

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

THE NATIONAL ASSEMBLY  
PAPERS LAID

DATE: 16 APR 2024

DAY:	Tuesday
TABLED BY:	HON. ONSH BOMAJ MP
OF	DIMAJORITY LEADER
CLASS AT THE TABLE:	MZOFU MWALE

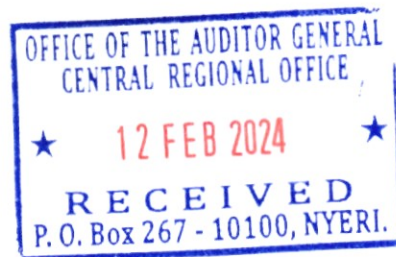
**THE AUDITOR-GENERAL**

**ON**

**NYANDARUA NATIONAL POLYTECHNIC**

**FOR THE YEAR ENDED  
30 JUNE, 2023**





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**NYANDARUA NATIONAL POLYTECHNIC**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023**

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



**Nyandarua National Polytechnic**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

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**1. Acronyms & Glossary of Terms**

AfDB	Africa Development Bank
CBET	Competence based Education and training
CICan	Colleges and Institutes Canada
Fiduciary Management	Key management personnel who have financial responsibility in the NyNP
GC	Governing Council
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
KALRO	Kenya Agricultural and Livestock Research Organization
KNQA	Kenya National Qualifications Authority
KSG	Kenya School of Government
NyNP	Nyandarua National Polytechnic
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TVET	Technical and Vocational Education and Training
QAI	Qualifications Awarding Institution

**2. Key NyNP Information and Management**

**(a) Background information**

Nyandarua National Polytechnic (NyNP) was established as Nyandarua Institute of Science and Technology (NIST) in the 1980's through an initiative from the local community and leaders. The land was donated by Kenya Agricultural Research Institute (KARI). NyNP is established by and derives its authority and mandate from TVET Act 2013. The Polytechnic is wholly owned by the Government of Kenya under the Ministry of Education, State Department for Vocational and Technical Training and is domiciled in Kenya. The Polytechnic's principal activity is provision of technical and vocational education and training (TVET) research and innovation.

The idea of establishing the then NIST was to create an institution that could meet the educational and development needs of the Nyandarua Community which was mooted in early 80's by the people of Nyandarua who contributed Kshs Five (5) million towards the project. The construction of the institute began in 1996. Among the main contributors in the initial effort were parents of children in schools in the former Nyandarua District.

In the year 2005 Constituency Development Fund (CDF) from four constituencies of Nyandarua contributed Kshs. Ten (10) million which was used to complete the first classes and administration block. In March 2006, the first batch of 25 students were admitted and since then the student population has grown steadily up to 2055 students.

The Institute was elevated to a National Polytechnic vide Legal Notice No. 209 of December 2020, which gave it power to award higher diplomas, diplomas, certificates and other academic qualifications as authorized by the academic policy of the Polytechnic. In addition, the Polytechnic was granted power to award degrees in collaboration with recognized universities, promoting and establishing a culture of innovation in engineering and technology and transfer of technology amongst staff and students.

As a National Polytechnic, NyNP operations are guided by various legislations and regulations including TVET Act 2013, Science, Technology and Innovation (ST&I) Act 2013, TVET regulations 2015, Public Finance Management Act 2012, Public Procurement and Disposal Act 2015 among others.

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The long-term Vision of the polytechnic at inception was to develop a strong technological institution to play a leading role in the development of the immense resources and potential of Nyandarua region and in so doing contribute to National Development.

The Polytechnic is ISO 9001:2015 certified and it is also under Performance Contracting. The road to certification gave the polytechnic impetus to develop home grown quality objectives to improve service delivery to its customers. Through the achievement of these objectives, the polytechnic continually makes progress in contributing to the realization of its strategic plan and the Kenya Vision 2030.

In addition to providing academic and technical skills, we seek to develop, in our students, creativity and innovativeness that enables them to integrate successfully in all areas of management in the public and private sectors.

**(b) Principal Activities**

**VISION:**

A leading global centre of excellence in technical and vocational training, research, innovation and technology.

**MISSION:**

To cultivate a talented, diverse and inclusive workforce by providing technical and vocational training, technology, opportunities for research and innovation for current and future community and industry.

**MOTTO:**

Skills for Empowerment.

**MANDATE:**

The Polytechnic is mandated to:

- i. Provide technical and vocational training as well as research and innovation as per the TVET Act and Legal Notice No. 209 of 2020. We offer skills development programmes to youths and adults in technical, commercial and scientific fields relevant to satisfy the needs of the national economy.
- ii. Collaborate with industry and academia to plan and implement programmes that facilitate the acquisition of appropriate knowledge, skills, attitudes and values necessary for the development of self and the nation.

**STRATEGIC OBJECTIVES**

1. To equip trainees with appropriate knowledge, skills and attitudes requisite in today's dynamic global environment;
2. To enhance research, technology, innovation and incubation;
3. To upgrade the Polytechnic's training facilities and infrastructure towards world class standards;
4. To enhance collaborations, linkages and partnerships with industry and academia;
5. To establish and strengthen the Polytechnic's corporate governance;
6. To develop, empower and retain adequate and high caliber staff;
7. To promote equity and inclusivity in accessing service delivery.

**(c) Key Management**

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

- i. Governing Council- made up of nine members appointed by the Cabinet Secretary, Ministry of Education. This is the overall management organ of the polytechnic;
- ii. Academic Board- made up the Principal, Deputy Principals and Heads of Academic Departments. The board is in charge of all the academic matters of the polytechnic;
- iii. Management Board- made up of the Principal, Deputy Principals and key senior administrators. The Board is the Polytechnic senior management team responsible for managing the Polytechnic strategy and policy.

**(d) Fiduciary Management**

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

No.	Designation	Name
1.	Principal	Felix Mung'atu
2.	Deputy Principal Academic and Student Affairs.	Dr. Stephen Mbugua
3.	Deputy Principal, Planning, Administration and Finance	Mary Njane
4.	Registrar	James Wanjohi
5.	Dean of students	Mutura Ngooro
6.	Head of Finance	Monica Ndirangu
7.	Head of Procurement	Stanley Ndirangu
8.	Head of electrical and electronics Engineering Department	James Karuri

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No.	Designation	Name
9.	Head of Quality Assurance and Standards Officer (QASO)	George Macharia

**Key NyNP Information and Management (Continued)**

**(e) Fiduciary Oversight Arrangements**

Oversight of polytechnic activities is carried out by various committees including but not limited to the following:

**Audit and risk committee**

The purpose of the audit committee is to provide assistance to the council in ensuring effective and economic management of finances and to establish and maintain appropriate systems of internal control and risk management. Duties and responsibilities include:

- i) Review and provide oversight on governance initiatives established by the council and maintained by the Polytechnic.
- ii) Obtain assurance from management that all financial and non-financial internal control and risk management functions are operating effectively and reliably.
- iii) Review and provide oversight on the establishment, implementation, maintenance, and effectiveness of risk assessment, risk management, and risk reporting practices.
- iv) Provide an independent review of an NyNP's reporting functions to ensure the integrity of financial reports.
- v) Monitor the effectiveness of the polytechnic's performance management and performance information.
- vi) Provide strong and effective oversight of the polytechnic's internal audit function.
- vii) Provide effective liaison and facilitate communication between management and external audit.
- viii) Provide oversight of the implementation of accepted audit recommendations.
- ix) Ensure the NyNP effectively monitors compliance with legislative and regulatory requirements and promotes a culture committed to lawful and ethical behaviour.

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- x) Review and provide advice to the Council on the key financial management and performance reports and disclosures issued to the public.
- xi) Review regular reports on implementation status of approved management action plans resulting from prior internal audit recommendations.
- xii) Review and provide oversight on the organization's internal control framework. Keep informed on all significant matters arising from work performed by any governance, risk, and control assurance providers.
- xiii) Approve and periodically review the polytechnic's audit policy.
- xiv) Review and approve an internal audit plan. The audit plan should be risk-based and supported by appropriate risk assessments

**Finance, Infrastructure and Human resource committee**

This committee shall deal with all financial matters of the polytechnic and scheme of service for GC staff and all other human resource related issues. The Committee's roles are to:

- i. Formulating strategies, operational plans and budgets for approval by the Council
- ii. Identification of material risks and in conjunction with the Audit Committee, formulation of mitigation, management of the risk, monitoring of effectiveness of the risk management processes and reporting to the Council
- iii. Ensure that the Polytechnic follows and adheres to proper financial and accounting procedures.
- iv. Ensure compliance with all statutory regulations in respect of financial and other Polytechnic's management matters.
- v. Ensure that the Polytechnic keeps all financial records on a proper accounting basis
- vi. Provide reports on financial statements and audited accounts to the Council Members during Council meetings and or any special Council or general meeting.
- vii. Advise the Council on financial management, resource mobilization, and administration
- viii. Formulating terms and conditions of service and reviewing the same for GC staff for Council approval;
- ix. Oversee the conduct of interviews for employment, appointment and promotion of

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- members of faculty and staff from grade 13 and below and submit reports to council;
- x. Consider and recommend for approval terms and conditions of service and criteria for recruitment, appointment and promotion of staff;
  - xi. Oversee the development and implementation of a Human Resource strategy;
  - xii. Receive and consider reports on staff welfare;
  - xiii. Receive and consider proposals for the provision of Occupational Safety and Health facilities and systems for staff and students;
  - xiv. Receive, consider and recommend for approval regulations governing students and staff conduct and discipline;
  - xv. Receive, consider, discuss and recommend to council proposals on staff establishment of the Polytechnic;
  - xvi. Adjudicate on staff and student disciplinary appeals;
  - xvii. Oversee the mainstreaming into policies and practices on gender balance, equality of opportunities, equalization of persons with disabilities, minorities and other marginalized groups and submit reports to Council;
  - xviii. Receive reports on gender balance, equality of opportunities, equalization of persons with disabilities, minorities and other marginalized groups
  - xix. Transact any other business as directed by Council

#### **Education, Research, and Training Committee**

This committee shall deal with all matters related to curriculum implementation, training, research and other academic issues. These shall include:

- i) Monitoring compliance with education policies, processes and codes of conduct approved by the Council;
- ii) Identification and adoption of information, Communication Technology processes;
- iii) To satisfy itself regarding the content and academic standard of any course of study in respect of any diploma, certificate or other award and to report its findings thereon to the Council.
- iv) To propose regulation for consideration by the Council regarding the eligibility of persons for admission to a course of study,
- v) To propose regulations for consideration by the Council regarding the standard of

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- proficiency to be gained in each examination for a Diploma, certificate or other award.
- vi) To approve programmes of study, regulate admission of persons to the polytechnic and determine their continuation or discontinuation in such programmes.
  - vii) To determine the Academic policy of polytechnic and to advise the council on the provision of facilities to carry out that policy,
  - viii) To direct and regulate the training and instruction within the polytechnic subject to the powers of the council.
  - ix) Curriculum and academic standards of any course of study.
  - x) Determine Academic affiliations, linkages, partnerships and associations.
  - xi) Promotion of research and innovation work in the polytechnic and dissemination of the findings.
  - xii) Quality standards and assurance of education, training, research and innovation.
  - xiii) The Constitution of the Students' Association.
  - xiv) Receive and consider reports on students' welfare;
  - xv) Oversee the constitution of an Alumni Association and receive reports on their proposals and recommendations;
  - xvi) Transact any other business as directed by Council.

**Development partner oversight activities**

The polytechnic has entered into partnership with national and international partners including KARLO, KSG, CICan and Mastercard foundation. The Polytechnic is in the process of developing a framework for the strengthening the effectiveness of development cooperation with the aim of ensuring that all the available resources are mobilized and used in ways that maximise their potential in the realization of our goals and priorities. The framework will be in line with the public Service framework on resource mobilisation for training and capacity building for the public service.

**(f) Nyandarua National Polytechnic Headquarters**

P.O. Box 2033-20300  
Nyahururu-Gilgil Highway  
Kenya

**(g) Nyandarua National Polytechnic Contacts**

Telephone: 0727256001 / 0732335757

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E-mail: [info@nyandaruanationalpoly.ac.ke](mailto:info@nyandaruanationalpoly.ac.ke)

Website: [www.nyandaruanationalpoly.ac.ke](http://www.nyandaruanationalpoly.ac.ke)

**(h) Nyandarua National Polytechnic Bankers**

Equity bank

P.O. Box 75104-00200

Nairobi.

Co-operative Bank

P.O. Box 48231 - 00100,

Nairobi.

**(i) Independent Auditors**

Auditor-General

Office of Auditor General

Anniversary Towers, Institute Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**(j) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112




City Square 00200

Nairobi, Kenya



3.The Council/Board of Governors

<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	<p><b>Prof E.G. Wagaiyu</b></p> 	<p><b>Chairperson/ chairlady Council</b></p> <ul style="list-style-type: none"> <li>• Professor (Consultant).</li> <li>• PhD in Periodontology from University of Nairobi.</li> <li>• Master of Science in Periodontology from University of London, united Medical and Dental schools, Guys Hospital U.K,</li> <li>• Bachelor of Dental Surgery from University of Nairobi</li> </ul>
2.	<p><b>Felix Mung'atu</b></p> 	<p><b>Secretary Governing Council and all Committees.</b></p> <ul style="list-style-type: none"> <li>• Holds Master of Philosophy in Education Communication, BED in Automotive.</li> <li>• Principal, Nyandarua National Polytechnic.</li> </ul>
3.	<p><b>James Nyambune</b></p> 	<p><b>Council Member</b></p> <ul style="list-style-type: none"> <li>• PS representative</li> <li>• Principal Technical Educational Officer</li> </ul>



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4.	<p><b>Feisal</b></p>  <p><b>Abdikadir Aden</b></p>	<p><b>Council Member</b></p> <ul style="list-style-type: none"> <li>• Master of Education in Leadership and Education Management – ongoing.</li> <li>• Master in Management Information Technology.</li> <li>• Bachelors Degree in Business Information Technology.</li> <li>• Diploma in Business Administration</li> </ul>
5.	<p><b>Eng. Venansio Mbataru Kariuki.</b></p> 	<p><b>Council Member</b></p> <ul style="list-style-type: none"> <li>• Director / CEO Millenium Star Enterprises Ltd, An Independent Petroleum dealer company inNBI.</li> <li>• Chairman Kenya Independent petroleum dealers association (KIPEDA)</li> <li>• Bachelor of civil Engineering Degree [B.Eng. civil] – Kingston Polytechnic LONDON-U.K. {now University of Kingston Upon Thames} – 1987.</li> <li>• Ordinary Diploma in Mechanical Engineering. Kenya Polytechnic – 1982.</li> </ul>
6.	<ul style="list-style-type: none"> <li>• <b>FA Ben Masawa Sanda</b></li> </ul> 	<p><b>Council Member</b></p> <ul style="list-style-type: none"> <li>• Ag. Chief Financial Officer -The Technical University of Kenya (TU-K)</li> <li>• Masters of Arts in Economics</li> <li>• Public Sector Financial Management Course Kenya School of Government</li> <li>• ISO 9001:2008 Lead Auditors Course Kenya School of Government.</li> <li>• Certified Securities &amp; Investment Analysts (CSIA).</li> <li>• CIFA Membership No. FA/00076</li> <li>• Certified Public Accountant (CPA-K).</li> </ul>





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		<ul style="list-style-type: none"> <li>• ICPAK Membership No.11018</li> </ul>
7.	<p><b>Jacob Tom Ojwando</b></p> 	<p><b>Council Member</b></p> <ul style="list-style-type: none"> <li>• Principal Accountant-National Treasury/MOE(SDVTT)</li> <li>• MBA –( Finance Option):Maseno University</li> <li>• Bachelor of Commerce – Accounts Option (Second Class Honors): Catholic University of East Africa</li> <li>• C.P.A. I, II and III (CPA K) ; Vision Institute</li> <li>• K .A.T. C Graduate Dima College</li> </ul>
8.	<p><b>Miriam Wambui</b></p> 	<p><b>Council Member</b></p> <ul style="list-style-type: none"> <li>• Founder and Executive Director, Scope and Impact Ltd.</li> <li>• Launched a HR digital platform dubbed iSCOPE HR.</li> <li>• Currently pursuing a Masters in Leadership and Sustainability.</li> <li>• BSc in Nutrition and Chemistry from the University of Eastern Africa Baraton.</li> <li>• Higher National Diploma from the Institute of Human Resource Management.</li> <li>• Senior Member, IHRM (K)</li> <li>• Accredited Executive Leadership Coach by AoEC</li> <li>• Member, Technical Committee Kenya Bureau of Statistics (KEBS)</li> <li>• Member by affiliation, American Workforce</li> <li>• Member, Institute of Directors Kenya</li> <li>• Member, Council of Governors' Secretariat (infrastructure and urban development workstream) representing IHRM(K)</li> </ul>




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		<ul style="list-style-type: none"> <li>• Member, Women in Business East Africa</li> <li>• Green Horn Mentor, University of Nairobi</li> <li>• Member, Business Forum International (BNI) Legacy Chapter</li> <li>• Life Member, YMCA Kenya Chapter</li> </ul>
9.	<ul style="list-style-type: none"> <li>• <b>Joel Sigilai</b></li> </ul> 	<p><b>Independent Council Member</b></p> <ul style="list-style-type: none"> <li>• Advocate of the High Court of Kenya.</li> <li>• Holds a Bachelor of Laws Degree from University of Nairobi.</li> </ul>
10.	<ul style="list-style-type: none"> <li>• <b>Eng .George K. Matoke MSc. {Eng}</b></li> </ul> 	<p><b>Council Member</b></p> <ul style="list-style-type: none"> <li>• Retired civil servant</li> <li>• Private practice.</li> <li>• PhD. in Renewal Energy Engineering- Kenyatta University</li> <li>• MSc. Engineering systems &amp; Management-</li> </ul>

4. Key Management Team

No.	Member	Details
1.	 <p><b>Felix Mung'atu</b> Master of Philosophy in Education Communication, BED in Automotive Engineering.</p>	Chief Principal
2.	 <p><b>Mary Njane.</b> B.Ed. (Science), M.Sc. Applied Mathematics</p>	Deputy Principal, Planning, Administration and Finance
3.	 <p><b>Dr. Stephen Mbugua</b> M.Ed. Educational Administration, B.Ed. (Science), Diploma Education Management.</p>	Deputy Principal- Academic and Student Affairs
4.	 <p><b>James Wanjohi</b> M.sc. Chemistry, B.sc Maths/Science</p>	Registrar

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5.	 <p>Mutura Ngooro Kimani B.Ed. (Arts), CPA</p>	Dean of Students
6.	 <p>CPA Monica Ndirangu MBA (Strategic Management) B.Com (Accounting Option), CPA- K, Member ICPAK, Member AWAK CS II</p>	Chief Finance Officer
7.	 <p>James Karuri Bsc. Electrical and Electronics Engineering</p>	HOD Electrical and Electronics Engineering

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	 <p>George Macharia Bed. Arts (UON), CPA II</p>	Quality Assurance and Standards Officer
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## **5. Chairman's Statement**

It gives me great pleasure to present the Nyandarua National Polytechnic (NyNP) annual report and financial statements for the year ended 30<sup>th</sup> June 2023.

As the Governing Council we are mandated to mobilize resources and utilize them effectively and efficiently to promote technical and vocational training. This mandate is enshrined in our Strategic Plan 2021-2026 which has been aligned with the "Big Four" agenda, Vision 2030 and SDGs. During the year under review, the Strategic Plan was in the second year of implementation and several strategies have been put in place to manage the anticipated fast growth in terms of student population, infrastructure, training programmes and labour force. We however acknowledge that the strategic plan needs review to align it with the current government Bottom-Up economic Transformation Agenda (BeTA).

NyNP is keen in ensuring that TVET programmes pursued, will enable the trainees acquire the necessary skills, knowledge, experience and confidence to be exemplary leaders in their professions and to drive the current government agenda of transforming our communities. During the year we embarked on training program for our youth on digital skills that will enable them to earn a decent living and contribute to economic growth.

Technical, Vocational, Education and Training (TVET) provides knowledge, skills and attitudes that have become a key driver of growth and development globally. Production of knowledge intensive, technologically sophisticated, higher value goods and services is not possible without a trained management cadre and labour force with the appropriate mix of technical and vocational skills. In view of this, it is imperative to ensure that there exist enabling and friendly environment that will enhance delivery of quality TVET programmes for sustainable development of Kenya and beyond. To this end, I am delighted to note that much has been achieved during the year despite challenges faced.

Our elevation to a National Polytechnic in December 2020 couldn't have come at a better time for us. It provided us with the impetus to reinvigorate ourselves and take a pivotal role in making our institution a force to reckon with in the region and nationally.

We are proud to be part of the TVET sector where we provide knowledge, skills and attitudes that have become a key driver of growth and development globally. Production of knowledge

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intensive, technologically sophisticated, higher value goods and services is not possible without a trained labour force with the appropriate mix of technical and vocational skills. In view of this, we have put efforts to ensure that there exists an enabling and friendly environment that will enhance delivery of quality TVET programmes for sustainable development of Kenya and beyond.

NyNP is keen in ensuring that TVET programmes pursued, will enable the trainees acquire the necessary skills, knowledge, experience and confidence to be exemplary leaders in their professions and to be role models in their communities and become responsible citizens wherever in the world their careers might take them.

The Council is committed to embracing best practices in the industry and during the year under review we have engaged the industry as we developed curricular for CBET programs that will shift the focus from conventional training to skills-based training. To this end and in recognition of our status as a Qualification awarding institution (QAI) we have commenced the process of developing an assessment and certification framework We have also benchmarked with our peers at the national level on the best practices for national polytechnics. During the year the council completed the construction of engineering workshops and training rooms for use by the Building and Civil Engineering department which is our centre of excellence. This project was a work in progress in the FY 2021-2022. We however regret that we could not accomplish most of our priority projects as a result of financial constraints.

In the recent past, the polytechnic's student population has grown as a result of collaborations with the NYS, KUCCPS and other stakeholders thus exerting pressure on our existing resources and facilities. We have however not attained the requisite number of trainees especially in business related courses which have seen a decline in numbers. We are implementing a mix of interventions to mitigate this situation.

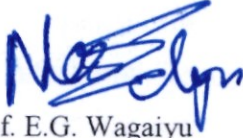
To this end we continue to appeal for support for the projects in our strategic plan such as a modern automotive garage, classrooms, science laboratory, student hostels among others to enable us achieve our core mandate in the provision of quality teaching, research and innovations.

A collaborative effort from our partners is paramount if we have to realise the TVET Agenda and I urge development partners and other stakeholders to back up our efforts.

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We are committed to the prudent utilisation of the public funds which has been placed under our stewardship.



Prof. E.G. Wagaiyu  
**CHAIRMAN, GOVERNING COUNCIL**

## **6. Report of the Chief Principal**

Am pleased to present the Nyandarua National Polytechnic (NyNP) annual report and financial statements for the year ended 30<sup>th</sup> June 2023.

The polytechnic is in the second year of implementing our Strategic Plan 2021-2026, Finance Policy, Human Resource policy, Risk Management policy, Quality Assurance Policy and the scheme of Service for Council staff among others.

During the year under review the polytechnic has continued to carry out her mandate of offering a diverse outstanding TVET programs in a way that provides trainees with the best opportunity to achieve success and to enjoy their years here. We have put measures during the year to improve the various aspects of our institution to provide the requisite policy direction and resources to diversify the courses offered and improve on the existing ones.

We have taken great strides towards the implementation of new CBET curriculum by initiating the development of occupational standards for CBET courses and curriculum in collaboration with the industry and our accreditation bodies. Implementation of the CBET system will however require investment in terms of staff, equipment and other infrastructure. We acknowledge our mandate as a its Abbreviation not provided in acronym list's section and are in the last stages of accreditation by the Kenya National Qualifications Authority (KNQA). The process of developing curricular and certification framework is however expected to utilize massive resources which are constrained.

In the field of research and innovation the Polytechnic has entered into partnership with the Kenya industrial property institute (KIPI) on the patenting of innovations by staff and trainees. We have as a result established a Technology and Innovation Support Centre (TISC). The TISC will enable the polytechnic access a wide range of patent databases and other scientific and technology resources. We also hosted our inaugural international conference whose theme was: *Springing forth: The role of Science Technology and Innovation in resilient and sustainable economy*.

The conference gave academics and researchers in academia and industry to showcase their research findings and technological innovations. Additionally, we continue to implement our intellectual Property and which gives guidelines on incubation and eventual commercialisation of the innovations for the mutual benefit of the institution and the budding innovators.

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We are cognisant of our role towards the realisation of the bottom up transformation agenda, (BeTA). Towards that end, we are putting in measures to support the implementation of the enablers and pillars by initiating training programs in areas of Agriculture, digital superhighway and creative economy. We commenced the training of our trainees and staff in using online platforms to earn a living under the Jitume and Ajira initiatives.

As a National Polytechnic, we acknowledge the importance of collaborations and partnerships with stakeholders including the industry and academia. These will enable us to provide market driven and relevant courses so that our graduates can take their place in the transformation of our country.

During the year, as part of partnership and collaborations we signed an agreement with the Kenya School of Government (KSG) on accreditation as a training centre.

In our pursuit of providing all round graduates we also participated co-curricular activities including sports, trade fairs and robotics, and Presidents Award Scheme which inculcates values of patriotism and service to the nation to our trainees.

During the year the polytechnic completed the construction of carpentry and masonry workshops, offices and training rooms for building and civil engineering. The sanitary facility for our staff was also completed during the year under review. This will go along way in improving the work environment and employee satisfaction.

Despite these successes, we have faced numerous challenges of mobilizing adequate funds to build training rooms, hostels and developing new infrastructure to cater for the increase in population and also match the industry trends to ensure relevance in training. We acknowledge that we require a lot of investment in both financial and human capacities which continue to stretch the scarce financial resources at our disposal.

The challenge is also compounded by the heavy financial burden incurred by the institution as remuneration for trainers hired under Governing Council terms as the PSC has not been able to provide adequate human resource to enable the polytechnic deliver her mandate. It is our hope that the bodies concerned with the hiring the TVET trainers will expedite the process to relieve us of the burden and therefore channel the resources to other pressing issues. The other challenge is the Covid-19 which has affected enrolment, payment of fees and adversely affected the available space in our training rooms laboratories and workshops. We also have undergone considerable

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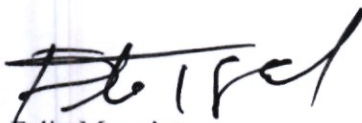
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expenditure in complying with the Ministry of Health guidelines for mitigating the effects of the pandemic.

We would like in a special way to thank the Government of Kenya for the renewed commitment to TVET and recognising technical training as a vehicle for achieving the vision 2030. The funding of trainees through capitation and provision of loans and bursaries by HELB is greatly appreciated as is the provision of training equipment and machinery.

We also thank the Ministry of Education, the directorate of vocational and technical training, AfDB and our development partners for supporting NyNP in its efforts to deliver quality and market driven programmes. We remain committed to quality training and declare our resolve to continue addressing the opportunities and challenges that come our way more so, in playing our role in the realization of the 'Big Four' Agenda.

We also greatly appreciate the Council, staff, students and all stakeholders who have contributed greatly in their own way to make the Polytechnic a 'leading global centre of excellence in technical and vocational training, research, innovation and technology'



Felix Mung'atu

**CHIEF PRINCIPAL**

**Nyandarua National Polytechnic**  
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**7. Statement of Performance against Predetermined Objectives**

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 NyNP's performance against predetermined objectives.

Nyandarua National Polytechnic has seven strategic pillars and objectives within current Strategic Plan for the FY 2021/22 - FY 2026/27. These strategic pillars are as follows:

**STRATEGIC PILLARS**

1. Training and skills development
2. Research and innovation
3. Enabling environment
4. Collaborations and partnerships
5. Oversight and governance
6. Human resource development
7. Equity and inclusion

Nyandarua national polytechnic develops its annual work plans based on the above seven pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The Polytechnic achieved some of its performance targets set for the FY 2021/22 period for its seven strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Achievements
1. Training and skills development	To equip trainees with appropriate knowledge, skills and attitudes requisite in today's	<ul style="list-style-type: none"> <li>• No. of training rooms, workshops</li> <li>• New curriculum for tailor made programmes</li> </ul>	<ul style="list-style-type: none"> <li>• Construction of training rooms, workshops</li> <li>• Review academic programmes to ensure market relevance and applicability</li> <li>• Diversify modes of</li> </ul>	<ul style="list-style-type: none"> <li>• Masonry and carpentry workshops completed</li> <li>• Initial CBET programs assessment done</li> <li>• LMS developed</li> </ul>

**Nyandarua National Polytechnic**

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	dynamic global environment;		curriculum delivery	for e-learning
2. Research and innovation	To enhance research, technology, innovation and incubation;	<ul style="list-style-type: none"> <li>• Research policy</li> <li>• IP Policy</li> <li>• TISC centre</li> </ul>	<ul style="list-style-type: none"> <li>• Review and implement a Research Policy</li> <li>• Develop intellectual property policy</li> <li>• Establish and operationalize TISC centre in collaboration with KIPI/WIPO</li> </ul>	<ul style="list-style-type: none"> <li>• Policies reviewed</li> <li>• MOU signed with KIPI</li> <li>• TISC centre established</li> </ul>
3. Enabling environment	To upgrade the Polytechnic's training facilities and infrastructure towards world class standards;	<ul style="list-style-type: none"> <li>• Master plan</li> <li>• Cabro laid in m<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>• To develop and adopt a master plan that depicts a world class Polytechnic</li> <li>• Lay additional cabros on walk ways</li> </ul>	<ul style="list-style-type: none"> <li>• Master plan developed and approved</li> <li>• Cabro laid 6300m<sup>2</sup></li> </ul>
4. Collaborations and partnerships	To enhance collaborations, linkages and partnerships with industry and academia;	<ul style="list-style-type: none"> <li>• Policy on collaborations</li> <li>• Areas of collaborations</li> <li>• MoUs</li> </ul>	<ul style="list-style-type: none"> <li>• Develop a policy on collaborations and linkages</li> <li>• Identify areas of collaborations</li> <li>• Signing of MoUs</li> </ul>	<ul style="list-style-type: none"> <li>• MOU with KSG signed</li> </ul>
5. Oversight and governance	To establish and strengthen the	<ul style="list-style-type: none"> <li>• Guiding policies, operational charters, statutes</li> </ul>	<ul style="list-style-type: none"> <li>• Develop guiding policies, operational</li> </ul>	<ul style="list-style-type: none"> <li>• Policies developed and/or reviewed</li> </ul>

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	Polytechnic's corporate governance;	<ul style="list-style-type: none"> <li>• Working committees</li> <li>• Restructured QA</li> </ul>	charters, statutes <ul style="list-style-type: none"> <li>• Establish working committees</li> <li>• Restructure quality assurance</li> </ul>	<ul style="list-style-type: none"> <li>• Committees established</li> <li>• QA restructured</li> </ul>
6. Human resource development	To develop, empower and retain adequate and high caliber staff;	<ul style="list-style-type: none"> <li>• Reviewed policies</li> <li>• Funds allocated for staff development</li> </ul>	<ul style="list-style-type: none"> <li>• Review the HR policies and procedures manual</li> <li>• Allocate funds for staff development activities</li> <li>• Establish and implement a meritorious scheme</li> </ul>	<ul style="list-style-type: none"> <li>• Policies reviewed</li> <li>• Funds allocated</li> <li>• Meritorious scheme awaiting approval by the council</li> </ul>
7. Equity and inclusion	To promote equity and inclusivity in accessing service delivery	<ul style="list-style-type: none"> <li>• Walkways</li> <li>• Parking slots</li> <li>• Sanitation facilities</li> <li>• Reviewed policies</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of walkways</li> <li>• Parking slots</li> <li>• Sanitation facilities for persons with disabilities</li> <li>• Review and implement gender and Disability mainstreaming policies</li> <li>• Strengthen Alumni network</li> </ul>	100% complete

## 8. Corporate Governance Statement

The polytechnic has put in place a Charter which provides as follows:

### The Council

(1) The Council members shall comprise Nine (9) Members as follows-

- (a) Chairperson,
- (b) The Principal Secretary in the Ministry for the time being responsible for matters relating to technical and vocational education and training,
- (c) The Principal Secretary in the Ministry for the time being responsible for finance; and
- (d) Five members appointed by the Cabinet Secretary by virtue of their knowledge and experience in:
  - (i) Leadership and management;
  - (ii) Financial management;
  - (iii) Industry;
  - (iv) Engineering;
  - (v) Information communication Technology
  - (vi) Law.
- (e) The Principal, who shall be an ex-officio member and the Secretary to the Council.

### Appointment to the Council

The members of the council shall be appointed by the Cabinet Secretary Ministry of Education after wide consultation from strategic partners and individuals who share the same values, commitments and have an interest to work with NyNP. The recruitment to Council membership shall be through head hunting, recommendations by management, staff and other Council members, interviews and consensus among the Council members.

### Powers and Duties of the Council

Generally, the Council of Members will have the following roles:

- i) Ensure that a proper management structure is in place and that the management maintains the corporate integrity, reputation and responsibility of the Polytechnic;
- ii) Monitor and evaluate the implementation of strategies, policies, and management plans of the Polytechnic;
- iii) Constantly review the viability and financial sustainability of the Polytechnic at least once in every year;

## **Nyandarua National Polytechnic**

### **Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

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- iv) Ensure that the Polytechnic complies with all the relevant laws, regulations, governance practices and accounting and auditing standards;
- v) Oversee the conduct of education and training at NYNP in accordance with the provisions of the TVET Act and any other written law;
- vi) Promoting and maintaining standards, quality and relevance in education and training in NYNP;
- vii) Administer and manage the property of the polytechnic;
- viii) Develop and implement NYNP strategic plan;
- ix) Prepare annual estimates of revenue and expenditure for the Polytechnic and incurring expenditure on its behalf;
- x) Making regulations governing Polytechnic, conduct and discipline of the staff and students;
- xi) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submit the same to the TVETA Council;
- xii) Providing for the welfare of the students and staff of the polytechnic; and
- xiii) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the Polytechnics;

#### **Conflict of Interest**

- a) A member who has a direct or indirect interest in a matter being considered or to be considered by the Council shall, as soon as the relevant facts regarding the matter come to knowledge of the member, disclose the nature of such interest, and shall not be present during any deliberations on the matter.
- b) A disclosure of interest made under paragraph (a) shall be recorded in the minutes of the meeting at which it is made.
- c) A member of the Governing Council who contravenes subparagraph (a) commits an offence and shall be liable as stipulated in the Act.

#### **Commitment in Attending to the Polytechnic Affairs**

- a) Council members are expected in the exercise of their role as Members to have the commitment, time, availability and energy to give due attention to the affairs of the Polytechnic. In this regard, Council members have the duty to regularly attend all council meetings and committees on which they serve.

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- b) Failure to attend three consecutive meetings of the Council without a written apology constitutes a ground for termination of a Council member.

**Setting of performance targets**

The Council shall set its performance targets based on the strategic plan and performance contracts signed by both Council and Management.

**Evaluation**

By adopting the Corporate Governance Guidelines, the following methods may be used in Council evaluation:

- a) Self-assessment carried out once a year; and  
b) End of council Term Report

**Induction**

The chairman of the Council ensures members when appointed participate in appropriate induction process an induction and are thereafter continually developed based on identified development needs.

**Remuneration and expense reimbursement Policy**

The remuneration of the Members shall be within the benchmarks set by the TVET Act and relevant circulars from the PSC more specific in reference to ability to pay and shall be by way of sitting allowance only. The Members may also be paid all travelling expenses from their ordinary place of residence to the place where the meetings of the Members or any committee of the Members or general meeting of the polytechnic in connection with the business of the polytechnic.

**9. Management Discussion and Analysis**

**Operational and financial performance**

During the year under review, the Polytechnic was committed to embracing best practices in the industry and have facilitated various benchmarking exercises as it prepares to launch more CBET programs that are skill oriented and more relevant to the industry. In the area of collaborations and partnerships, the Polytechnic collaborated with Colleges and Institutes Canada (CICan) in the area of research in value addition of Irish Potato.

During the year the Polytechnic registered a deficit of Kshs (12,964,389)

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The Council will continue the implementation of the 2016-2021 Strategic Plan with an emphasis on new status as a National Polytechnic.

**Governance**

The Council of Governors notes that the Polytechnic has complied with all Financial and Governance Policies and Laws as stipulated by the Constitution of Kenya, 2010. Provisions of Chapter 12 on Principles of Public Finance have been followed both in letter and spirit on all the financial management decisions of the Polytechnic. The management has also complied with the Provisions of Chapter 6 of the Constitution in defining its Governance Structures as well as the Provisions of the Public Procurement and Asset Disposal Act, 2015 that preclude any instances of conflict of interest.

**Key projects and investment decisions the NyNP is planning/implementing**

The Polytechnic implemented a number of development and improvement projects funded by A-I-A. As at the end of the year, the total expenditure incurred on acquisitions was **Kshs 9,685,456** which was within the estimated expenditure voted for the year.

**Nyandarua National Polytechnic compliance with statutory requirements**

The Polytechnic did not have any compliance issues relating to its statutory requirements

**Major Risks**

The Polytechnic does not foresee any major risks in its financial operations. The Governing Council has been able to mitigate risk especially in the key areas of Operation, Credit, Liquidity and Capital to minimal levels. The Council has put in place strong financial management policies and these have been customised by the management into equally strong internal controls that give assurance on the propriety of the Institution's systems of control. This position is supported greatly by the significant investment in strong internal controls that safeguard the Polytechnic's assets and liabilities. The Polytechnic's credit risk is mitigated and protected by holding deposits in state approved and reputable banking institutions namely, Equity and Cooperative Bank. The Polytechnic holds high quality fees debts that are continuously being monitored with a major portion being Receivables underwritten by GOK institutions - NYS and HELB. The Polytechnic's capital risk was minimal since at the end of this year the Polytechnic had no external borrowing. The same applies to liquidity risk where the total Current Liabilities at **Kshs 49,550,051** was 66% of current assets holding which was standing at **Kshs 75,527,817**

**Material arrears in Statutory/Financial Obligations**

The Polytechnic complied with all laws and key regulation that relate to its statutory obligations under the NSSF, NHIF, INCOME TAX and LABOUR Laws of Kenya. The Polytechnic has also complied with PFM laws that relate to Public Procurement and Asset Disposal, Annual Estimates and Financial Reporting.

**10. Environmental and Sustainability Reporting Statement**

**Sustainability strategy and profile**

The polytechnic is cognizant of the 17 Sustainable Development Goals adopted by UN Member States in transforming our world: The 2030 Agenda for Sustainable Development. Our performance contract for FY 2022-2023 has a commitment to make further advances on social progress, economic growth and environmental protection, balancing the three pillars of sustainable development.

Sustainability prompts us to think in terms of the future and using global perspective, recognising the connections between economy, society and ecology. The concept carries the aim of improving quality of life for people and communities across the globe, whilst protecting the natural systems upon which life depends.

Sustainability at the Nyandarua National Polytechnic is about understanding the wider consequence of our current activities while using learning, imagination and leadership to support societies towards more sustainable futures. Our shared understanding of sustainability is based on internationally agreed principles of learning and change for sustainability, providing a working definition adaptable to different areas of professional and academic practice.

Moving into the future the polytechnic will formulate a sustainability strategy based on the following pillars:

**Leadership and Governance** – sustainability informs our organisational direction and culture: Sustainability principles underpin our core purpose as a polytechnic, including the experiences of our students, the professional practice of our staff, and the wellbeing of our community.

**Student Experience** – sustainability provides distinctive capabilities for our graduates: Our students develop their future focus, global outlook and the ability to innovate and lead change in support of sustainability, which is increasingly critical for professionals in all sectors.

**Academic Innovation** – sustainability is integral to our learning, teaching and research:

Education for Sustainability principles will be integrated into our framework of graduate attributes and help to increase the quality and value of our academic practice and scholarship

**Business Operations** – sustainability is an essential corporate improvement priority: Sustainability is central to our practice as a responsible employer, in tackling negative impacts, creating value and bringing positive benefits to staff, students and communities.

**Collaborations and Partnerships** – sustainability adds value to our collaborations at all levels: Sustainability guides our local, national and international relationships, enhancing our role as an anchor institution in our region and a stimulus for innovation.

### **Environmental performance**

#### **Introduction**

Environmental Sustainability refers to concerted efforts to mitigate against environmental degradation. It is the maintenance of the factors and practices that contribute to the quality of environment on a long-term basis. Environmental sustainability involves making decisions and taking action that are in the interests of protecting the natural world, with particular emphasis on preserving the capability of the environment to support human life. Sustainability means “meeting the needs of the present without compromising the ability of future generations to meet their own needs.”

The polytechnic is committed to environmental sustainability and has undertaken the following initiatives.

- Establishment and operationalization of environmental sustainability committee;
- Compliance with the Environmental Management and Coordination Act (EMCA);
- Carrying out an Environmental Sustainability Audit on compliance with EMCA-
- Participating in activities of ‘Greening TVET’ including planting of trees in collaboration with our partners eg. Equity Bank.
- Waste management practices including the segregation of waste.

We are however faced with challenges of managing electronic waste and in that respect, we are exploring partnerships with persons or organizations that have the knowhow of managing this waste. As we move into the future the Environment sustainability committee will be tasked with developing an environmental sustainability policy

**Employee welfare**

**Recruitment**

Nyandarua National Polytechnic (NyNP) has a Human Resource Policies and Procedures Manual and a Schemes of Service that governs the management of human resources. The manuals are to be reviewed when changes are necessary with authorization of the Governing Council but not later than three years.

The Polytechnic is enrolled on the Fuzu portal in conjunction with national council for the persons with disability (NCPWD)

Strictly following the labour laws and our policies has ensured healthy employee relations and currently, we have zero labour-related court cases.

The job description and specifications are derived from the provisions of the Schemes of Service informs the job advertisement. The advert also clearly specifies that the institution is an equal opportunity employer.

The Human Resource Policies and Procedures Manual provides the following guidelines for recruitment:

- a) Where vacant positions are to be filled through open advertisement, applications shall be invited through the print media with wide circulation. The applicants shall be allowed at least twenty-one (21) days before the advert is closed.
- b) The advert shall have the following details: The title of the post, number of vacancies, job description, person specification, and the proposed remuneration.
- c) The Head of Human Resources will notify the successful candidates as soon as possible but not later than fourteen (14) days.

**Career Management**

The institution avails opportunities to all staff to be trained essential skills that enhances their performance and service delivery.

The schemes of service outlines clearly the career progression of each cadre and the requirements to qualify the next grade.

The staff are also encouraged to be members of relevant professional bodies and improve their skills through continuous learning. Those who are members of professional bodies the polytechnic caters for their annual membership fees.

### **Performance Appraisal**

The Polytechnic has put in place the Employee performance management committee (EPMC) which is tasked with ensuring that the appraisal process is adequately linked to objectives, workplans and individual performance contracts. The committee also moderates and validates the assessment and make recommendations for awards and /or sanctions.

### **Rewards**

Based on the scores of performance appraisal, the institution has a rewards and sanctions policy (meritorious scheme) that governs the rewards and sanctions on performance.

### **Occupation Safety and Health Act of 2007, (OSHA).**

Nyandarua National Polytechnic in her mandate to offer quality training adhere to set OSHA policy by undertaking various activities;

1. Undertaking capacity building for trainers, staff and trainees in technical departments on safety measures and firefighting techniques.
2. Adhere to occupational safety standards operating procedure by ensuring use of PPE's for various disciplines.
3. Operationalize an OSHA policy in the polytechnic, by ensuring mandatory inspection's and audits.

### **Market place practices-**

- a) Responsible competition practice.

**Anti-corruption:** - the polytechnic has appointed a committee who is responsible for ensuring that service providers adhere to principles of integrity.

**Responsible political involvement:** - coordinating well with the national and county government.

**Fair competition:** - through open tendering and request for quotations

**Respect for competitors:** - we have respected competition by giving out request for quotations and open tenders so that bidders to compete in any tender.

- b) Responsible Supply chain and supplier relations

The Polytechnic has maintained good business practices by issuing request for quotations and open tenders for competitive bidding. We have honored contracts and payment of invoices within **60 to 90** days.

- c) Responsible marketing advertisement to maintain ethical marketing practices through

1. Charging the fees available in the marketing materials without any hidden charges
2. Ensuring the courses advertised are offered
3. Giving marketing information without exaggerating
4. Marketing without antagonizing our competitors

### **Corporate Social Responsibility / Community Engagements**

NyNP recognizes the need for Corporate Social Responsibility (CSR) and engages in various activities. In the year under review, we engaged in a community health services where we had screening for various ailments e.g., HIV, Prostate Cancer, Cervical Cancer, Breast Cancer, Hypertension etc. We also attended public forums and visited secondary schools to offer career guidance.

### **Human Resource**

NyNP recognizes that health, safety and training, play a key in ensuring our employees commitment to responsibility in the workplace and a working environment in which personal and employment rights are upheld. Effective policies and procedures are aligned with the Polytechnic's needs and the promotion of good communication processes, to assist timely and consistent delivery of relevant information to employees.

We provide equal opportunity for all employees and job applicants. We have in place policies covering issues such as performance management, training and family friendly policies e.g. compassionate leave, paternity leave among others.

### **Stakeholders**

NyNP actively encourages open communication with stakeholders. Principally through the Council members, NyNP endeavours to establish and maintain healthy relationships with its institutional stakeholders by holding regular consultations on issues requiring stakeholder participation as enshrined in the Constitution of Kenya 2010.

## **11. Report of the Governing Council**

The Council/Board members submit their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the NyNP's affairs.

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**Principal activities**

The principal activities of the NyNP are training, research and development are expected to continue in foreseeable future.

**Results**

The results of the NyNP for the year ended June 30 2023 are set out on page 1 to 41.


**Governing Council**

The members of the Council who served during the year are shown on page x-xiii. During the year no Council member retired/ resigned and hence no new appointments were made during the year.

**Auditors**

The Auditor General is responsible for the statutory audit of the NyNP in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 were nominated by the Auditor General to carry out the audit of the NyNP for the year/period ended June 30, 2023, in accordance to section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

  
.....  
Secretary of the Board/Council  
Nyahururu  
Date: 29/9/2023

## **12. Statement of Board of Governors/Council's 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 NyNP, which give a true and fair view of the state of affairs of the NyNP at the end of the financial year/period and the operating results of the NyNP for that year/period. The Council members are also required to ensure that the NyNP keeps proper accounting records which disclose with reasonable accuracy the financial position of the NyNP. The council members are also responsible for safeguarding the assets of the NyNP. The Council members are responsible for the preparation and presentation of the NyNP's financial statements, which give a true and fair view of the state of affairs of the NyNP for and as at the end of the financial year (period) ended on June 30, 2023. 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 NyNP'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 the State Corporations Act, TVET Act 2013 and legal order No. 209 of 2020.

The council members are of the opinion that the NyNP's financial statements give a true and fair view of the state of NyNP's transactions during the financial year ended June 30, 2023, and of the NyNP's financial position as at that date. The Council members further confirm the completeness

**Nyandarua National Polytechnic**  
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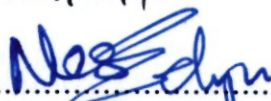
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of the accounting records maintained for the NyNP, which have been relied upon in the preparation of the NyNP's financial statements as well as the adequacy of the systems of internal financial control.

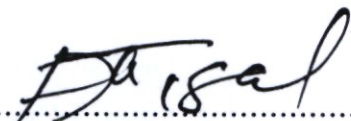
Nothing has come to the attention of the Council members to indicate that the NyNP will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the Financial Statements**

The NyNP's financial statements were approved by the Governing Council on 29/09/ 2023 and signed on its behalf by:

  
.....

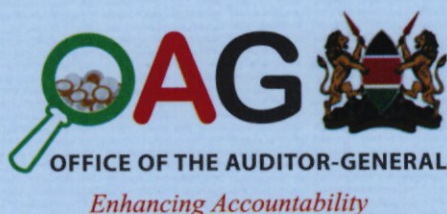
**Name: Prof. Evelyn G. Wagaiyu**  
**Chairperson of the Governing Council**

  
.....

**Name: Felix K. Mung'atu**  
**Accounting Officer/ Chief Principal**

# REPUBLIC OF KENYA

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

## REPORT OF THE AUDITOR-GENERAL ON NYANDARUA NATIONAL POLYTECHNIC FOR THE YEAR ENDED 30 JUNE, 2023

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### PREAMBLE

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

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

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

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

### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Nyandarua National Polytechnic set out on pages 1 to 39, which comprise of the statement of financial position as at 30 June, 2023 and the statement of financial performance, the 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 matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Nyandarua National Polytechnic as at 30 June, 2023 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**

#### **Unsupported Land Balance**

The statement of financial position and as disclosed in Note 19 to the financial statements reflects a balance of Kshs.454,447,902 in respect to property, plant and equipment as at 30 June, 2023. This balance includes Kshs.200,000,000 in respect to a parcel of land measuring approximately 100 acres. However, no ownership and valuation documents in respect to this land were provided for audit review.

In the circumstances, the accuracy, completeness and ownership status of the parcel of land valued at Kshs.200,000,000 could not be confirmed.

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

### **Emphasis of Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.494,370,710 and Kshs.163,650,595 respectfully resulting to an under collection of Kshs.330,720,115 or 67% of the budget. Similarly, the Polytechnic expended Kshs.179,662,893 against an approved budget of Kshs.494,370,710 resulting to an under-absorption of Kshs.314,707,817 or 64% of the budget.

The underfunding and under absorption of funds affected the planned activities and may have impacted negatively on service delivery to the public.

## **Key Audit Matters**

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

## **Other Matter**

### **Unresolved Prior Year Audit Matters**

In the audit of the previous year, several issues were raised under the Report on the Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, the prior audit matters remained unresolved as at 30 June, 2023. Management has not provided reasons for the delay in resolving the prior year audit issues.

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

### **Conclusion**

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

### **Basis for Conclusion**

#### **Non-Compliance with Law on Staff Ethnic Composition**

Examination and analysis of personnel records revealed that during the year under review, the Polytechnic had one hundred and sixty-six (166) staff members out of which one hundred and twenty-seven (127) or 77% were from a dominant ethnic community in the County contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

In the circumstances, Management was in breach of law.

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

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

## **Conclusion**

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

## **Basis for Conclusion**

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

## **Responsibilities of Management and the Governing Council**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control, risk management and 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 Governing 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 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 noncompliance. 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 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 service. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Polytechnic to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Polytechnic to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
**FCPA Nancy Gathungu, CBS**  
**AUDITOR-GENERAL**

**Nairobi**

**14 March, 2024**

**Nyandarua National Polytechnic**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

**14. Statement of Financial Performance For The Year Ended 30 June 2023**

	Notes	2022/2023	2021-2022
		Kshs	Kshs
<b>Revenue from Non-Exchange transactions</b>			
Transfers from other National Government -Capitation	6(a)	30,890,000	45,870,000
Transfers from other National Government -Development Grants	6(a)	17,500,000	0
Transfers from other National Government -Kinangop TVC	6(b)	0	500,000
Grants from donors and development partners-SITVES Project	7	0	1,372,013
		<b>48,390,000</b>	<b>47,742,013</b>
<b>Revenue from Exchange transactions</b>			
Rendering of services- fees from students	8	149,189,590	118,724,200
Sale of goods	9	6,739,820	5,928,125
Rental revenue from facilities and equipment	10	857,745	426,230
		<b>156,787,155</b>	<b>125,078,555</b>
<b>Total Revenue</b>		<b>205,177,155</b>	<b>172,820,568</b>
<b>Expenses</b>			
Use of goods and services	11	150,342,917	146,455,981
Employee costs	12	39,621,704	31,747,812
Board /Council Expenses	13	3,600,014	2,215,407
Depreciation and amortization expense	14	16,278,473	9,055,137
Repairs and maintenance	15	8,298,436	3,250,000
		<b>218,141,544</b>	<b>192,724,337</b>
<b>Total Expenses</b>		<b>218,141,544</b>	<b>192,724,337</b>
<b>Net surplus/(deficit) for the year</b>		<b>-12,964,389</b>	<b>-19,903,769</b>

(The notes set out on pages 6 to 36 form an integral part of the Annual Financial Statements).

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

  
 .....

**Chairman of Governing  
 Council**

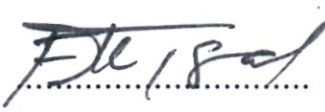
Date 29/09/2023

  
 .....

**Finance Officer**

ICPAK No.20670

Date 27/9/2023

  
 .....

**Chief Principal**

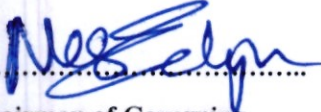
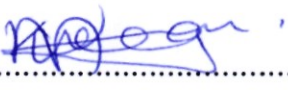
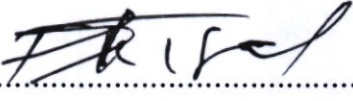
Date 29/9/2023

Nyandarua National Polytechnic  
Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023

15. Statement of Financial Position As At 30th June 2023

Description	Notes	2022/2023	2021/2022
		Kshs	Kshs
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	16 a&b	13,189,617	41,316,408
Current portion of receivables from exchange transactions	17 a&b	45,583,912	7,402,398
Inventories	18	16,754,288	11,908,617
<b>Total Current Assets</b>		<b>75,527,817</b>	<b>60,627,423</b>
<b>Non-Current Assets</b>			
Property, plant, and equipment	19	454,447,902	425,627,061
Intangible assets	20	6,555,431	5,711,368
Biological Assets	21	1,151,830	788,830
<b>Total Non-Current Assets</b>		<b>462,155,163</b>	<b>432,127,259</b>
<b>Total Assets</b>		<b>537,682,980</b>	<b>492,754,682</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables from exchange transactions	22	35,114,243	4,528,990
Refundable deposits from customers	23	4,662,373	3,231,373
Deferred Income	24	9,773,435	1,397,000
<b>Total Current Liabilities</b>		<b>49,550,051</b>	<b>9,157,363</b>
<b>Non-Current Liabilities</b>			
<b>Total Liabilities</b>		<b>49,550,051</b>	<b>9,157,363</b>
<b>Net Assets</b>			
Revaluation Reserves		0	0
Accumulated Surplus		488,132,929	483,597,318
Capital Fund		0	0
<b>Total Net Assets and Liabilities</b>		<b>537,682,980</b>	<b>492,754,681</b>

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

Chairperson of Governing Council      Finance Officer      Chief Principal

Date 29/09/2023      Date 27/9/2023      Date 29/9/2023

ICPAK No.20670

**Nyandarua National Polytechnic**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

**16. Statement of Changes in Net Asset For The Year Ended 30 June 2023**

<b>Description</b>	<b>Revaluation reserve</b>	<b>Accumulated Fund</b>	<b>Capital Grants/Fund</b>	<b>Total</b>
<b>At July 1, 2021</b>	-	503,343,487	0	503,343,487
Revaluation gain	-	-	-	0
Surplus/(deficit) for the year	-	(19,903,769)	-	(19,903,769)
Capital grants received during the year	-	-	0	0
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	0	0	-
<b>At June 30, 2022</b>	-	483,597,318	0	483,597,318
<b>At July 1, 2022</b>	-	483,597,318	0	483,597,318
Revaluation gain	-	-	-	0
Surplus/(deficit) for the year	-	(12,964,389)	-	(12,964,389)
Capital grants received during the year	-	0	17,500,000	17,500,000
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	0	0	-
<b>At June 30, 2023</b>	-	470,632,929	17,500,000	488,132,929

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17. Statement of Changes of Cash Flows For The Year Ended 30 June 2023

Description		2022/2023	2021/2022
	Note	Kshs	Kshs
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Transfers from other National Government -Capitation		30,890,000	45,870,000
Transfers from other National Government -Development Grants		17,500,000	
Transfers from other National Government-Kinangop		0	500,000
Grants from donors and development partners		0	1,372,013
Rendering of services- fees from students		108,673,416	149,245,545
Sale of goods		5,774,434	3,542,663
Rental revenue from facilities and equipment		812,745	173,230
<b>Total Receipts</b>		<b>163,650,595</b>	<b>200,703,451</b>
<b>Payments</b>			
Use of goods and services		136,580,303	31,747,812
Employee costs		39,340,584	141,848,580
Board /Council Expenses		3,094,300	2,215,407
Repairs and maintenance		647,706	3,250,000
<b>Total Payments</b>		<b>179,662,893</b>	<b>179,061,799</b>
<b>Net Cash Flows from operating activities</b>	25	<b>-16,012,298</b>	<b>21,641,652</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment and intangible assets		-12,114,493	-80,630,366
Proceeds from sale of property, plant and equipment			0
<b>Net cash flows used in investing activities</b>		<b>-28,126,791</b>	<b>-58,988,714</b>
<b>Cash flows from financing activities</b>			
Grants for Developments		0	0
Repayment Of Borrowings		0	0
<b>Net cash flows used in financing activities</b>		<b>0</b>	<b>0</b>
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>		<b>0</b>	<b>0</b>
Cash and Cash equivalents at 1 JULY 2022	16	41,316,408	100,450,045
<b>Net Increase/(Decrease) in Cash and Cash equivalents</b>		<b>-28,126,791</b>	<b>-59,133,637</b>
<b>Cash and Cash equivalents at 30 JUNE 2023</b>	16	<b>13,189,617</b>	<b>41,316,408</b>

(PSASB has prescribed the direct method of cashflow preparation and presentation for all public sector entities reporting under the IPSAS Accrual basis of accounting)

**Nyandarua National Polytechnic**  
**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

**18. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2023**

Description	Original budget 2022/2023	Adjustments 2022-2023	Final Budget	Actual on comparable basis	Performance difference	Utilization Difference
	Kshs		Kshs			
<b>Revenue</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>%</b>
Transfers from other National Government -Capitation	105,000,000	0	105,000,000	30,890,000	74,110,000	29
National Government -Operational &Dev. Grants	46,000,000	0	46,000,000	17,500,000	28,500,000	38
Grants from donors and development partners-SITVES	84,150,000	0	84,150,000	0	84,150,000	0
Rendering of services- fees from students	235,810,000	0	235,810,000	108,673,416	127,136,584	46
Sale of goods	22,590,710	0	22,590,710	5,774,434	16,816,276	26
Rental revenue from facilities and equipment	820,000	0	820,000	812,745	7,255	99
<b>Total Income</b>	<b>494,370,710</b>	<b>0</b>	<b>494,370,710</b>	<b>163,650,595</b>	<b>330,720,115</b>	<b>33</b>
<b>Expenses</b>						
Use of goods and services	412,381,230	-	412,381,230	136,580,303	275,800,927	33
Employee costs	49,372,680	-	49,372,680	39,340,584	10,032,096	80
Board /Council Expenses	8,082,800	-	8,082,800	3,094,300	4,988,500	38
Repairs and maintenance	24,534,000	-	24,534,000	647,706	23,886,294	3
<b>Total Expenditure</b>	<b>494,370,710</b>	<b>-</b>	<b>494,370,710</b>	<b>179,662,893</b>	<b>314,707,817</b>	<b>36</b>
<b>Surplus For the Period</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-16,012,298</b>	<b>0</b>	
<b>Capital Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

**Notes**

- i. Transfers from National Government underperformance resulted from non-disbursement of capitation and recurrent grants by the ministry
- ii. Rendering of services-Fees from students budget underperformance was as a result of not meeting expected enrolment
- iii. Underutilization in expenses resulted from a decreased expected revenue

**19. Notes to the Financial Statements**

**1. General Information**

Nyandarua National Polytechnic is established by and derives its authority and accountability from TVET Act 2013. The Polytechnic is wholly owned by the Government of Kenya and is domiciled in Kenya. The Polytechnic's principal activity is training.

**2. Statement of Compliance and Basis of Preparation**

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

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Polytechnic. The values are rounded off to the nearest shilling. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act 2013 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

Notes to the Financial Statements (Continued)

3. Adoption of New and Revised Standards

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2023.

Standard	Effective date and impact:
<p><b>IPSAS 41:</b> Financial Instruments</p>	<p><b>Applicable: 1<sup>st</sup> January 2023:</b> The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
<p><b>IPSAS 42:</b> Social Benefits</p>	<p><b>Applicable: 1<sup>st</sup> January 2023</b> The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ol style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity.</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ol>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p><b>Applicable: 1st January 2023:</b></p> <ol style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> <li>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</li> </ol>

**Nyandarua National Polytechnic**

**Annual Report and Financial Statements for the year ended 30<sup>th</sup> June 2023**

Standard	Effective date and impact:
	<p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
Other improvements to IPSAS	<p><b>Applicable 1<sup>st</sup> January 2023</b></p> <ul style="list-style-type: none"> <li>• <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008).</li> <li>• <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li>• <b>IPSAS 29: Financial instruments: Recognition and Measurement.</b> Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</li> </ul>

**ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.**

Standard	Effective date and impact:
IPSAS 43	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<p><b>Applicable 1<sup>st</sup> January 2025</b></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>

**iii. Early adoption of standards**

The Polytechnic did not early-adopt any new or amended standards in year 2023.

**4. Summary of Significant Accounting Policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions**

**Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

**ii) Revenue from exchange transactions**

**Rendering of services**

The entity 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.

**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 entity.

**Interest income**

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

**Rental income**

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

**b) Budget information**

The original budget for FY 2022/2023 was approved by the Council on 4<sup>th</sup> November, 2021 and approved in accordance with the specific approvals from the appropriate authorities. The Polytechnic's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented on page 5 of these financial statements.

**c) Taxes**

*Current income tax*

The Polytechnic is exempt from paying taxes as per Section 10 sub-section (a) and (b) of Income Tax Act 2010.

The Polytechnic pays statutory tax deductions.

*Sales tax/ Value Added Tax*

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

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

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

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of years

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

**e) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of the item of property appropriately according to the acronyms you use in your financial statements plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus, or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

**f) Leases**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**g) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

**h) Research and development costs**

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

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

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

**i) Financial instruments**

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Summary of Significant Accounting Policies (Continued)

*Financial assets*

*Classification*

The Polytechnic classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the Polytechnic's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

**Subsequent measurement**

Based on the business model and the cash flow characteristics, the Polytechnic classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

**Amortized cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through net assets/ equity**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

**Fair value through surplus or deficit**

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

**Trade and other receivables**

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

**Impairment**

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in *Note xx*.

**Financial liabilities**

**Classification**

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

**j) Inventories**

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

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

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

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

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

**Inventories (Continued)**

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Polytechnic.

**k) Provisions**

Provisions are recognized when the Polytechnic has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Polytechnic expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

***Contingent liabilities***

The *Entity* does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

***Contingent assets***

The Polytechnic does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the *Entity* in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

**l) Social Benefits**

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

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**m) Nature and purpose of reserves**

The Polytechnic creates and maintains reserves in terms of specific requirements.

**n) Changes in accounting policies and estimates**

The Polytechnic recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

**o) Employee benefits**

**Retirement benefit plans**

The Polytechnic provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**p) Foreign currency transactions**

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**q) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**r) Related parties**

The Polytechnic regards a related party as a person or a 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 Governing Council, the Chief Principal and Senior Managers.

**Notes to the Financial Statements (Continued)**

**Summary of Significant Accounting Policies (Continued)**

**s) Service concession arrangements**

The Polytechnic analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Polytechnic recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Polytechnic also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**t) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers which were not surrendered or accounted for at the end of the financial year.

**u) Comparative figures**

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

**v) Subsequent events**

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, 2023.

Notes to the Financial Statements (Continued)

**5. Significant Judgments and Sources of Estimation Uncertainty**

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

**Estimates and assumptions.**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Polytechnic based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Polytechnic. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

**Useful lives and residual values**

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

- The condition of the asset based on the assessment of experts employed by the Polytechnic.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

**Provisions**

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

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

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Notes to the Financial Statements (Continued)

6. (a) Transfers from other National Government entities

Description	2022/2023	2021/2022
	Kshs	Kshs
<b>Unconditional Grants</b>		
Capitation Grants	30,890,000	45,870,000
Operational Grant	0	0
Other Grants-Developments	17,500,000	0
<b>Total unconditional Grants</b>	0	<b>45,870,000</b>
<b>Total Government Grants and Subsidies</b>	<b>48,390,000</b>	<b>45,870,000</b>

6. (b) Transfers from other Government entities (Categorized)

Description	2022/2023	2021/2022
	Kshs	Kshs
<b>Unconditional Grants</b>		
Capitation Grants	0	0
Operational Grant-Kinangop TVC	0	500,000
Other Grants	0	0
<b>Total unconditional Grants</b>	0	<b>500,000</b>
<b>Total Government Grants and Subsidies</b>	<b>0</b>	<b>500,000</b>

7. Grants from Donors and Development Partners

Description	2022/2023	2021/2022
	Kshs	Kshs
Development Partners-SITVES	0	1,372,013
Other Grants (specify)	0	0
<b>Total Grants from Development Partners</b>	<b>0</b>	<b>1,372,013</b>

8. Rendering of Services

Description	2022/2023	2021/2022
	Kshs	Kshs
Tuition Fees	26,471,520	0
Activity Fees	8,244,300	7,435,850
Industrial Attachment Fees	2,912,650	2,728,000
Examination Fees	21,809,910	22,058,610
Repair, Maintenance & Improvement	4,121,195	3,611,580

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Personal Emoluments	28,729,550	26,183,310
Registration Fees	1,052,900	3,353,400
Travelling & Transport	7,332,125	6,630,840
Students Welfare	1,469,400	1,984,200
Administration	4,154,400	3,645,700
Medical & Insurance	5,188,110	4,756,200
Boarding, Equipments & Stores	1,300,500	670,560
Electricity, Water & Conservancy	8,128,300	7,176,750
Caution Money	1,431,000	1,370,480
Application Fees	2,508,971	477,000
Student ID	874,200	283,200
KUCCPS Validation Fees	2,144,000	721,500
NYS Material Fees	3,433,405	3,893,500
NYS Food and Accommodation	13,469,399	20,969,800
Hospitality Material fees	2,135,050	773,720
Library Fees	5,505	0
TVETA Quality Assurance Fees	1,151,200	0
Graduation Fees	1,122,000	0
<b>Total Revenue from The Rendering of Services</b>	<b>149,189,590</b>	<b>118,724,200</b>

**9. Sale of Goods**

Description	2022/2023	2021/2022
	Kshs	Kshs
Sale of Farm Produce	2,616,297	3,380,000
Driving School	2,196,710	1,769,410
Production Units Income	1,699,263	224,850
Other Incomes	201,100	255,100
Hospitality-Catering Sales	24,450	295,765
Tender Documents sales	2,000	3,000
<b>Total Revenue from Sale of Goods</b>	<b>6,739,820</b>	<b>5,928,125</b>

**10. Rental revenue from facilities and equipment**

Description	2022/2023	2021/2022
	Kshs	Kshs
Hire of Facilities and Equipment	554,245	386,830
Catering & Accommodation	303,500	39,400
Operating Lease Revenue	0	0
<b>Total</b>	<b>857,745</b>	<b>426,230</b>

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**11. Use of Goods and Services**

Description	2022/2023	2021/2022
	Kshs	Kshs
Teaching and learning materials	15,210,202	12,626,951
Industrial attachment costs	1,724,400	1,478,550
Electricity	2,441,218	2,295,441
Water	1,507,372	1,342,750
Advertising Costs	4,203,644	3,109,466
Security	3,087,274	2,765,320
Subscriptions	383,825	319,840
Administration Expenses	8,944,186	7,693,093
Examination fees	18,421,400	16,307,550
Audit fees	0	0
Conference and Seminars	205,284	13,323,981
Performance Contract	0	11,863,740
Travelling and accommodation	8,704,765	7,206,835
Food, Accommodation & Related Expenses	22,216,381	25,236,682
Fuel and oil	3,106,411	2,399,158
Insurance Expenses	978,298	1,458,157
Printing and stationery	7,373,390	7,546,650
Activity Expenses	4,611,795	4,230,355
Skills development levies	0	159,000
Telephone expenses	2,197,000	1,751,260
Internet expenses	2,465,792	1,928,192
Student Welfare	2,175,179	766,200
Medical Expenses	554,685	624,737
Driving School Expenses	355,680	109,560
Farm Expense	2,392,091	3,098,913
Academic Trip Expenses	917,965	333,865
Sanitation & Cleaning Services	0	1,277,160
Student Fees Refunds	20,650	578,330
Textile & Uniforms Expenses	1,545,860	976,050
Capacity Building	18,568,760	1,290,520
Innovation, Research & Development	8,178,541	9,414,322
Bank Charges	200,024	121,951
Caution Refunds	0	25,500
Production Unit Expenses	1,407,676	297,500
Kinangop TVC	0	500,000
Development partners-SITVES projects	0	1,998,402
Cleaning Services	2,380,656	0
Garbage & Sanitation Services	170,160	0
Newspapers & Periodicals	119,560	0

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Graduation Expenses	2,663,293	0
Teambuilding-Extra-curricular activities	859,000	0
Corporate Social Responsibility	50,500	0
<b>Total good and services</b>	<b>150,342,917</b>	<b>146,455,981</b>

**12. Employee Costs**

Description	2022/2023	2021/2022
	Kshs	Kshs
Basic Pay	31,876,581	24,801,124
House Allowance	1,839,613	1,457,547
Commuter Allowance	1,824,935	1,498,164
Responsibility	0	24,730
Salary Arrears	347,798	70,083
Medical Allowance	463,533	158,684
Leave Allowance	164,000	138,000
Employer NSSF	1,283,040	1,021,680
Gross Pay	37,799,500	29,170,012
PAYE	1,597,270	1,057,117
NHIF	1,034,100	774,900
NSSF	2,568,240	2,043,360
HELB loan Deductions	880,262	486,716
KUDHEIHA Workers	53,850	54,000
Bank Loan Repayments	1,498,694	
Total Deductions	7,632,416	4,416,093
Net Pay	30,167,084	24,753,919
Gratuity	281,120	178,750
Salary Advance	5,000	26,000
Casual Workers	1,478,485	2,373,050
NITA Levy	57,600	0
<b>Employee Costs</b>	<b>39,621,705</b>	<b>31,747,812</b>

**13. Board/Council Expenses**

Description	2022/2023	2021/2022
	Kshs	Kshs
Directors Emoluments-Sitting Allowance	1,685,714	1,312,857
Other Allowances-Accommodation	1,244,300	687,550
Council Expenses-Transport	670,000	215,000
<b>Total</b>	<b>3,600,014</b>	<b>2,215,407</b>

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14. Depreciation and Amortization expense

Description	2022/2023	2021/2022
	Kshs	Kshs
Property, plant and equipment	15,707,336	8,892,274
Intangible assets	571,137	162,863
<b>Total depreciation and amortization</b>	<b>16,278,473</b>	<b>9,055,137</b>

15. Repairs and Maintenance

Description	2022/2023	2021/2022
	Kshs	Kshs
Property, Plant & Equipments	5,283,979	1,931,789
Equipment and machinery	60,710	0
Vehicles & Machineries	1,745,321	411,110
Furniture and fittings	57,000	897,601
Computers and accessories	1,151,426	9,500
<b>Total Repairs and Maintenance</b>	<b>8,298,436</b>	<b>3,250,000</b>

16. (a) Cash and Cash Equivalents

Description	2022/2023	2021/2022
	Kshs	Kshs
Current Account	13,189,617	41,316,408
On - Call Deposits	0	0
Fixed Deposits Account	0	0
Staff Car Loan/ Mortgage	0	0
Others (Specify)	0	0
<b>Total Cash and Cash Equivalents</b>	<b>13,189,617</b>	<b>41,316,408</b>

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

Financial Institution	Account number	2022/2023	2021/2022
		Kshs	Kshs
<b>a) Current Account</b>			
Equity Bank, Nyahururu	160296471157	1,496,947	9,263,237
Co-op Bank, Nyahururu	1129038043701	10,243,413	29,854,081
Co-op Bank, Nyahururu	1129038043702	1,449,068	2,198,960
K.C.B -SITVES Project	1277343047	0	0
<b>Sub- Total</b>		<b>13,189,428</b>	<b>41,316,278</b>
Cash in Hand		189	129
Mobile Money account		0	0
<b>Sub- Total</b>		<b>189</b>	<b>129</b>
<b>Grand Total</b>		<b>13,189,617</b>	<b>41,316,407</b>

## 17. Receivables from Exchange transactions

## (a) Current Receivables from Exchange transactions

Description	2022/2023	2021/2022
	Kshs	Kshs
<b>Current Receivables</b>		
Student Debtors	45,523,912	7,342,398
Consultancy Debtors	0	0
Other Exchange -Advance	60,000	60,000
Less: Impairment Allowance	0	0
<b>Total Current Receivables</b>	<b>45,583,912</b>	<b>7,402,398</b>

## 17 (b) Ageing Analysis of Receivables from Exchange transactions

Description	FY 2022/23		Comparative FY 2021/22	
	Kshs	% of the total	Kshs	% of the total
Less than 1 year	43,345,116	100	7,342,398	99
Between 1- 2 years	2,178,796		60,000	1
Between 2-3 years	60,000			0
Over 3 years				
<b>Total (a+b)</b>	<b>45,583,912</b>	<b>100</b>	<b>7,402,398</b>	<b>100</b>

## 18. Inventories

Description	2022/2023	2021/2022
	Kshs	Kshs
Consumable stores	16,754,288	11,908,617
Less: Impairment allowance	0	0
<b>Total Inventories at lower of Cost and Net Realizable Value</b>	<b>16,754,288</b>	<b>11,908,617</b>

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**Notes to the Financial Statements (Continued)**

**19. Property, Plant and Equipment**

Details	Land	Buildings, Extensions & Other infrastructures	Plant & Machinery	Motor Vehicles	Comp. Equip	Office Equip	Furniture & Fittings	Other Loose Tools	Catering equipment	Books & Reading Materials	Other Equip	Sports Equip & Curtains	Total
COST	Kshs	Kshs.	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
<b>As at 30th June, 2021</b>	200,000,000	157,610,425	2,893,289	4,513,303	4,660,189	154,165	7,392,835	67,752	327,197	421,235	4,302,996	254,430	382,597,817
Additions during the year	0	32,282,025	1,865,500	0	9,628,860	0	3,938,102	0	0	1,517,771	2,689,260	0	51,921,518
Disposal	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers/Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>As at 30th June, 2022</b>	200,000,000	189,892,450	4,758,789	4,513,303	14,289,049	154,165	11,330,937	67,752	327,197	1,939,006	6,992,256	254,430	434,519,335
Depreciation for the year		4,297,641	231,463	1,128,326	1,537,862	30,833	591,427	13,550	65,439	84,247	860,599	50,886	8,892,274
<b>As at 30th June, 2022</b>	200,000,000	185,594,809	4,527,326	3,384,977	12,751,186	123,332	10,739,511	54,201	261,758	1,854,759	6,131,657	203,544	425,627,061
<b>As at 1 July 2022</b>	200,000,000	185,594,809	4,527,326	3,384,977	12,751,186	123,332	10,739,511	54,201	261,758	1,854,759	6,131,657	203,544	425,627,061
Additions		41,318,011	1,407,075		1,032,190		566,000				204,900		44,528,176
Disposals	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers/Adjustments	0		0	0	0	0	0	0	0	0	0	0	0
<b>As at 30<sup>th</sup> June 2023</b>	200,000,000	226,912,820	5,934,401	3,384,977	13,783,376	123,332	11,305,511	54,201	261,758	1,854,759	6,336,557	203,544	470,155,237
Depreciation for the year	0	7,423,792	362,186	575,446	4,207,891	40,700	1,396,136	10,840	52,352	370,952	1,226,331	40,709	15,707,336
<b>As at 30th June 2023</b>	200,000,000	219,489,028	5,572,215	2,809,531	9,575,485	82,632	9,909,375	43,361	209,406	1,483,807	5,110,226	162,835	454,447,901

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**Notes to the Financial Statements (Continued)**

**Property, Plant and Equipment at Cost**

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

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	200,000,000		200,000,000
Buildings	226,912,820	7,423,792	219,489,028
Plant And Machinery	5,934,401	362,186	5,572,215
Motor Vehicles including Motorcycles	3,384,977	575,446	2,809,531
Computers and Related Equipment	13,783,376	4,207,891	9,575,485
Office Equipment, Furniture, And Fittings	11,305,511	1,396,136	9,909,375
Other Assets	8,834,151	1,741,883	7,092,268
<b>Total</b>	<b>470,155,236</b>	<b>15,707,336</b>	<b>454,447,900</b>

**20. Intangible Assets**

Description	2022-2023	2021-2022
	Kshs	Kshs
<b>Cost</b>		
<b>At beginning of the year</b>	5,711,368	1,628,631
Additions	1,415,200	4,245,600
<b>At the end of the year</b>	<b>7,126,568</b>	<b>5,874,231</b>
Additions-Internal Development	0	0
<b>As at 30th June 2023</b>	<b>7,126,568</b>	<b>5,874,231</b>
<b>Amortization and Impairment</b>		
<b>At beginning of the year</b>		
Amortization	571,137	162,863
<b>At the end of the year</b>	<b>571,137</b>	<b>162,863</b>
Impairment Loss	0	0
<b>At the end of the year</b>	<b>571,137</b>	<b>162,863</b>
<b>NBV</b>	<b>6,555,431</b>	<b>5,711,368</b>

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Notes to the Financial Statements (Continued)

21. Biological Assets

Description	2022/2023	2021/2022
	Kshs	Kshs
At beginning of the year	788,830	370,000
Additions	363,000	418,830
Disposal during the year	0	0
<b>Total as at 30th June 2023</b>	<b>1,151,830</b>	<b>788,830</b>

22. Trade and Other Payables

Description	2022/2023	2021/2022
	Kshs	Kshs
Trade payables	28,149,413	4,528,990
Fees paid in advance	0	0
Salary deductions	0	0
Third-Party Payments	0	0
Other Payables	6,964,830	6,472,560
<b>Total Trade and Other Payables</b>	<b>35,114,243</b>	<b>11,001,550</b>
<b>Ageing analysis:</b>	<b>FY 2022-2023</b>	<b>FY 2021-2022</b>
Under one year	28,149,413	11,001,550
1-2 years	6,964,830	0
2-3 years	0	0
Over 3 years	0	0
<b>Total (to tie to totals above)</b>	<b>35,114,243</b>	<b>11,001,550</b>

NB

Trade and other Payables-Other Payables

Description	2022/2023	
	Kshs	
Receipts for the Year-Examinations	21,809,910	
Less: Payments for the year	18,421,400	
<b>Total</b>	<b>3,388,510</b>	
KUCCPS validation Fees Receipts for the year	2,144,000	
TVETA Quality Assurance	1,151,200	
Gratuity	281,120	
Total Other payables	<b>6,964,830</b>	

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23. Refundable Deposits from Customers/Students

Description	FY 2022-2023		FY 2021/2022	
	Kshs		Kshs	
Bal.b/f	3,231,373		1,886,393	
Add:Receipts for the year	1,431,000		1,370,480	
Total Deposits	4,662,373		3,256,873	
Less:Refunds for the year	0		25,000	
<b>Total Refundable Deposits</b>	<b>4,662,373</b>		<b>3,231,373</b>	
<b>Ageing analysis:</b>	<b>Current FY</b>	<b>% of the Total</b>	<b>Comparative FY</b>	<b>% of the Total</b>
Under one year	1,431,000	31	1,370,480	42
1-2 years	3,231,373	69	1,861,393	58
2-3 years	0	0	0	0
Over 3 years	0	0	0	0
<b>Total (to tie to totals deposits above)</b>	<b>4,662,373</b>	<b>0</b>	<b>3,231,873</b>	<b>0</b>

24. Deferred Income

Description	F/Y 2022-2023		F/Y 2021/2022	
	Kshs		Kshs	
Students Fees	9,773,435		1,397,000	
Others (Specify)	0		0	
<b>Total</b>	<b>9,773,435</b>		<b>1,397,000</b>	
<b>Ageing analysis:</b>	<b>2022-2023</b>	<b>% of the Total</b>	<b>2021-2022</b>	<b>% of the Total</b>
Under one year	9,773,435	100	1,397,000	100
1-2 years	0	0	0	0
2-3 years	0	0	0	0
Over 3 years	0	0	0	0
<b>Total</b>	<b>9,773,435</b>	<b>100</b>	<b>1,397,000</b>	<b>100</b>

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Notes to the Financial Statements (Continued)

25. Cash generated from operations.

	FY 2022-2023	FY 2021/2022
	Kshs	Kshs
Surplus for the year before tax	-12,964,389	-19,903,769
<b>Adjusted for:</b>		
Depreciation	16,278,473	11,489,926
<b>Working Capital Adjustments</b>		
Increase in Inventory	-4,845,671	11,908,617
Increase in Receivables	-38,131,514	20,956,699
Increase in Deferred Income	-7,831,875	1,379,000
Increase in Payables	30,051,679	-4,188,821
Increase in Refundable Deposit	1,431,000	0
<b>Net Cash Flow from Operating Activities</b>	<b>-16,012,298</b>	<b>21,641,651</b>

## Notes to the Financial Statements (Continued)

**20. 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 company'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 company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

**(i) Credit risk**

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

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 company'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 Polytechnic's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

<b>Description</b>	<b>Total amount</b>	<b>Fully performing</b>	<b>Past due</b>	<b>Impaired</b>
	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>	<b>Kshs</b>
<b>At 30 June 2022</b>				
Receivables from exchange transactions	7,402,398	7,402,398	0	0
Receivables from non-exchange transactions	0	0	0	0
Bank balances	41,316,408	41,316,408	0	0
<b>Total</b>	<b>48,718,806</b>	<b>48,718,806</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2023</b>				
Receivables from exchange transactions	45,583,912	7,402,398	0	0
Receivables from non-exchange transactions	0	1	0	0
Bank balances	13,189,617	41,316,407	0	0
<b>Total</b>	<b>58,773,529</b>	<b>48,718,806</b>	<b>0</b>	<b>0</b>

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**Notes to the Financial Statements (Continued)**  
**Financial risk management (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 company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The Governing Council sets the company'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 Governing 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 entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the company 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.

Description	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2022</b>				
Trade Payables	4,528,990	0	4,528,990	4,528,990
Deferred Income	13,997,000	13,997,000	0	13,997,000
<b>Total</b>	<b>18,525,990</b>	<b>13,997,000</b>	<b>4,528,990</b>	<b>18,525,990</b>
<b>At 30 June 2023</b>				
Trade Payables	35,114,243	0	35,114,243	35,114,243
Deferred Income	9,773,435	9,773,435	0	9,773,435
<b>Total</b>	<b>44,887,678</b>	<b>9,773,435</b>	<b>35,114,243</b>	<b>44,887,678</b>

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**Notes to the Financial Statements (Continued)**  
**Financial risk management (continued)**

**(iii) Market risk**

The Polytechnic 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 Finance Department is responsible for the development of 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.

**a) Foreign currency risk**

The Polytechnic has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the Polytechnic's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
<b>At 30 June 2023</b>			
Financial Assets (Investments, Cash, Debtors)	75,527,817	0	75,527,817
Liabilities			
Trade and Other Payables	0	0	0
Borrowings	0	0	0
Net Foreign Currency Asset/(Liability)	<b>0</b>	<b>0</b>	<b>0</b>

The Polytechnic manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

**Notes to the Financial Statements (Continued)**  
**Financial risk management (continued)**

**Foreign currency sensitivity analysis**

The following table demonstrates the effect on the Polytechnic's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

**Interest rate risk**

Interest rate risk is the risk that the Polytechnic's financial condition may be adversely affected as a result of changes in interest rate levels. The Polytechnic's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

***Management of interest rate risk***

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

***Sensitivity analysis***

The Polytechnic analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs (2023: Kshs). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs (2023 – Kshs)

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**Notes to the Financial Statements (Continued)**  
**Financial risk management (continued)**

**iv) Capital Risk Management**

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

<b>Description</b>	<b>FY 2022-2023</b>	<b>FY 2021-2022</b>
	<b>Kshs</b>	<b>Kshs</b>
Revaluation Reserve	0	0
Retained Earnings	488,132,929	483,597,318
Capital Reserve		
<b>Total Funds</b>	<b>488,132,929</b>	<b>483,597,318</b>
Total Borrowings	0	0
Less: Cash and Bank Balances	13,189,617	41,316,408
Net Debt/(Excess Cash and Cash Equivalents)	474,943,312	442,280,910
<b>Gearing</b>	<b>0</b>	<b>0</b>

**21. Related Party Balances**

**Nature of related party relationships**

Entities and other parties related to the Polytechnic include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

**Government of Kenya**

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

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Governing Council;

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Notes to the Financial Statements (Continued)

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

Description	FY 2022-2023	FY 2021-2022
	Kshs	Kshs
<b>Transactions with Related Parties</b>		
<b>a) Sales to related parties</b>		
Sales of electricity to govt agencies		
Rent income from govt. agencies		
Water sales to govt. agencies		
Others ( <i>specify</i> )		
<b>Total</b>		
<b>B) Purchases from related parties</b>		
Purchases of electricity from kplc		
Purchase of water from govt service providers		
Rent expenses paid to govt agencies		
Training and conference fees paid to govt. agencies		
Others ( <i>specify</i> )		
<b>Total</b>		
<b>b) Grants /Transfers from the Government</b>		
Grants from National Govt-Capitation	30,890,000	45,870,000
Grants from National Govt-Development Grants	17,500,000	0
Grants from County Government	0	0
Donations in Kind	0	0
<b>Total</b>	<b>48,390,000</b>	<b>45,870,000</b>
<b>c) Expenses incurred on behalf of related parties</b>		
Payments of Salaries and Wages for xx Employees		
Payments for Goods and Services for XX		
<b>Total</b>		
<b>d) Key Management Compensation</b>		
Directors' emoluments	3,600,014	2,215,407
Compensation to Key Management	0	0
<b>Total</b>	<b>3,600,014</b>	<b>2,215,407</b>

(NB: Capital commitments are commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the Polytechnic but at the end of the year had not been contracted or those already contracted for and ongoing)

**Notes to the Financial Statements (Continued)**

**22. Events After The Reporting Period**

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

**23. Ultimate And Holding Entity**

The Polytechnic is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

**24. Currency**

The financial statements are presented in Kenya Shillings (Kshs) and the values are rounded off to the nearest shilling.

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**20. Appendices**

**Appendix 1: Implementation Status of Auditor-General Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status:(Resolved / Not Resolved)	Timeframe:( Put a date when you expect the issue to be resolved)
<b>FY 2018/19</b>				
2	<b>Inaccuracies in the Financial Statement</b>			
3	Property Plant and Equipment	The 100 acres land occupied by the Institute was excised from the KARI Ol-joro-orok vide the Director's letter dated 6th February 2008. KARI is in the process of acquiring mother title deed after which we will pursue the acquisition of the Institute's title for the 100 acres. We are in constant communication with KARI to expedite the processing of the title. The issue has been taken up by sub county administration in liaison with land registrar. For valuation of Buildings, the Institute is in the process for valuation of all the PPE.	Not Resolved	Jun-24
3.2	Buildings	For valuation of Buildings, the Institute is in the process for valuation of all the PPE	Not Resolved	Jun-24
3.3	Machinery-Donated Farm Machines	The process is ongoing through the line Ministry and we have communicated as per attached letter. The Institute has already started using the machines by cultivating our Institute farm and also learning by the students.	Not Resolved	Jun-24
<b>FY 2019/20</b>				
	Property Plant and Equipment			
9.1	Missing Valuation Report	The 100 acres land occupied by the Institute was excised from the KARI Ol-joro-orok vide the Director's letter dated 6 <sup>th</sup> February 2008. KARI is in the process of acquiring mother title deed after which we will pursue the acquisition of the Institute's title for the 100 acres. We are in constant communication with KARI to expedite the processing of the title. The issue has been taken up by sub county administration in liaison with land registrar. For valuation of Buildings, the Institute is in the process for valuation of all the PPE.	Not Resolved	Jun-24
9.2	Undisclosed Assets Received from Ministry of Education	The process is ongoing through the line Ministry and we have communicated as per attached letter. The Institute has already started using the machines by cultivating our Institute farm and also learning by the students.	Not Resolved	Jun-24
<b>FY 2020/21</b>				
1	Property, Plant and Equipment			

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1.1	Unsupported Land Balance	The Institution has communicated with the line ministry for registration and the process is ongoing as per attached. After acquisition of Land Title Deed, the Polytechnic will be able to do valuation for Property, Plant and Equipment.	Not Resolved	Jun-24
1.2	Unsupported Building Balance	The Institution has a budget for valuation of assets in the FY 2022-23.	Not Resolved	Jun-24
1.4	Undisclosed Assets Received from the Ministry of Education	The Institution received the equipment's donated by the Ministry of Education through China bilateral contract agreement dated 27 March 2018 as per the attached documents	Not Resolved	Jun-24
<b>FY 2021/22</b>				
1	Unsupported Land Balance	The process of the Polytechnic's Land Title Deed acquisition and its valuation is ongoing	Not Resolved	Jun-24
2	Unconfirmed Teaching and Learning Materials Expenditure	<p>The stores records reflecting receipts and issue of materials bought were present. However, the terminology used was different. The requirement was about S11 and S13, in documentation the management was using manual with the following documents Good Received Note (GRN) as S13 to receives goods in the store while for issuing, the management used store requisition as S11.</p> <p>Currently the Polytechnic has and uses an ERP system that captures both GRN and store issue voucher. Below is a brief process of entire supply chain process;</p> <ol style="list-style-type: none"> <li>i. Internal requisition</li> <li>ii. Preparation of L.P.O/L.S.O</li> <li>iii. Delivery of goods (received in store by GRN)</li> <li>iv. Issue to respective users upon requisition (store requisition)</li> <li>v. Issue voucher.</li> </ol> <p>All these documents are attached for your verification and advise.</p>	Not Resolved	Jun-24
3	Inaccuracies in the Financial Statements	We have addressed the issues raised above	Not Resolved	Jun-24
<b>Other Matter</b>				
1	Budgetary Control and Performance	This arose due to non-receipt of Grants from Government and Development Partners as budgeted	Not Resolved	Jun-24
2	Unresolved Prior Year Matters	The unresolved prior year issues are disclosed under the progress on follow up of auditor's recommendations section of the financial statements as required by the Public Sector Accounting Standards Board reporting template. Most of the issues have been solved and unresolved issues are on the process	Not Resolved	Jun-24

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	<b>Basis for Conclusion</b>		
1	Irregular Remuneration of Governing Council The Ministry of Education has approved the Governing Council allowances	Not Resolved	Jun-24
2	Non-Compliance with Law on Staff Ethnic Composition The Polytechnic has been encouraging diversity, by having open advertisement and using all available channels to ensure that all adverts reach as many qualified applicants as possible.	Not Resolved	Jun-24
	<b>Basis for Conclusion</b>		
1	Staff Under Establishment The staff establishment was projected to be actualized progressively as the students population grows. The management has also outsourced the services of cleaning, security, catering and accommodation. The trainers and non-trainers are expected to be engaged gradually as the institution population grows.	Not Resolved	Jun-24

**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.

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**Name** FELIX K. MUNG'ATO  
**Accounting Officer**  
**Chief Principal**  
**Date** 29/9/2023

**Appendix II: Projects Implemented by Nyandarua National Polytechnic**

**Projects**

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)

**Status of Projects completion**

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Student Centre	3,000,000	2,923,707	100	3,000,000	2,923,707	A-I-A
2	BCE Workshop Phase II	7,000,000	6,761,750	100	7,000,000	6,761,750	A-I-A

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**Appendix III- Inter-Entity Confirmation Letter**

Nyandarua National Polytechnic  
P.o Box 2033-20300  
Nyahururu

The Nyandarua National Polytechnic wishes to confirm the amounts disbursed to you as at 30<sup>th</sup> June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Inter entity confirmation letter							
Confirmation of amounts received by Nyandarua National Polytechnic as at 30 <sup>th</sup> June 2023.							
Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30th June 2023				Amount Received by [Nyandarua National Polytechnic] (Kshs) as at 30th June 2023 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total (D)=(A+B+C)		
1.	26/10/2022	11,450,000		-	11,450,000	11,450,000	-
2.	26/01/2023	9,720,000			9,720,000	9,720,000	-
3.	27/06/2023	9,720,000			9,720,000	9,720,000	-
4.	2/5/2023	-	17,500,000		17,500,000	17,500,000	-
<b>Total</b>		<b>30,890,000</b>	<b>17,500,000</b>	<b>-</b>	<b>48,390,000</b>	<b>48,390,000.00</b>	<b>-</b>

In confirm that the amounts shown above are correct as of the date indicated.  
**Head of Accountants department of beneficiary Entity:**

Name Maisha Ndiragyi Sign [Signature] Date 27/9/2023

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