Polytechnic Management Board.

**(b)** The Principal who is the Accounting Officer.

**(d) Fiduciary Management**

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

Name of the Staff	Responsibility
Mr. Charles N. Akach	Principal - Chairman
Ms. Florence W. Wakaba	Deputy Principal - Adminis

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Mr. Joseph T. Kobia	Deputy Principal - Academics, Quality Assurance and students affairs.
Mr. Nickson Otara Oreti	Registrar.
Mr. Fred Njoroge Ngina	Dean of Students
Mr. Moses M. Ndung'u	Finance Officer.
Mrs Joan Adoyo	Procurement Officer.
Mrs. Caroline Wamaitha Kimani	Human Resource Officer.

**e) Fiduciary Oversight Arrangements**

The Key fiduciary oversight arrangements exists between the Polytechnic and the organs listed below:

1. Audit and Risk Management of the Polytechnic Council which;
  - i. Coordinate matters and review of the performance management tools. (Performance contracts, ISO procedures.)
  - ii. Audit Polytechnic's processes including ISO, PC and other management processes.
  - iii. Prepare audit reports quarterly and report to the full Council.
  - iv. Advice the Council on audit reports both internal and external.
2. Public Procurement Oversight Authority (PPOA)
3. Office of the Auditor-General
4. Ethic & Anti-Corruption Commission (EACC)

**Principal Place of Business**

Kabete National Polytechnic

Nginyaki Way

29010 - 00625

ts

713338683

kabete@gmail.com/kabete.financedpt@gmail.com

kenationalpolytechnic.ac.ke

[kenationalpolytechnic.ac.ke](http://kenationalpolytechnic.ac.ke)

**THE NATIONAL POLYTECHNIC  
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**Bankers**

**a) Entity**

- 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 the Auditor General  
Anniversary Towers,  
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.

**NIC COUNCIL**

**Prof. Elijah I. Omwenga - Chairperson**

Professor Elijah I. Omwenga was appointed the Chairperson of the Kabete National Polytechnic Council on 2<sup>nd</sup> 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. Elijah 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

**Mr. Okumu John Wycliffe Odhiambo**

Mr. Okumu is the Current Principal. He joined Kabete National Polytechnic in September 2020. He has over 29 years of teaching experience in which he has taught Technical Education in Engineering Drawing and Metal/Mechanical Technology besides serving in various administrative positions in public institutions. He has attended and trained in several Executive Management and Corporate Governance programs. He represents National Polytechnics in the TVET Curriculum Development, Assessment and Certification Council (TCDACC). He is a full member of the Institution of Engineering of Technologists and Technicians of Kenya (MIET)

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**Dr. Kenneth L. Chelule**

Dr. Chelule was appointed a member of the Kabete National Polytechnic Council on 2<sup>nd</sup> 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 MSc and PhD 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. Kenneth 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).



**Eng. Sarah W. Ngure**

Eng. Sarah was appointed a member of the Kabete National Polytechnic Council on 2<sup>nd</sup> October, 2019.

She is a lecturer at the Technical University of Kenya school of Mechanical and Manufacturing Engineering (TUK). She is a Member of Institution of Engineers of Kenya (M.I.E.K), a member of Kenya Renewable Energy Association of Kenya (KEREKA), A trainer with GIZ.

She holds MSc in Mechanical Engineering, BSc in Mechanical Engineering from JKUAT.



**Mr. Robert Murithi**

Mr. Murithi was appointed a member of the Kabete National Polytechnic Council on 2<sup>nd</sup> 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.

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**Mr. Henry H. Duba**

Mr. Duba was appointed a member of the Kabete National Polytechnic Council on 2<sup>nd</sup> 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 ACIDI/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, 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. Henry 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**

Mrs Purity was appointed a member of the Kabete National Polytechnic Council on 2<sup>nd</sup> October, 2019

She is currently working with the Kajiado Public Service Board as a Vice Chairperson. (Part time basis. She possesses a Bachelor of Science degree (Chemistry and Zoology) from Agra University in India –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.

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**Ms Phyllis E. Namachanja**

Ms Namachanja was appointed a member of the Kabete National Polytechnic Council on 2<sup>nd</sup> October, 2019

Phyllis Wangwe 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) - MSc. Management in Organizational Development and Project Management from Kenya Institute of Management.

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).



**Maryan Abdi Hassan.**

Maryan is fully qualified, experienced and dynamic professional with 18 years teaching experience, 11 years' managerial responsibilities, 1 ½ years humanitarian and relief work experience.

She has a Masters Degree in Education Planning & Administration from Catholic university of East Africa, a Bachelor of Education in Science from Kenyatta University and a Diploma in Education Management from Kenya Education Management Institute. She is the current County Director TVET.

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**III. MANAGEMENT TEAM**



**Mr. Charles N. Akach –Former Principal**

Mr. Charles Akach has been a Principal since 2005. He was posted to Kabete National Polytechnic in September, 2016 and exited in September 2020. He holds a Bachelor of Commerce Degree (Accounting Option), Post Graduate Diploma in Education Economics, Masters Degree in Educational Administration and Management.

He is a Kenya Association of Technical Training Institutions (KATTI) Trustee, he is also a Board Member of Association of Technical University & Polytechnic in Africa, formally CAPA in charge of resource mobilisation. He has since been transferred to Friends College Kaimosi as Principal.



**Ms. Florence W. Wakaba**

Ms Wakaba is currently serving as the Deputy Principal In-Charge of Administration & Finance. She is a graduate of JKUAT. She hold a Bachelor's Degree in Purchasing and Supplies Management and is currently completing her thesis in Msc Procurement and Logistics (JKUAT). She has a diploma in Technical Education from Kenya Technical Trainers College (KTTC).

She was a Deputy Dean of Students

She has undertaken Senior Management Course (SMC) and Strategic Leadership Development Programme (SLDP) from the Kenya School of Government. She has now been transferred and appointed as the Principal Kinangop Training and Vocational College.



**Mr. Joseph Kobia Thaimuta**

Mr. Kobia is the current Deputy Principal in charge of academics. He holds a Bachelors of Education –Chemistry and Mathematics. He was former deputy Dean of Students.

He is Pursuing MSC (Chemistry) & M.ed Educational Administration and Planning

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

He was a deputy Head Teacher (High School).

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**Mr. Nickson Otara Oreti**

He is the current Registrar of the Polytechnic. He holds a Bachelor's Degree in Commerce and M. Com- Banking & Business Economics.

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

He was former Deputy Dean of Students. He also holds a PDGE Economics and Business Studies.



**Mr. Moses Mwangi Ndung'u**

Mr. Mwangi is the current Finance Officer. 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 pursuing 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.

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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 2020. 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 we are also high levels of expectations from the student 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 students qualifying to join University, National Polytechnics and Technical & Vocational Colleges increasing significantly over the years and 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 take 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 2018-2023 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 student and staff numbers.

I am therefore pleased to report that in the 2019/2020 financial year a number of projects were initiated and are ongoing.

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The Polytechnic's annual financial position as at June 30, 2020, improved with an increase in net position of Kshs 4.0 billion as a result of assets valuation.

During the year under review, the Polytechnic reported a decrease of 17.2% or Kshs 45.3 million in surplus from Kshs 262.8 million in the year 2018/2019 to Kshs 217.5 million in the year 2019/2020. The decrease is as a results of effects of Covid-19 pandemic.

The Polytechnic cash and cash equivalent increased by Kshs 251.1 million from Kshs 56.6 million to Kshs 307.8 million in year 2018/2019 and 2019/2020 respectively. This was as a result of payment of capitation money by the Government and National Youth Service.

**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 Students 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 year.

  
Prof. Elijah I. Omwenga, FICTAC

**CHAIRMAN OF COUNCIL**

30th Sept 2020

**DATE**

**KABETE NATIONAL POLYTECHNIC**  
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**V. REPORT OF THE PRINCIPAL**

I am pleased to present my report for the 2019/2020 financial year which ended on 30 June 2020. Indeed in the last three years, the higher education sector witnessed a rapidly changing operating environment characterized by stiff competition, changing customer demands, Covid-19 Pandemic and declining resource allocations 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 in the last quarter of the year. By 30 June 2020, the student enrolment stood at 11,733 (Table 1) as compared to 13,575 students in the previous year. This figure comprises of Diploma, Certificate and Artisan students. The student population is projected to continue growing due to marketing strategies in place.

*Table 1: Students Enrolment per Department.*

S/no	Department	Artisan	Certificate	Diploma	Total
1.	Electrical And Electronic Engineering	247	532	744	1523
2.	Mechanical Engineering		627	655	1282
3.	Building & Civil Engineering	34	881	1760	2675
4.	Applied Science		460	958	1418
5.	Computer Studies		421	791	1212
6.	Business Studies		622	1571	2193
7.	Liberal Studies	35	160	175	370
8.	Hospitality	83	687	193	963
9.	Health Science			39	39
10	Journalism and Media Studies			58	58
	<b>TOTAL</b>	<b>399</b>	<b>4390</b>	<b>6944</b>	<b>11,733</b>

**Collaborations and MOU's**

During 2019/2020 financial year, one (1) collaboration /MOU was drafted with PCEA Kikuyu Hospital. The MOUs is mainly aimed at enhancing teaching and learning process to Medical Laboratory Technology students, Pharmaceutical Technology and Medical Engineering students in real life scenario.

In addition, it will also enable the students to acquire knowledge in relation to current and offer them an opportunity for industrial attachment and internship.

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**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 486,051,303 for recurrent expenditure purposes. In addition, the Polytechnic generated a sum of Kshs 14,030,914 from Income Generating Activities (IGA's), Catering and other Incomes. The Polytechnic also received Kshs 200,640,000 from the Ministry of Education being the capitation and Kshs 3,010,387.50 for development for the financial year 2018/2019. In addition, the Polytechnic received Kshs 40,000,000 being arrears for financial year 2018/2019 for construction of Githunguri and Ruiru Technical and Vocational Colleges.

During the year under review, the Polytechnic carried out asset valuation which resulted in increase in financial position by Kshs 4 billion from Kshs 329.2 million in 2018/2019 to Kshs 4.3 billion in 2019/2020.

The Polytechnic recorded a decrease of Kshs 45.3 million in surplus from Kshs 262.8 million to Kshs 217.5 million in year 2018/2019 and 2019/2020 respectively. This was a result of Covid-19 pandemic whereby students were sent home from March 2020.

However, at the end of the financial year the Polytechnic had not received revenue from the following sources:

Description	2019-2020	2018-2019
	KShs	KShs
<b>Current receivables- From Non-Exchange Transactions</b>		
Exchequer Capital Grant Receivable	-	3,010,388
M.o.E - Githunguri TVC	-	20,000,000
M.o.E - Ruiru TVC	-	20,000,000
CDF Ruiru - Ruiru TVC	-	10,000,000
Exchequer Capitation Receivable	-	117,411,258
<b>Total current receivables</b>	<b>-</b>	<b>170,421,646</b>
<b>Current receivables-From Exchange Transactions</b>		
Student debtors	78,031,821	88,380,782
Rent debtors	7,733,650	8,825,702
KPLC Lease	280,000	210,000
<b>Total current receivables</b>	<b>86,045,471</b>	<b>97,416,484</b>
<b>Non-current receivables</b>		
<b>Advance payments-Salary</b>	<b>370,000</b>	<b>225,500</b>
<b>Total receivables</b>	<b>86,415,471</b>	<b>97,641,984</b>

**KABETE NATIONAL POLYTECHNIC**  
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**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. To the Management team, all staff and students I also wish to sincerely thank them for the peace, hard work and discipline exhibited throughout the year.

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 should continue working together as a team in the new financial year and beyond.

**Mr. Okumu J. W. Odhiambo**  
**PRINCIPAL**

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DATE

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**VI. REVIEW OF KABETE NATIONAL POLYTECHNIC PERFORMANCE FOR FY 2019/2020**

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the Accounting Officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

Kabete National Polytechnic has 8 strategic pillars and objectives within its Strategic Plan for the FY 2018-2023. These strategic pillars are as follows:

- Pillar 1: Corporate Governance & Image
- Pillar 2: Resource Mobilisation
- Pillar 3: Transport and Infrastructure Development.
- Pillar 4: Partnership and Linkages
- Pillar 5: Human Resource Management
- Pillar 6: Education and Training.
- Pillar 7: Research, Science Technology & Innovation.
- Pillar 8: Security Risk and Disaster Management

Kabete National Polytechnic develops its annual work plans based on the above 8 pillars. Assessment of the Council's performance against its annual work plan is done on a quarterly basis. The Polytechnic achieved its performance targets set for the FY 2019/2020 period for its 6 strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key performance indicators	Activities	achievements
1: Corporate Governance and Image	To improve on Corporate Governance and Image	<ul style="list-style-type: none"> <li>• Adhere to organizational policies and legal provisions</li> <li>• Enhance administrative and management structures</li> <li>• Develop and implement monitoring and Evaluation (M &amp; E) Systems</li> <li>• Establish a Corporate Social Responsibility (CSR) model</li> <li>• Proactive marketing</li> <li>• Transit to ISO 9001:2015</li> </ul>	ISO certification process	Attained ISO 9001:2015 Certification
2: Resource Mobilization	To Strengthen mobilization and Management of Resources	<ul style="list-style-type: none"> <li>• Diversify sources of funds</li> <li>• Reduce operational cost</li> </ul>	Ensure that internal communication are done online to save on stationary and printer	Internal communication are done online.

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			cartridges	
3: Transport and Infrastructure Development	To refurbish existing infrastructure and Polytechnic bus To construct new buildings and utilities	<ul style="list-style-type: none"> <li>• Refurbish existing infrastructure</li> <li>• Construct new buildings and utilities</li> </ul>	Construct first and second floor of the electrical engineering block  Refurbishment of the Polytechnic Bus	The first and second floor completed  Commenced construction of tuition block complex up to the first floor.  Bus Refurbished
4: Partnership and Linkages	To develop more partnerships and linkages	<ul style="list-style-type: none"> <li>• Develop policies on incubation, production and marketing</li> <li>• Initiate new active and productive linkage(s) with industry</li> <li>• Strengthen collaboration with research institutions</li> <li>• Improve linkages with other institution of higher learning locally and internationally</li> </ul>	Drafting of MOU'S	MOU in progress
5: Human Resource Management	To enhance human capacity development	<ul style="list-style-type: none"> <li>• Strengthen staff capacity</li> <li>• Increase staff productivity and effectiveness at all levels</li> <li>• Improve work environment</li> <li>• Enhance recruitment and placement procedures</li> <li>• Comply with the national, safety and security standards.</li> <li>• Adhere to national policy on service delivery</li> </ul>	Conduct training to Management Board  Operationalization of service delivery charter and complaint management	Enhanced management skills through training of management board in the Kenya school of government  Awarded a score of 80% by the CAJ on compliant management and implementation of the service delivery charter
6: Education and Training	To provide quality technical education and	<ul style="list-style-type: none"> <li>• Develop relevant certificate and diploma programmes</li> </ul>	Introduce new courses  Increase internet	Introduce a course in scaffolding  Increased interned

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	training	<ul style="list-style-type: none"> <li>Acquire and use modern equipment and technology</li> <li>Expand ICT infrastructure to address SMART learning.</li> <li>Promote affirmative action for TVET trainees</li> </ul>	bandwidth and access points	bandwidth from 10 to 150 mbps and wireless access points from one to five
7: Research, Science, Technology and Innovation	Promote quality in research, science, technology and innovation	<ul style="list-style-type: none"> <li>Develop and implement a research policy</li> <li>Improve ICT equipment in line with changing technology.</li> </ul>	Procure more computers	<p>Procured two hundred and twenty two computers for teaching and learning</p> <p>Produced eco-friendly solar operated automatic hand washing machine with both soap and water, and water recycling, to curb the spread of Covid - 19.</p> <p>Produced hand washing liquid soap and sanitizers.</p>
8: Security, Risk and Disaster Management	To enhance Security and sensitize on risk and disaster Management	<ul style="list-style-type: none"> <li>Employ modern technology in managing security</li> <li>Embrace intelligence information gathering and dissemination</li> <li>Train and sensitize trainees and staff on disaster preparedness</li> </ul>	<p>Install CCTV</p> <p>Install Biometric access control</p>	<p>Installed CCTV in core areas of the polytechnic</p> <p>Installed Biometric access control</p> <p>Produced eco-friendly solar operated automatic hand washing machine with both soap and water, and water recycling, to curb the spread of Covid - 19.</p> <p>Produced hand washing liquid soap and sanitizers</p>

**Note:**

Although risk mitigation on the effects of Covid-19 pandemic was not a target, the Polytechnic innovated and Produced an eco-friendly solar operated automatic hand washing machine with both soap and water, and water recycling, to curb the spread of Covid -19 in addition to Producing hand washing liquid soap and sanitizers

## **VII. CORPORATE GOVERNANCE STATEMENT**

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.

The following council members retired during the year under review:

- i. Hon. Justice Aaron Ringera - Former chairman
- ii. Dr. Wilson Sitonik
- iii. Dr. Josephine Wright
- iv. H.P. Modi
- v. Grace W. Gachango
- vi. John Oribi Onyango

### **1. 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

### **2. 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 year 2019/20.

- i. Academic, Research, Innovation and Student Affairs 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.

#### **a.) Academic, Research, Innovation and Student Affairs Committee**

Roles and functions

- i. Overseeing the conduct of education and training in the Polytechnic in accordance with the provisions of the Polytechnic Order and any other written law.

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- ii. Promoting and maintaining standards, quality and relevance in education and training in the Polytechnic in accordance with this order and any other written law (Academic Policy, Polytechnic rules etc.)
  - iii. Making regulations governing the Polytechnic and discipline of the staff and students.
  - iv. Overseeing programmes for training and make representations thereon to the Council in case of any shortfall.
  - v. Discussing internal and external examinations.
  - vi. Approving collaboration or association with other institutions and industries in and outside Kenya subject to prior approval by the Council.
  - vii. Encouraging, nurturing and promoting academic and democratic culture, dialogue and tolerance in the Polytechnic.
  - viii. Establish mechanisms for monitoring and evaluating services and programmes in accordance with the Polytechnic Order to ensure standards, quality and relevance in the provision of programmes and management of the Polytechnic on a continuous basis.
  - ix. Provide leadership and support to the staff development process.
  - x. Oversee staff development activities that will provide staff learning and development opportunities.
  - xi. Develop and monitor the results of staff development activities.
  - xii. Facilitating the monitoring process to ensuring proper use of resources aimed at staff development activities.
  - xiii. Developing programmes for rewarding good performance and sanctioning under performance.
- b.) Administration, Finance, Human Resource and Resource Mobilisation Committee**
- Roles and functions
- i. Preparing annual estimates of revenue and expenditure for the Polytechnic and incurring expenditure on behalf of the Polytechnic.
  - ii. Receiving on behalf of the polytechnic, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the Institution or other bodies or persons.
  - iii. Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions of the Polytechnic Order.
  - iv. Mobilizing resources for the Polytechnic.
  - v. Handle any disciplinary issues in the Polytechnic.
  - vi. Proposing, spear-heading and coordinating all development projects in the Polytechnic.

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- vii. Administering and managing the property of the Polytechnic.
- viii. Preparing comprehensive annual reports on all areas of their mandate including education and training services and submits the same to the Council.
- ix. Report all its proceedings as an agenda to the Council through its chair.
- x. Recruitment of the staff members.

**c.) Planning, Estate and Infrastructure Committee**

Roles and functions

- i. To provide vision and leadership for the planning, implementation and management of the infrastructural and information technologies that support learning teaching and administration within the Polytechnic.
- ii. Direct and manage improvements, repairs, new projects, strategic plans, policies and programs in the Polytechnic.

**d.) Audit and Risk Management Committee**

Roles and functions

- i. Coordinate matters and review of the performance management tools. (Performance contracts, ISO procedures.)
- ii. Audit Polytechnic's processes including ISO, PC and other management processes.
- iii. Prepare audit reports quarterly and report to the full Council.
- iv. Advise the Council on audit reports both internal and external.

**3. Meetings of the Council and its Committees**

The meetings of the Polytechnic Council are held at least once every quarter in a calendar year. 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 Chairperson may at any time upon request by a majority of the members call special meeting of the Council. The record of meetings attendance of the Polytechnic Council and its committees is as tabulated (Table 3)

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Table 3. Councils' and its Committee Meetings

**Current Council Members**

Council Member	Date Appointment	Date of Retirement	Responsibility	Membership & Attendance	Polytechnic Council	Academic Research Innovation and Student 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	12/13					
Charles N. Akach	2nd Oct, 2019	1st Oct, 2022	Principal/Secretary to the Council	Membership	√	√	√	√	√	
				Attendance	13/13	2/2	6/6	8/8		
Dr. Kenneth L. Chelule	2nd Oct, 2019	1st Oct, 2022	Academic Research Innovation and Student Affairs	Membership	√	√	√		√	√
				Attendance	13/13	2/2	6/6		3/5	10/10
Robert M. Murithi	2nd Oct, 2019	1st Oct, 2022	Admin. Finance, HR & Resource Mobilisation	Membership	√		√	√		
				Attendance	12/13		6/6	6/8		
Sarah W. Ngure	2nd Oct, 2019	1st Oct, 2022	Planning Estate & Infrastructure	Membership	√	√		√		
				Attendance	11/13	2/2		8/8		
Purity S. Karariet	2nd Oct, 2019	1st Oct, 2022	Audit & Risk Management	Membership	√	√			√	
				Attendance	11/13	2/2			5/5	
Phyllis N. Namachanja	2nd Oct, 2019	1st Oct, 2022	Member	Membership	√		√		√	√
				Attendance	13/13		6/6		4/5	10/10
Henry H. Duba	2nd Oct, 2019	1st Oct, 2022	Member	Membership	√		√	√		√
				Attendance	12/13		6/6	6/8		10/10

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**Retired Council Members**

Council Member	Date Appointment	Date of Retirement	Responsibility	Membership & Attendance	Polytechnic Council	Quality Assurance, ICT, Staff Development & Discipline	Finance Planning & Administration	Estate Management & Works	Audit & Risk Management	
Hon. Justice Aaron Ringera	26th Sep, 2016	25th Sep, 2019	Retired Chairperson of the Council	Membership	√					
				Attendance	1/1					
John Oriri Onyango	26th Sep, 2016	25th Sep, 2019	Quality Assurance, ICT, Staff Development & Discipline Chair	Membership	√	√		√		
				Attendance	1/1	-		1/1		
Dr. Wilson Sitonik	26th Sep, 2016	25th Sep, 2019	Finance Planning & Administration Chair	Membership	√	√	√	√		
				Attendance	1/1	-	1/1	1/1		
Grace Gachango	26th Sep, 2016	25th Sep, 2019	Estate Management & Works Chair	Membership	√		√	√		
				Attendance	1/1		1/1	1/1		
Dr. Josephine Wright	26th Sep, 2016	25th Sep, 2019	Audit & Risk Management	Membership	√	√			√	
				Attendance	1/1	1/1			1/1	
H.P. Modi	2nd Oct, 2019	25th Sep, 2019	Member	Membership	√				√	
				Attendance	1/1				-	

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**4. 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 2019/2020 FY Council attended one (1) training from 19th to 22<sup>nd</sup> January, 2020 at Morendat Training and Conference Centre.

The following topics were covered:

- i. Human Resource Management
- ii. Financial Management & Reporting
- iii. Role of Governing Council in TVET institution
- iv. Policies , Laws and TVET reforms

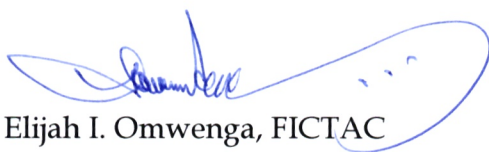
- v. Corporate Governance in TVET Institutions
- vi. Procurement and Assets Disposal in TVET Institutions
- vii. Project Management

**5. 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 honoraria. 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, FICTAC  
**CHAIRMAN OF COUNCIL**

Date: 30th Sept 2020

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**VIII. MANAGEMENT DISCUSSION AND ANALYSIS**

**a). Operational and Financial Performance Management’s Discussion and Analysis**

The following management’s discussion and analysis (MD&A) provides a comprehensive overview of the financial position of Kabete National Polytechnic as at June 30, 2020, and its changes in financial position for the year then ended, as compared with the financial year 2018/2019.

During the year that has just ended, financial reporting of Kabete National Polytechnic included 10 academic departments, offering 43 diploma programmes, 38 Craft Certificate programs and 6 Artisan programmes, with 11,733 students enrolled.

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

The Polytechnic’s annual 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 annual financial position as at June 30, 2020, improved with an increase in net

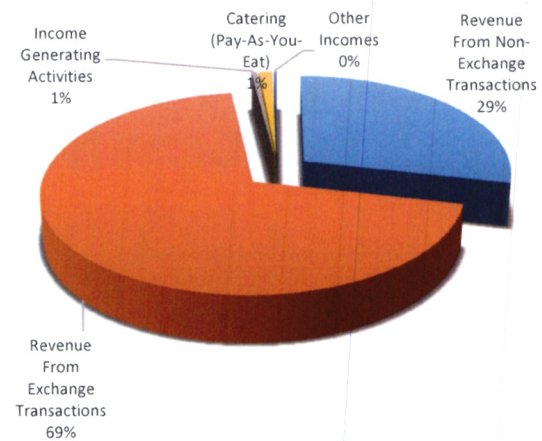
position of Kshs 4.0 billion as a result of assets valuation.

Tuition revenue is a significant source of funding for the Polytechnic. During the year under review, the enrolment was 11,733 students compared to 13,575 students in financial year 2018/2019.

Total operating revenues decreased by Kshs 67.4 million, or 8.8% as a result the effects of Covid-19 pandemic. Operating expenses reduced by Kshs 22.2 million, or 4.4%, since all students were at home with effect from 15 March, 2020.

The Statement of Financial Performance presents the revenues earned and the expenses incurred during the year under review.

Significant components of the operating revenue includes the following.



*A summary of the Polytechnic operating revenues for the last two years was as follows:*

	<b>2019/2020</b>	<b>2018/2019</b>
	<b>KShs</b>	<b>KShs</b>
Government Capitation	200,640,000	190,161,758
Public Contribution	-	50,000
Tuition (School Fees)	486,051,303	536,874,082
Income Generating Activities	3,650,431	22,413,931
Catering Services (Pay-As-You-Eat)	8,377,451	15,957,077
Other Income	33,830	1,155,777
House Rent	1,969,202	1,529,504
<b>Total</b>	<b>700,722,217</b>	<b>768,142,129</b>

From the above analysis, Tuition fees is the largest component of operating revenue.

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**Other Income**

Revenues from the Polytechnic's housing generated Kshs 1.97 million, Income Generating Activities generated Kshs 3.65 million, Pay-As-

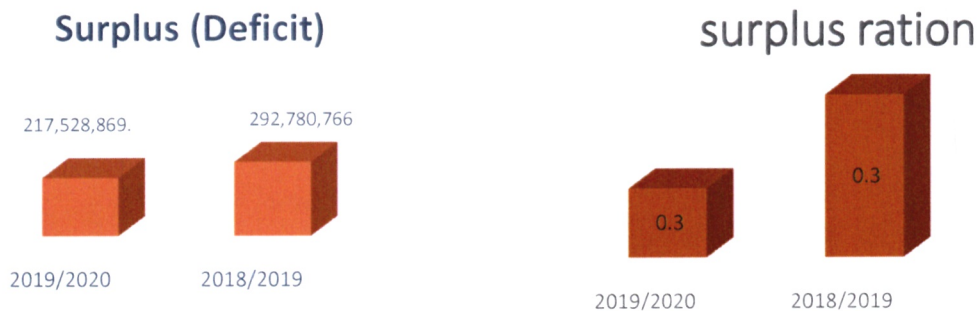
You- Eat raised Kshs 8.4 million while other income generated Kshs 33,830 this totals to Kshs 14 million.

**Summary of Financial Performance over the last two years**

During the year under review, the Polytechnic reported a decrease of 17.2% or Kshs 45.3 million in surplus from Kshs 262.8 million in the

year 2018/2019 to Kshs 217.5 million in the year 2019/2020. The decrease is as a result of effects of Covid-19 pandemic

	2019/2020	2018/2019
	KShs	KShs
Total Operating Revenue	700,722,217	768,142,129
Total Operating Expenses	483,193,348	505,361,363
<b>Surplus (Deficit)</b>	<b>217,528,869</b>	<b>262,780,766</b>



The surplus ratio has remained the same i.e at 0.3 in the performance indicator of the Polytechnic in 2019/2020

**Operating Expenses**

The following table summarizes the Polytechnic's operating expenses.

	2019/2020	2018/2019
	KShs	KShs
Use of Goods and Services	280,386,408	368,157,248
Employee Costs	109,105,836	99,925,990
Council Expenses	12,309,716	8,084,514
Repair Maintenance & Improvement	29,837,031	17,671,769
Contracted Servcies	2,915,835	-
Project Costs	48,126,330	10,500,000
Finance Costs	512,192	1,021,842
<b>Total</b>	<b>483,193,348</b>	<b>505,361,363</b>

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Total operating expenses for the year was Kshs 483.2 million. There was a reduction in operating expenses of Kshs 22.2 million from 505.4 in the year 2018/2019 to Kshs 483.2 in the year 2019/2020 since the students were at home due to Covid-19 pandemic. An analysis of expenses demonstrates that the major expenditure of the Polytechnic in the year under review was use of goods and services representing 58% while compensation to employees (i.e. salary, wages and benefits accounted for 22.6% of the total operating expenses.

The Statement of Financial Position presents the financial position of the Polytechnic at the end of the fourth quarter and includes all assets (current and noncurrent), 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

**Statement of Financial Position**

*Summary of Financial Position over the last two years*

	<b>2019/2020</b>	<b>2018/2019</b>
	<b>KShs</b>	<b>KShs</b>
Current Assets	394,165,638	324,688,265
Non-Current Assets	4,121,278,125	122,289,466
<b>Total Assets</b>	<b>4,515,443,763</b>	<b>446,977,730</b>
Current Liabilities	(180,407,665)	(111,422,499)
Non-Current Liabilities	(5,581,862)	(6,311,957)
Net Assets	4,329,454,236	329,243,275
<b>Net Assets and Liabilities</b>	<b>4,329,454,236</b>	<b>329,243,275</b>

**Current Assets and Current Liabilities**

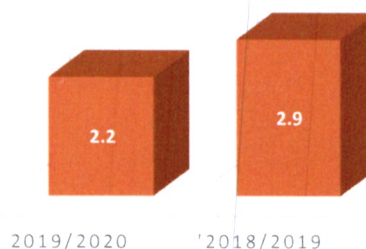
Current assets include cash and cash equivalent, Receivables from Non-Exchange Transactions and Receivable from Exchange Transactions Current assets increased by Kshs 69.5 million from Kshs 324.7 million in the year 2018/2019 to Kshs 394.2 million in the year 2019/2020. The increase is primarily related to an increase in cash and cash equivalent as a result of Government capitation grant and NYS sponsorship.

The increase in the non-current assets is as a result of asset valuation.

Current liabilities include trade and other payables from Exchange Transactions, Refundable deposits to customers and payments received in advance. Current liabilities increased

by Kshs 68.9 million from Kshs 111.4 million in the year 2018/2019 to Kshs 180.4 million in the year 2019/2020.

**CURRENT RATIO**



The Polytechnic's current assets cover current liabilities by a factor of 2.2 times in the year 2019/2020 and 2.9 times in the year 2018/2019.

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Although there was a decrease of 0.7, it still represented an indicator of good liquidity and the ability to bear short-term demands on working capital. The Polytechnic's current assets also cover approximately nine months and four months of its total operating expenses in the year 2019/2020 and 2018/2019 respectively.

**b). Key Projects.**

The total cost of the projects undertaken was Kshs 157.2 million. These projects have been made possible by prudent management of internally generated revenues and by funds made available by the National Treasury.



*Phase II Construction of Electoral Engineering workshop*



*Construction of a four (4) level education tuition block complex.*



*Block K Classroom Floor tiling*



*Biometric access control.*

**c). Compliance with Statutory Requirement.**

During the year under review the Polytechnic complied with all its statutory obligations including compliance to Public Procurement Regulations, remittance of PAYE, NHIF, NSSF within the stipulated deadlines. The Polytechnic does not foresee any potential for contingent liabilities arising from non-compliance with statutory obligation.

**d). Major Risks Facing the Polytechnic**

The Polytechnic identifies several risks and opportunities including the emerging risk of terrorism attack. Mitigation measures were put in place such as construction of biometric access control and the perimeter wall is almost complete to address security related risks. Secondly, we have constructed phase II of Electrical Engineering workshop to address the risk of inadequate teaching and learning facilities.

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Risk management and control process have been in place throughout the period under review and risk review is embedded within the management culture.

**e). Material Arrears in Statutory and Other Financial Obligations**

The Polytechnic Council has established an oversight mechanism to ensure that the Polytechnic meets its financial obligations as they fall due. During the period under review, the Polytechnic was able to meet its obligation.

**f). Other Relevant Information**

In the financial year under review, the Polytechnic faced some challenges which slowed down growth momentum. The Ministry of Education did not send any development money only the arrears for FY 2018/2019.

The Polytechnic is facing a challenge of student accommodation since the total population is more than 11,700 students against available accommodation of 1,600 students. The Polytechnic has not yet managed to get development funding from the Government to put up more hostel facilities.

Covid-19 pandemic also possess operational risk which has resulted in low revenues thus hindering project progress.

**IX. CORPORATE SOCIAL  
RESPONSIBILITY  
STATEMENT/SUSTAINABILITY  
REPORTING**

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, which is founded on 5 pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence. Below is a brief highlight of our achievements in each pillar

**1. 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 students' 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.

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", 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.

## **2. 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.

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

- i. Engaging with staff, students 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.

### **3. 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.
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 students and staff and this is carried out annually. The polytechnic has procured a WIBA cover for all staff to cover them against accidents at work.

**4. 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 diligence and ensuring delivery of affordable quality education.

**5. Community Engagements-**

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

During the year under review, the Polytechnic donated foodstuff worth **Kshs 101,690** to help the local community who were very needy during the Covid-19 Pandemic. The area Chief distributed the foodstuff on behalf of the polytechnic. The Polytechnic staff also voluntarily contributed **Kshs 50,000** towards KenyaCovid-19 fund.



Contribution of Kshs 50,000 towards covid-19 fund



*Donation of foodstuff towards Covid-19 Pandemic*

The Polytechnic dispensary in conjunction with Ministry of Health Westlands Sub-County carries out major medical screening every term for the students, 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.

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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.

We were assisted in carrying out all these exercises by our final year students in

medical laboratory and pharmacy courses under the supervision of the Dean of students' office.

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 COUNCIL**

The Polytechnic Council submits its report together with the audited financial statements for the year ended 30 June, 2020 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, 2020 are set out on page 1 (one) to 26 (twenty six).

**Polytechnic Council Members**

The members of the Polytechnic Council who served during the year are shown on page xxv and xxvi. During the year under review all the six (6) Polytechnic Council retired and new Council members were appointed with effect from 2<sup>nd</sup> October, 2019.

**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



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Mr. Okumu J. W. Odhiambo

**PRINCIPAL**

DATE 30.09.2020

## **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/period and the operating results of the Polytechnic for that year/period. The Council members are also required to ensure that the *Polytechnic* keeps proper accounting records which disclose with reasonable accuracy the financial position of the *Polytechnic*. The Council members are also responsible for safeguarding the assets of the *Polytechnic*.

The Council members are responsible for the preparation and presentation of the *Polytechnic's* financial statements, which give a true and fair view of the state of affairs of the *Polytechnic* for and as at the end of the financial year (period) ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Polytechnic; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *Polytechnic*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for the *Polytechnic's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent 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, 2020, 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.

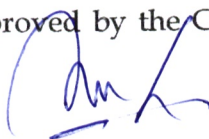
Nothing has come to the attention of the council members to indicate that the *Polytechnic* will not remain a going concern for at least the next twelve months from the date of this statement.

### **Approval of the financial statements**

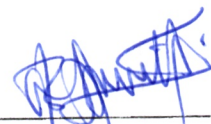
The *Polytechnic* financial statements were approved by the Council on 29 September 2020, and signed on its behalf by:



Prof. Elijah I. Omwenga, FICTAC  
CHAIRMAN OF COUNCIL



Mr. Okumu J. W. Odhiambo  
PRINCIPAL



Mr. Robert Murithi  
COUNCIL MEMBER

# REPUBLIC OF KENYA

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P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON KABETE NATIONAL POLYTECHNIC FOR THE YEAR ENDED 30 JUNE, 2020**

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### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of Kabete National Polytechnic set out on pages 1 to 26, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kabete National Polytechnic as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

#### **Basis for Qualified Opinion**

##### **1.0 Polytechnic Land**

The statement of financial position and as disclosed under Note 21 to the financial statements reflects property, plant and equipment balance of Kshs.4,094,621,325. As reported in the previous financial year, a review of the Board minutes and the Polytechnic land file revealed that the Kabete National 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, the review of the Board minutes and the Polytechnic land file revealed that there was been a long running dispute between the Polytechnic and the St Joseph's Anglican Church of Kenya - Kabete which claims ownership of five (5) acres of the Polytechnic land on which the church stands. This dispute is subject to three court cases which have not been concluded.

In addition, the National Lands Commission investigated the matter and concluded that the Church has no legal claim on the land and that the alleged 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 the land is registered in the name of the Polytechnic as required by Section 3(2)(b) of the Kabete National Polytechnic Order 2016.

Consequently, ownership of the Polytechnic land could not be confirmed.

## **2.0 Receivables from Exchange Transactions - Rent Debtors**

The statement of financial position and as disclosed under Note 19 to the financial statements reflects receivables from exchange transactions balance of Kshs.86,415,471 as at 30 June, 2020. Included in this balance is rent debtors amount of Kshs.7,733,650. A review of the aging analysis of the rent records revealed that an amount of Kshs.7,035,850 had been outstanding for over one year with some rent debtors going back to 2007. Further, included in the rent debtors are amounts of Kshs.1,034,000 in respect of deceased officer and Kshs.4,062,324 in respect of officers 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 members or written off from the books of account.

Further, included in the receivable's balance is Kshs.280,000 relating to rent receivable from Kenya Power & Lighting Company for the lease of land for a power substation at an annual rent of Kshs.70,000. Management has not explained measures taken to recover the outstanding rent.

In the circumstances, the recoverability of these outstanding debtors is therefore doubtful and the receivables balances may be mis-stated.

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

### **Key Audit Matters**

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

## **Other Matter**

### **Budget Control and Performance**

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.843,846,355 and Kshs.700,722,217 respectively resulting in under collection of revenue by Kshs.143,124,138. Management explained that this was due to reduced disbursements from the Ministry and the COVID-19 pandemic.

Similarly, the Polytechnic had an approved expenditure budget of Kshs.843,846,355 against an actual expenditure of Kshs.699,499,914 resulting in net over expenditure of Kshs.144,346,441. The Polytechnic has attributed this to emergence of COVID-19 pandemic reducing implementation of budgeted programs.

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

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, 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 ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## **REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE**

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

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

## **Responsibilities of Management and those Charged with Governance**

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

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

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

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

The Council is responsible for overseeing the Polytechnic's financial reporting process, reviewing the effectiveness of how the 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 overall 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 control would not necessarily disclose all matters in the internal control that might be material weaknesses under the ISSAIs. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Polytechnic's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Polytechnic to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Polytechnic to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
Nancy Gathungu  
**AUDITOR-GENERAL**

**Nairobi**

**12 October, 2021**

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

	Notes	2019-2020	2018-2019
		KShs	KShs
<b>Revenue from non-exchange transactions</b>			
Transfers from the Nat. Govnt' - Capitation	5(b)	200,640,000	190,161,758
Public contributions and donations	6	-	50,000
		<b>200,640,000</b>	<b>190,211,758</b>
<b>Revenue from exchange transactions</b>			
Rendering of services- Fees from students	7	486,051,303	536,874,082
Income Generating Activities	8	3,650,431	22,413,931
Catering Services - Pay As You Eat	9	8,377,451	15,957,077
Other Income	10	2,003,032	2,685,281
		<b>500,082,217</b>	<b>577,930,371</b>
<b>Total revenue</b>		<b>700,722,217</b>	<b>768,142,129</b>
<b>Expenses</b>			
Use of goods and services	11	280,386,408	368,157,248
Employee costs	12	109,105,836	99,925,990
Council Expenses	13	12,309,716	8,084,514
Repairs and maintenance	14	29,837,031	17,671,769
Contacted Services	15	2,915,835	-
Finance Cost	16	512,192	1,021,842
Project Expenses	17	48,126,330	10,500,000
		<b>483,193,348</b>	<b>505,361,363</b>
<b>Total expenses</b>		<b>483,193,348</b>	<b>505,361,363</b>
<b>Other gains/(losses)</b>			
<b>Net Surplus for the year</b>		<b>217,528,869</b>	<b>262,780,766</b>

The notes set out on pages 6 to 24 form an integral part of the Annual Financial Statements.

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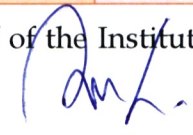
**XIV. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020**

	Notes	2019-2020	2018-2019
		KShs	KShs
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	18	307,750,167	56,624,635
Receivables from exchange transactions	19	86,415,471	97,641,984
Receivables from non-exchange transactions	20	-	170,421,646
		<b>394,165,638</b>	<b>324,688,265</b>
<b>Non-current assets</b>			
Property, plant and equipment	21	4,094,621,325	122,289,466
Intangible assets	22	26,656,800	-
		<b>4,121,278,125</b>	<b>122,289,466</b>
<b>TOTAL ASSETS</b>		<b>4,515,443,763</b>	<b>446,977,730</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	23	62,085,726	63,473,577
Refundable deposits from customers	24	118,321,939	47,948,922
		<b>180,407,665</b>	<b>111,422,499</b>
<b>Non-current liabilities</b>			
Borrowings	25	5,581,862	6,311,957
Total Non-Current Liability		<b>5,581,862</b>	<b>6,311,957</b>
<b>TOTAL LIABILITIES</b>		<b>185,989,527</b>	<b>117,734,456</b>
<b>NET ASSETS</b>		<b>4,329,454,236</b>	<b>329,243,275</b>
Capital Fund	26	34,722,613	34,722,613
Revenue Reserve	27	512,049,531	294,520,662
Revaluation Reserve	28	3,782,682,092	-
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>4,329,454,236</b>	<b>329,243,275</b>

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


  
 Prof. Elijah I. Omwenga, FICTAC  
 Chairman of Council

Date..... 30th Sept 2020

   
 Mr. M. M. Ndung'u Mr. Okumu J. W. Odhiambo  
 Finance Officer Principal

Date..... 30/09/2020

Date..... 30. 09-2020

  
 Mr. Walter W. Ojuka  
 Snr. Accountant  
 ICPAK No 23207

Date..... 30/09/2020

**KABETE NATIONAL POLYTECHNIC**  
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**XV. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR ENDED 30 JUNE 2020**

	Revaluation Reserve	Fair value adjustment reserve	Revenue Reserve	Capital/ Development Grants/Fund	Total
<b>At July 1, 2018</b>			31,739,896	28,435,312	60,175,208
Revaluation gain		-	-	-	0
Capital/Development grants received during the year	-	-	-	6,287,302	6,287,302
Surplus for the period	-	-	262,780,766		262,780,766
<b>At June 30, 2019</b>	<b>0</b>	<b>0</b>	<b>294,520,662</b>	<b>34,722,613</b>	<b>329,243,275</b>
<b>At July 1, 2019</b>	<b>0</b>	<b>0</b>	<b>294,520,662</b>	<b>34,722,613</b>	<b>329,243,275</b>
Revaluation gain	3,782,682,092	-	-	-	3,782,682,092
Capital/Development grants received during the year	-	-			0
Internally generated during the year					0
Surplus for the period			217,528,869		217,528,869
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-			0
<b>At June 30, 2020</b>	<b>3,782,682,092</b>	<b>0</b>	<b>512,049,531</b>	<b>34,722,613</b>	<b>4,329,454,236</b>

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**XVI. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2019-2020	2018-2019
		KShs	KShs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other Government entities/Govt. grants	5	200,640,000	190,161,758
Public contributions and donations	6	-	50,000
Rendering of services- Fees from students	7	486,051,303	536,874,082
Income Generating Activities	8	3,650,431	22,413,931
Pay-As-You-Eat	9	8,377,451	15,957,077
Other income	10	2,003,032	2,685,281
<b>Total Receipts</b>		<b>700,722,217</b>	<b>768,142,129</b>
<b>Payments</b>			
Use of goods and services	11	280,386,408	368,157,248
Compensation of employees	12	109,105,836	99,925,990
Council Expenses	13	12,309,716	8,084,514
Repair Maintenance & Improvement	14	29,837,031	17,671,769
Valuation Expenses	15	2,915,835	-
Finance cost	16	512,192	1,021,842
Project Cost- Mentored TVC's	17	48,126,330	10,500,000
<b>Total Payments</b>		<b>483,193,348</b>	<b>505,361,363</b>
<b>Net cash flows from operating activities</b>		<b>217,528,869</b>	<b>262,780,766</b>
<b>Cash flows from investing activities</b>			
Increase in Receivable from Exchange Transactions	19	11,226,513	(58,451,421)
Increase in Receivable from Non-Exchange Transactions	20	170,421,646	(170,421,646)
Purchase of property, plant, equipment and intangible assets	21&22	(216,306,566)	(48,958,121)
Increase in Trade & Other Payables	23&24	68,985,166	31,571,245
<b>Net cash flows used in investing activities</b>		<b>34,326,759</b>	<b>(246,259,943)</b>
<b>Cash flows from financing activities</b>			
Government Capital Grant	5	-	1,505,194
Repayment of borrowings	25	(730,095)	(787,961)
Capital Grant	26	-	4,782,108
<b>Net cash flows used in financing activities</b>		<b>(730,095)</b>	<b>5,499,340</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>251,125,533</b>	<b>22,020,163</b>
Cash and cash equivalents at 1 July	18	56,624,635	34,604,472
<b>Cash and cash equivalents at 30 June</b>	18	<b>307,750,167</b>	<b>56,624,635</b>

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

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference (%)
	2019-2020	2019-2020	2019-2020	2019-2020	2019-2020
	KShs	KShs	KShs	KShs	KShs
<b>Revenue</b>					
Transfers from other Govt entities Govt grants	324,805,180		324,805,180	200,640,000	(38)
Rendering of services- Fees from students	500,836,415		500,836,415	486,051,303	(3)
Income Generating Activity	4,204,760		4,204,760	3,650,431	(13)
Catering (Pay-As-You-Eat)	10,500,000		10,500,000	8,377,451	(20)
Other Income	3,500,000		3,500,000	2,003,032	(43)
<b>Total income</b>	<b>843,846,355</b>	<b>-</b>	<b>843,846,355</b>	<b>700,722,217</b>	<b>(17)</b>
<b>Expenses</b>					
Use of Goods and services	364,259,640		364,259,640	280,386,408	23
Employees Costs	120,312,000		120,312,000	109,105,836	9
Council Expenses	12,900,450		12,900,450	12,309,716	5
Repair and Maintenance	30,500,000		30,500,000	29,837,031	2
Contracted Services	3,300,000		3,300,000	2,915,835	12
Project Cost	92,000,000		92,000,000	48,126,330	48
Finance Cost	574,265		574,265	512,192	11
Non-Current Expenditure	220,000,000		220,000,000	216,306,566	2
<b>Total expenditure</b>	<b>843,846,355</b>	<b>-</b>	<b>843,846,355</b>	<b>699,499,914</b>	<b>17</b>
<b>Surplus for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,222,303</b>	

**Budget notes**

1. *Transfer from Government -the Polytechnic received Kshs 124,165,180 less than the budgeted amount from the Government*
2. *Income Generating Activities – The Polytechnic budgeted to raise 4 million. However, due to Covid-19 Pandemic we only managed to raise Kshs 3.6 million.*
3. *Other income – The Polytechnic budgeted to raise Kshs 3.5 million. However, due to Covid-19 Pandemic we only managed to raise Kshs 2.0 million.*
4. *Use of Goods and Services – The Polytechnic budgeted to spend Kshs 364 million. However, due to Covid-19 Pandemic we only spent Kshs 280 million since no major activities were going on.*
5. *Project cost – the project cost of Kshs 48 million was received from the Government for the mentored institutions against budgeted amount of Kshs.92m.*

## **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 PFM Act, 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 (IPSAS 23)**

##### **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

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assets that has been acquired using such funds

ii. **Revenue from Exchange Transactions (IPSAS 9)**

**Rendering of Services**

The Polytechnic recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to 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

iii. **Sale of Goods**

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

**b) Budget Information**

The original budget for FY 2018/2019 was approved by the Council or Board on *12<sup>th</sup> February*,

*2019*. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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

**c) Property, Plant & Equipment**

All property, plant and equipment are stated at cost and no depreciation has been charged since the Polytechnic assets were valued in the year under review. Assets valued and acquired during the year are not depreciated but carried at cost since the entity does not depreciate assets in the year of valuation or acquisition.

Depreciation on property, plant and equipment is recognised in the statement of performance on a reducing balance basis to write down the cost of each asset or the revalued amount to its residual value over its estimated useful life. The annual rates in use are:

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Land	0%
Buildings	2.5%
Motor Vehicles	25%
Furniture & Fittings	12.5%
Computers & Printers	30%
Plant & Equipment	12.5%
Computer Software	20%

**d) 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.

**e) Cash and Cash Equivalents**

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

**f) Comparative Figures**

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

**g) 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, 2019.

**3. 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

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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 change in Technology and process
- 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

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**5 (a) TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES**

<i>Description</i>	2019-2020	2018-2019
	<b>KShs</b>	<b>KShs</b>
<i>Revenue from Exchange Transaction</i>		
<i>Government Capitation</i>	200,640,000	129,661,758
	<b>200,640,000</b>	<b>129,661,758</b>
<i>Revenue from Non - Exchange Transaction</i>		
<i>Government Recurrent Grant</i>		
<i>Construction of Perimeter Wall</i>	-	4,515,581
<i>Githunguri CDF-Construction of Githunguri TVC</i>	-	10,000,000
<i>Githunguri M.o.E-Construction of Githunguri TVC</i>	-	20,000,000
<i>Githunguri CDF-Construction of Githunguri TVC</i>	-	20,000,000
<i>Naivasha TVC</i>	-	500,000
<i>Ruiru CDF-Construction of Ruiru TVC</i>	-	10,000,000
	-	<b>65,015,581</b>
<b>Total government grants and subsidies</b>	<b>200,640,000</b>	<b>194,677,340</b>

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**5b) TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES**

<i>Name of the Entity sending the grant</i>	Amount recognized to Statement of Comprehensive Income	Amount recognised in capital fund.	Total grant income during the year	Amount recognized to Statement of Comprehensive Income	Amount recognised in capital fund.	Total grant income during the year
	2019/2020	2019/2020	2019/2020	2018/2019	2018/2019	2018/2019
	KShs	KShs	KShs	KShs	KShs	KShs
<i>M.o.E - Capitation</i>	200,640,000		200,640,000	129,661,758		129,661,758
<i>M.o.E - Recurrent Grant</i>			-			-
	<b>200,640,000</b>	-	<b>200,640,000</b>	<b>129,661,758</b>	-	<b>129,661,758</b>
<i>Conditional Grant</i>			-			-
<i>Construction of Perimeter Fence</i>			-		4,515,581	4,515,581
<i>CDF Githunguri</i>	-		-	10,000,000		10,000,000
<i>M.o.E-Construction of Githunguri TVC</i>	-		-	20,000,000		20,000,000
<i>Githunguri CDF</i>	-		-	20,000,000		20,000,000
<i>Naivasha TVC</i>	-		-	500,000		500,000
<i>M.o.E-Construction of Ruiru TVC</i>	-		-	10,000,000		10,000,000
	-	-	-	<b>60,500,000</b>	<b>4,515,581</b>	<b>65,015,581</b>
<i>Total</i>	<b>200,640,000</b>	-	<b>200,640,000</b>	<b>190,161,758</b>	<b>4,515,581</b>	<b>194,677,340</b>

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**6 PUBLIC CONTRIBUTIONS AND DONATIONS**

<i>Description</i>	2019-2020	2018-2019
	<b>KShs</b>	<b>KShs</b>
<i>Donation from a Kabete N.P Council Member</i>	-	50,000
<b>Total donations and sponsorships</b>	<b>-</b>	<b>50,000</b>

**7 RENDERING OF SERVICES**

<i>Description</i>	2019-2020	2018-2019
	<b>KShs</b>	<b>KShs</b>
<i>Tuition fees</i>	63,941,090	81,556,202
<i>Personal Emolument Fees</i>	46,846,683	74,245,373
<i>Boarding Equipment and Stores Fees</i>	5,115,733	20,687,220
<i>Local Transport and Travelling Fees</i>	8,649,773	20,287,376
<i>Electricity Water &amp; Conservancy Fees</i>	18,619,628	33,016,731
<i>Repair Maintenance &amp; Improvement Fees</i>	11,573,216	16,391,487
<i>Contingency Fees</i>	1,870,323	4,285,119
<i>Application Fees</i>	1,966,009	2,151,880
<i>Hostel Registration Fees</i>	6,670,328	9,440,724
<i>Book Fund Fees</i>	4,022,535	5,107,624
<i>Bus Fund Fees</i>	11,745,113	13,847,386
<i>Insurance Fees</i>	9,432,076	15,535,629
<i>Student Union Fees</i>	1,350,527	2,388,877
<i>Library Fees</i>	1,778,886	5,376,314
<i>Activity Fees</i>	6,144,011	15,134,270
<i>Medical Fees</i>	2,311,235	5,859,216
<i>Security Fees</i>	5,858,996	16,551,906
<i>Student ID Fees</i>	374,610	548,770
<i>Administration Fees</i>	3,906,393	8,279,015
<i>Attachment Fees</i>	6,920,173	8,041,208
<i>Pharmacy &amp; Poisons Board Fees</i>	535,360	457,150
<b>Internet Fees</b>	<b>6,475,240</b>	<b>7,852,100</b>
<i>Examination Fees</i>	7,800,778	54,485,313
<i>Examination Materials Fees</i>	2,405,734	3,583,448
<i>Lappset Sponsorship</i>	-	773,020
<i>KCB Sponsorship</i>	-	2,037,700
<i>NYS Sponsorship</i>	248,292,393	41,043,108
<i>Helb Student Loan</i>	-	30,801,986
<i>Helb Student Bursary</i>	-	28,207,215
<i>CDF - Constituency Development Fund</i>	-	8,563,564
<i>Equity Foundation</i>	-	337,150
<i>Examination Photos</i>	7,100	-
<i>Studio Charges</i>	336,560	-
<i>Needy Students</i>	530,800	-
<i>Avic International</i>	500,000	-
<i>KPLC Lease</i>	70,000	-
<b>Total revenue from the rendering of services</b>	<b>486,051,303</b>	<b>536,874,082</b>

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**8 INCOME GENERATING ACTIVITIES**

<i>Description</i>	<b>2019-2020</b>	<b>2018-2019</b>
<b>INCOME</b>	<b>KShs</b>	<b>KShs</b>
<i>Tuition Equipment &amp; Stores Fees - Part-Time Students</i>	1,183,821	12,178,196
<i>Hire of Facilities</i>	2,238,900	9,111,415
<i>Catering Income</i>	-	162,500
<i>Examination Centre Fees</i>	227,710	961,820
<b>TOTAL INCOME</b>	<b>3,650,431</b>	<b>22,413,931</b>

**9 CATERING SERVICES – PAY AS YOU EAT**

<i>Description</i>	<b>2019-2020</b>	<b>2018-2019</b>
<b>INCOME</b>	<b>KShs</b>	<b>KShs</b>
<i>Breakfast</i>	1,177,414	2,297,697
<i>Lunch</i>	3,410,311	6,613,910
<i>Super</i>	3,789,726	7,045,470
<b>Total Income</b>	<b>8,377,451</b>	<b>15,957,077</b>

**10 OTHER INCOME**

<i>Description</i>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
<i>Income from sale of tender</i>	19,000	115,000
<i>Graduation Fees</i>	-	977,960
<i>Damages</i>	14,830	62,817
<i>House Rent for the year-Trainers</i>	1,395,402	982,204
<i>House Rent for the year- Non-Trainers</i>	573,800	547,300
<b>Total other income</b>	<b>2,003,032</b>	<b>2,685,281</b>

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**11 USE OF GOODS AND SERVICES**

<i>Description</i>	2019-2020	2018-2019
	<b>KShs</b>	<b>KShs</b>
<i>Training Equipment &amp; Stores</i>	41,576,286	83,333,034
<i>Boarding Equipment &amp; Stores</i>	6,786,567	17,138,166
<i>Transport &amp; Travelling</i>	5,646,390	9,142,861
<i>Electricity</i>	10,059,814	11,685,799
<i>Security</i>	13,694,099	11,837,731
<i>Professional services</i>	924,120	1,997,420
<i>Subscriptions</i>	465,649	830,250
<i>Administration costs</i>	18,063,257	27,998,196
<i>Conference Expenses</i>	653,000	1,185,800
<i>Examination Costs</i>	62,299,159	71,193,888
<i>Fees Refund</i>	5,095,880	6,637,082
<i>Library</i>	2,264,833	1,967,117
<i>Staff Costs</i>	27,592,589	24,469,813
<i>Students Expenses</i>	33,150,772	31,189,111
<i>Income Generating Activities Expenses</i>	14,720,811	20,131,700
<i>Pay-As-You-Eat</i>	37,393,183	47,419,280
<b><i>Total good and services</i></b>	<b>280,386,408</b>	<b>368,157,248</b>

**12 EMPLOYEE COSTS**

<i>Description</i>	2019-2020	2018-2019
	<b>KShs</b>	<b>KShs</b>
<i>Salaries and Wages</i>	39,270,200	33,922,707
<i>Travelling Allowance</i>	5,974,500	4,856,500
<i>Housing benefits and allowances</i>	14,529,125	13,744,437
<i>Medial Allowance</i>	1,199,363	1,141,594
<i>Employers NSSF</i>	307,600	304,200
<i>Leave Allowance</i>	518,000	564,400
<i>Gratuity</i>	2,393,668	2,241,112
<i>Part-time Teaching</i>	44,913,380	43,151,040
<b><i>Employee costs</i></b>	<b>109,105,836</b>	<b>99,925,990</b>

**13 COUNCIL EXPENSES**

<i>Description</i>	2019-2020	2018-2019
	<b>KShs</b>	<b>KShs</b>
<i>Chairman's Honoraria</i>	1,045,714	1,045,714
<i>Sitting Allowances</i>	11,134,002	5,083,200
<i>Other allowances</i>	130,000	1,955,600
<b><i>Total director emoluments</i></b>	<b>12,309,716</b>	<b>8,084,514</b>

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**14 REPAIRS AND MAINTENANCE**

<i>Description</i>	2019-2020	2018-2019
	<b>KShs</b>	<b>KShs</b>
<i>Repair and Cleaning of Septic Tanks</i>	-	341,000
<i>Repair of Equipment &amp; Machineries</i>	3,192,515	2,207,929
<i>Repair of Furniture</i>	19,431	916,335
<i>Repair &amp; Maintenance of Buildings</i>	23,897,712	10,178,531
<i>Maintenance of Ground</i>	1,711,254	1,828,186
<i>Rewiring of Buildings</i>	1,016,119	2,199,788
<i>Other</i>	-	-
<b><i>Total repairs and maintenance</i></b>	<b>29,837,031</b>	<b>17,671,769</b>

**15 CONTRACTED SERVICES**

<i>Description</i>	2019-2020	2018-2019
	<b>KShs</b>	<b>KShs</b>
<i>Asset Valuation Expenses</i>	2,915,835	-
<b><i>Total contracted services</i></b>	<b>2,915,835</b>	<b>-</b>

**16 FINANCE COSTS**

<i>Description</i>	2019-2020	2018-2019
	<b>KShs</b>	<b>KShs</b>
<i>Interest on Loan - NIC Bank</i>	512,192	1,021,842
<b><i>Total</i></b>	<b>512,192</b>	<b>1,021,842</b>

**17 PROJECT EXPENSES – MENTORED TVC's**

<i>Description</i>	2019-2020	2018-2019
	<b>KShs</b>	<b>KShs</b>
<i>Naivasha T.V.C</i>	760,612	500,000
<i>Githunguri T.V.C</i>	20,000,000	10,000,000
<i>Ruiru T.V.C</i>	27,365,718	-
<b><i>Total</i></b>	<b>48,126,330</b>	<b>10,500,000</b>

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**18 DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS**

<i>Financial institution</i>	<i>Account number</i>	<b>2019-2020</b>	<b>2018-2019</b>
		<b>KShs</b>	<b>KShs</b>
<b>a) Current account</b>			
<i>Cash in Hand</i>			
		84,152	227,613
Standard Chartered - Main A/c	0102096956200	169,101,676	5,577,373
Standard Chartered -IGA A/c	0102096956201	5,334,099	8,012,420
Co-op - Fees Collection A/c	01129038542700	126,923,712	19,994,794
Co-op - Examination A/c No.	01129038542701	3,713,966	19,171,320
Co-op - Development A/c	01129038542702	1,637,631	2,168,438
Co-op - Naivasha T.V.C A/c	01129038542703	-	726,842
Equity Bank - PAYE A/c No.	0630272453978	988,781	275,461
NIC Bank -Bus Loan Account A/c No.	1004250067	- 33,849	470,374
<b>Grand total</b>		<b>307,750,167</b>	<b>56,624,635</b>

**19 RECEIVABLES FROM EXCHANGE TRANSACTIONS**

**19(a)**

<i>Description</i>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
<b>Current receivables</b>		
<i>Student debtors</i>	78,031,821	88,380,782
<i>Rent debtors</i>	7,733,650	8,825,702
<i>KPLC Lease</i>	280,000	210,000
<b>Total current receivables</b>	<b>86,045,471</b>	<b>97,416,484</b>

**19(b)**

<i>Description</i>	<b>2019-2020</b>	<b>2018-2019</b>
	<b>KShs</b>	<b>KShs</b>
<b>Non-current receivables</b>		
<i>Advance payments-Salary</i>	370,000	225,500
<i>Refundable Deposits</i>		
<b>Total</b>	<b>370,000</b>	<b>225,500</b>
<b>Total receivables</b>	<b>86,415,471</b>	<b>97,641,984</b>

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**20 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

<i>Description</i>	2019-2020	2018-2019
	<b>KShs</b>	<b>KShs</b>
<i>Current receivables</i>		
<i>Exchequer Capital Grant Receivable</i>	-	3,010,388
<i>Exchequer Capitation Receivable</i>	-	117,411,258
<i>M.o.E - Githunguri TVC</i>	-	20,000,000
<i>M.o.E - Ruiru TVC</i>	-	20,000,000
<i>CDF Ruiru - Ruiru TVC</i>	-	10,000,000
<b><i>Total current receivables</i></b>	<b>-</b>	<b>170,421,646</b>

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**NOTES TO THE FINANCIAL STATEMENTS**

**21 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>At 1 July 2018</i>	-	51,751,190	21,580,155	-	-	-	-	73,331,345
<i>Additions</i>	-	48,958,121	-	-	-	-	-	48,958,121
<i>At 30th June 2019</i>	-	100,709,310	21,580,155	-	-	-	-	122,289,466
<i>Additions</i>	-	71,835,997	50,000	546,942	20,550,060	11,299,295	85,367,473	189,649,767
<i>Transfer/adjustments</i>	3,250,000,000	381,525,650	-	34,998,113	29,482,690	87,737,945	-	3,782,682,092
<i>As at 30th June 2020</i>	<b>3,250,000,000</b>	<b>554,070,957</b>	<b>20,567,850</b>	<b>35,545,055</b>	<b>50,032,750</b>	<b>99,037,240</b>	<b>85,367,473</b>	<b>4,094,621,325</b>
<i>At 30th June 2020</i>	-	-	-	-	-	-	-	-
<i>Net book values</i>	3,250,000,000	554,070,957	20,567,850	35,545,055	50,032,750	99,037,240	85,367,473	4,094,621,325
<i>As at 30th June 2019</i>	-	100,709,310	21,580,155	-	-	-	-	122,289,466
<i>As at 30th June 2020</i>	<b>3,250,000,000</b>	<b>554,070,957</b>	<b>20,567,850</b>	<b>35,545,055</b>	<b>50,032,750</b>	<b>99,037,240</b>	<b>85,367,473</b>	<b>4,094,621,325</b>

(i) In the opinion of the Council there is no impairment in the value of property, plant and equipment.

(ii) All classes of the Polytechnic assets were valued at fair market values by an independent contracted professional valuer, Pinnacle Valuers Limited. The valuation report did not include assets bought during the year. The report was issued in July 2020.

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**22 INTANGIBLE ASSETS (SOFTWARE)**

	2019-2020	2018-2019
	KShs	KShs
Cost	-	-
At 1 July 2018	-	-
Additions	-	-
Disposals	-	-
Transfers/adjustments	-	-
At 30th June 2019	-	-
Additions	26,656,800	-
Disposals	-	-
Transfer/adjustments	-	-
As at 30th June 2020	26,656,800	-
Net book values	26,656,800	-
As at 30th June 2019	-	-
As at 30th June 2020	26,656,800	-

**23 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS**

Description	2019-2020	2018-2019
	KShs	KShs
Trade payables	62,085,726	63,473,577
<b>Total trade and other payables</b>	<b>62,085,726</b>	<b>63,473,577</b>

**24 REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS**

Description	2019-2020	2018-2019
	KShs	KShs
Consumer deposits-Prepaid fees	311,150	266,150
Student Caution Money	34,291,683	27,397,680
Helb Student Loan	72,111,521	14,746,044
Helb Student Bursary	3,766,082	3,757,768
CDF - Constituency Development Fund	6,929,107	1,080,780
Equity Foundation	35,500	35,500
TVET Scholarship	665,000	665,000
Lappset	170,370	-
Prepaid Rent	41,526	-
<b>Total deposits</b>	<b>118,321,939</b>	<b>47,948,922</b>

**25 BORROWINGS**

Description	2019-2020	2018-2019
	KShs	KShs
Balance at beginning of the period	6,311,957	7,099,919
Repayments of domestic borrowings during the year	- 730,095	- 787,961
<b>Balance at end of the period</b>	<b>5,581,862</b>	<b>6,311,957</b>

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**26 CAPITAL FUND**

<i>Description</i>	2019-2020	2018-2019
	<b>KShs</b>	<b>KShs</b>
<i>Balance b/f 1st July, 2018</i>	34,722,613	28,435,312
<i>Government Capital Grant</i>	-	1,505,194
<i>Internally Generated</i>	-	4,782,108
<b><i>Balance b/f 30th June, 2019</i></b>	<b>34,722,613</b>	<b>34,722,613</b>

**27 REVENUE RESERVE**

<i>Description</i>	2019-2020	2018-2019
	<b>KShs</b>	<b>KShs</b>
<i>Balance b/f</i>	294,520,662	31,739,896
<i>Surplus/(Deficit) for the year</i>	217,528,869	262,780,766
<b><i>Balance b/f 30th June, 2019</i></b>	<b>512,049,531</b>	<b>294,520,662</b>

**28 REVALUATION RESERVE**

<i>Description</i>	2019-2020	2018-2019
	<b>KShs</b>	<b>KShs</b>
<i>Land</i>	3,250,000,000	-
<i>Building and Infrastructure</i>	381,525,650	-
<i>Motor Vehicle</i>	- 1,062,305	-
<i>Furniture and Fittings</i>	34,998,113	-
<i>Computers</i>	29,482,690	-
<i>Plant and Equipment</i>	87,737,945	-
<i>Work-In-Progress</i>	-	-
<b><i>Balance b/f 30th June, 2020</i></b>	<b>3,782,682,092</b>	<b>-</b>

**29 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

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trade and other receivables and available-for-sale financial investments.

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 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.

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

	Total Amount	Fully performing	Past due	Impaired
	KShs	KShs	KShs	KShs
<i>At 30 June 2019</i>				
<i>Receivables from exchange transactions</i>	97,641,984	97,641,984	-	-
<i>Receivables from non-exchange transactions</i>	170,421,646	170,421,646	-	-
<i>Bank balances</i>	56,624,635	56,624,635	-	-
<b><i>Total</i></b>	<b>324,688,265</b>	<b>324,688,265</b>	<b>-</b>	<b>-</b>
<i>At 30 June 2020</i>				
<i>Receivables from exchange transactions</i>	86,415,471	86,415,471	-	-
<i>Receivables from non-exchange transactions</i>	-	-	-	-
<i>Bank balances</i>	307,750,167	307,750,167	-	-
<b><i>Total</i></b>	<b>394,165,638</b>	<b>394,165,638</b>	<b>-</b>	<b>-</b>

**(i) Credit Risk (continued)**

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's has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

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 Council, 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.

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	Less than 1 month	Between 1-3 months	Over 5 months	Total
	KShs	KShs	KShs	KShs
<i>At 30 June 2019</i>				
<i>Trade payables</i>	9,002,804	27,840,707	26,630,066	63,473,577
<b><i>Total</i></b>	<b>9,002,804</b>	<b>27,840,707</b>	<b>26,630,066</b>	<b>63,473,577</b>
<i>At 30 June 2020</i>				
<i>Trade payables</i>	3,977,379	36,396,315	21,712,032	62,085,726
<b><i>Total</i></b>	<b>3,977,379</b>	<b>36,396,315</b>	<b>21,712,032</b>	<b>62,085,726</b>

**(iii) Market Risk**

The Council has put in place an internal audit function to assist it in assessing the risk faced by the Polytechnic on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the Polytechnic's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The Polytechnic's Audit and Risk Department detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day to day implementation of those policies.

There has been no change to the Polytechnic's exposure to market risks or the manner in which it manages and measures the risk.

**iv) Capital Risk Management**

The objective of the Polytechnic's capital risk management is to safeguard the Council's ability to continue as a going concern. The Polytechnic's capital structure comprises of the following fund

	2019-2020	2018-2019
	KShs	KShs
<i>Retained earnings</i>	512,049,531	294,520,662
<i>Capital reserve</i>	34,722,613	34,722,613
<b><i>Total funds</i></b>	<b>546,772,144</b>	<b>329,243,275</b>
<i>Total borrowings</i>	-	-
<i>Less: cash and bank balances</i>	- 307,750,167	- 56,624,635
<i>Net debt/(excess cash and cash equivalents)</i>	- 307,750,167	- 56,624,635
<i>Gearing</i>	0%	0%

**KABETE NATIONAL POLYTECHNIC**  
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**30 RELATED PARTY BALANCES**

**Nature of related party relationships**

Entities and other parties related to the Polytechnic's 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 *entity*, holding 100% of the Polytechnic's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the *entity*, both domestic and external. Other related parties include:

- i) The National Government;
- ii) The Ministry of Education;
- iii) Key management;

**i. Grant from the Government**

	2019-2020	2018-2019
	KShs	KShs
<i>Grants from National Govt</i>	200,640,000	174,677,340
<i>Grants from Githunguri CDF</i>	-	10,000,000
<i>Grants from Ruiru CDF</i>	-	10,000,000
<b>Total</b>	<b>200,640,000</b>	<b>194,677,340</b>

**ii. Key Management Compensation**

**Council Expenses**

	2019-2020	2018-2019
	KShs	KShs
<i>Council Expenses</i>	12,309,716	8,084,514
<b>Total</b>	<b>12,309,716</b>	<b>8,084,514</b>

**31 EVENTS AFTER THE REPORTING PERIOD**

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

**32 CURRENCY**

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

**KABETE NATIONAL POLYTECHNIC**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2020**  
**APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS**

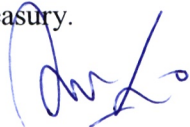
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various

issues as shown below with the associated time frame within which we expect the issues to be resolve

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	Property Plant and Equipment	The management carried out asset valuation and thus asset register and the values of individual asset can now be ascertained.	Procurement Officer	Issue Resolved	
2	Receivable from exchange Transactions-rent arrears being outstanding for so long.	The manage has engaged Public Service Commission – Human Resource to recover the said rent arrears from the affected trainers	Okumu J.W Odhiambo-Principals	Partially resolved	Next twelve months
	Rent receivable from KPLC	Reminders have been written to KPLC	Okumu J.W Odhiambo-Principals	Not Resolved	Next twelve months

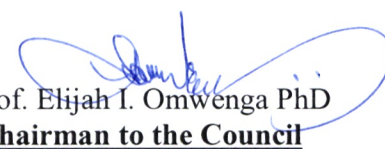
**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



Okumu J. W Odiambo  
**Principal**

Date.....30, Sep 2020.....



Prof. Elijah I. Omwenga PhD  
**Chairman to the Council**

Date.....30th Sep 2020.....

**KABETE NATIONAL POLYTECHNIC**  
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**APPENDIX II: INTER-ENTITY TRANSFERS**

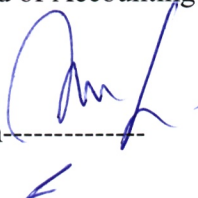
ENTITY NAME:		KABETE NATIONAL POLYTECHNIC			
<b>Break down of Transfers from the State Department of TVET</b>					
FY 2019/2020					
<b>a.</b>	Recurrent Grants				
		Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate	
		02/07/2019	40,000,000.00	2018/2019	
		10/07/2019	95,719,500.00	2018/2019	
		11/07/2019	21,691,758.45	2019/2020	
		07/10/2019	107,970,000.00	2019/2020	
		18/10/2019	16,882,500.00	2019/2020	
		05/12/2019	696,184.00	2019/2020	
		04/02/2020	473,046.00	2019/2020	
		10/06/2020	75,787,500.00	2019/2020	
		<b>Total</b>	<b>359,220,488.45</b>		
<b>b.</b>	Development Grants				
		10/07/2019	3,010,387.00	2018/2019	
		<b>Total</b>	<b>3,010,387.00</b>		

The above amounts have been communicated to and reconciled with the parent Ministry

Finance Officer

Sign  28/09/2020

Head of Accounting Unit

Sign 

**KABETE NATIONAL POLYTECHNIC**  
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**APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES**

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables	Other (must be specific)	
Ministry of Education	02/07/2019	Special Purpose grant	40,000,000.00				40,000,000.00		40,000,000.00
Ministry of Education	10/07/2019	Recurrent-Capitation	95,719,500.00				95,719,500.00		95,719,500.00
Ministry of Education	10/07/2019	Development	3,010,387.50				3,010,387.50		3,010,387.50
Ministry of Education	11/07/2019	Recurrent-Capitation	21,691,758.45				21,691,758.45		21,691,758.45
Githunguri CDF	26/08/2019	Special Purpose grant	10,000,000.00				10,000,000.00		10,000,000.00
Ministry of Education	07/10/2019	Recurrent-Capitation	107,970,000.00	107,970,000.00					107,970,000.00
Ministry of Education	18/10/2019	Recurrent-Capitation	16,882,500.00	16,882,500.00					16,882,500.00
Ministry of Education	05/12/2019	Recurrent	696,184.00	696,184.00					696,184.00
Ministry of Education	04/02/2020	Recurrent	473,046.00	473,046.00					473,046.00
Ministry of Education	10/06/2020	Recurrent-Capitation	75,787,500.00	75,787,500.00					75,787,500.00
									-
<b>Total</b>	<b>Total</b>		<b>372,230,875.95</b>	<b>201,809,230.00</b>			<b>170,421,645.95</b>		<b>372,230,875.95</b>