

REPUBLIC OF KENYA



*Enhancing Accountability*



THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 27 JUN 2023	DAY: TUESDAY
REPORT	
TABLED BY: Hon. Owen Baya, MP Deputy leader, Majority Party	
CLERK AT THE TABLE: Inzoju mwale	

PARLIAMENT  
OF KENYA  
LIBRARY

OF

THE AUDITOR-GENERAL

ON

KITALE NATIONAL POLYTECHNIC

FOR THE YEAR ENDED  
30 JUNE, 2022



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**THE KITALE NATIONAL POLYTECHNIC**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDING JUNE 30, 2022**

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

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## **I. THE KITALE NATIONAL POLYTECHNIC INFORMATION AND MANAGEMENT**

### **(a) Background information**

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

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

In 2018, polytechnic developed a strategic plan covering a five year period 2018 - 2023 with a focus on improving service delivery, enhancing operational efficiency and effectiveness as well as positioning the Polytechnic for global competitiveness in training and 0.research.

### **(b) Principal Activities**

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

### **(c) The Kitale National Polytechnic**

P.O. Box 2162-30200,  
Kipsongo Road,  
Kitale, KENYA.

### **(d) Entity Contacts**

Telephone :( 020)2380086, 0721379304, 0780379304  
E-mail: [kitalenationalpolytechnic@gmail.com](mailto:kitalenationalpolytechnic@gmail.com)  
Website: [www.kitalenationalpolytechnic.ac.ke](http://www.kitalenationalpolytechnic.ac.ke)

**(e) Entity Bankers**

1. Kenya Commercial Bank  
Kitale Branch  
Kitale , Kenya
2. ABSA Kenya  
Kitale Branch  
Kitale, Kenya
3. The Co-operative Bank of Kenya Ltd  
Kitale Branch  
Kitale, Kenya



**(f) Independent Auditors**

Auditor General  
OFFICE OF AUDITOR GENERAL  
Anniversary Towers, University Way  
P.O. Box 30084 GPO  
00100 Nairobi,  
Kenya

**(g) Principal Legal Adviser**

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

## II. COUNCILMEMBERS

Director's	Key Qualifications and Work Experience
 <p data-bbox="70 920 552 987">Dr. Benson Ririmpoi Longaritom Council Chairman at the Polytechnic</p>	<p data-bbox="647 416 1538 913">Dr. Benson Ririmpoi was born on 16<sup>th</sup> February 1965. He holds a Bachelor of Veterinary Medicine from the University of Nairobi. He also has an MBA in Entrepreneurship from Kisii University. He has a wealth of corporate and public administrative experience having worked as the District Veterinary Officer in the Ministry of Livestock Development and as the Project Coordinator of the FGCK Development Projects in Bungoma, West Pokot and Trans Nzoia Counties. He is currently the Managing Director of Paves Vetagro Limited an Agribusiness based in West Pokot and Trans Nzoia Counties. He is the Chairman of the Board of Management of Kapenguria Home Craft Centre and was a member of Police Recruitment Committee - West Pokot County.</p>
 <p data-bbox="70 1715 552 1895">Dr. Josephine D. Waudo Chairperson of Education, Training and Research Committee and a member of Risk and Audit Committee.</p>	<p data-bbox="647 1043 1538 1798">Dr. Josephine D. Waudo, Ph.D. was born in 1955. She holds Doctor of Philosophy in Education Management, MEd, Bed, and Higher Diploma in Psychological Counselling. She has a rich background and experience in Leadership having undergone training in Transformative Leadership, Strategic Leadership Development Management (SLDP) and, Senior Management Course at the Kenya Institute of Administration. She has been a Senior Assistant Director - Research in charge of Policy, Planning and Strategy Division in the Directorate of Research Management and Development in the Ministry of Higher Education Science and Technology. She has a Certificate in Teacher Development from the State of Israel. She was also an Assistant Quality Assurance and Standards officer in the Ministry of Education in the line of Teacher Education Management issues. In addition, she was the Senior Quality Assurance and Standards Officer; a Senior Inspector of Schools; Inspector of Schools and a Graduate Teacher. She is currently the Secretary General of Jesus Glory Celebration Centre (Nairobi).</p>



Ms. Judith Jebichii  
Chairperson – Finance, Administration and  
Infrastructure Committee

Judith Jebichii Tuwei Tuwei holds MBA (Strategic Management BB, (Accounting) Associate Member KIM. She has a Master's degree in Business Administration (Strategic Management option) and Bachelor's degree in Business Administration (Accounting option). She has a certificate in Training of Trainers, Financial Education Program for Youth and Women and is an Associate Member of Kenya Institute of Management. Judith Tuwei was a seasoned banker who worked with Equity Bank and National Bank of Kenya Ltd. She also worked with ICEA before joining banking industry. She has 10 years' experience in Insurance and Finance sector.



Eng. Arthur Anam Rateng' OG

Chairman Audit, Risk and Compliance Committee and a member of Education, Training and Research Committee and general purposes of the committee of the Polytechnic Governing Council

Eng. Rateng was born on 14<sup>th</sup> September 1953. He holds Med. Entrepreneurship Education, BED Tech (Technical and Vocational) University of New Brunswick. He has Med. Entrepreneurship Education, Bed, Tech (Technical and Vocational) from the University of New Brunswick. He is a Chairperson - Project Management Committee at Seme Technical Training Institute (under construction), a member of the Synod, ACK Diocese of Maseno South, a member of the ACK Magwar Parish Council and former (retired) Director TVET, former Principal and lecturer in Technical areas.



**Lina Ayako**  
**PS VTT Representative**

Lina Ayako is a Certified Public Secretary currently serving as the Deputy Director in charge of Policy Strategy and Curriculum Section, Directorate of Technical Education, Ministry of Education. She holds Master of Education in Technology, Bachelor of Arts and Diploma in Human Resource Management.

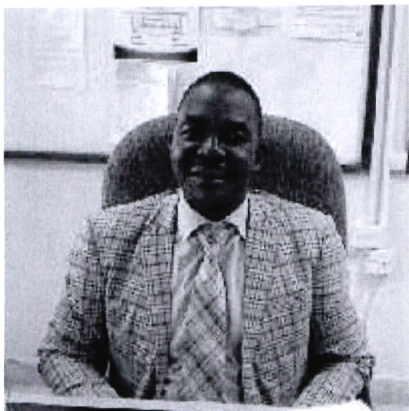
Lina has worked as the Acting Secretary/CEO Kakamega County Public Board and Deputy Secretary Kakamega County Public Service. She has also worked as a Quality Assurance and Standards and Senior Education Officer in the Ministry of Education.

She has assisted in various capacities not limited to Development of Sessional Paper 1 of 2020 of Reforming Education and Training, development of National Education Sector Support Plan among others.



**Mr. Justus Bundi**  
**CS – National Treasury and Planning**  
**Representative**

Mr. Justus Bundi is a Senior Economist in the Financial and Sectoral Affairs Department. Mr. Bundi has attended various trainings by among others, the International Monetary Fund; the World Bank Group; the Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI); the IMF East Africa; Strathmore Business School; and London School of Economics and Political Science. He has undergone leadership (Strategic Leadership Development Program-SLDP) and Management (Senior Management Course-SMC) training at the Kenya School of Government (KSG). He holds both Masters and Bachelor degrees (Economics) from the University of Nairobi and Egerton University respectively. Mr. Bundi has experience in financial policy formulation and analysis, economic policy formulation and analysis and regional economic integration policy gained from the National Economic and Social Council (NESC) in the Office of The President (September 2010 to August 2011), Ministry of Finance-African Economic Research Consortium (AERC) (September 2011 to September 2013) and The National Treasury (October 2013 to date).



**CHIEF PRINCIPAL**

Akola John Otieno holds Bed Technology. He is the Chief Executive Officer of the Polytechnic Council and Secretary to the Governing Council. He has attended Senior Management course and Strategic Leadership Development programme at Kenya School of Government.

He has versed experience in Education Management having served as Head of Department, Registrar and Principal in various Secondary and Technical Institutions.

**Akola John Otieno**  
PRINCIPAL/CEO



Dr. Susan Nakhumicha Wafula holds Masters in Procurement and Supply Chain Management from Jomo Kenyatta University and a degree in Pharmacy from EGE University in Turkey. She holds certification in grants management from Strathmore University and other leadership, human resource, Administration and management. She is currently Head of Supply Chain at UCSF Global Programs for Research and Training an affiliate of University of California, San Francisco. She previously worked at Nairobi Women Hospital, Mission for Essential Drugs and Supplies (MEDS), Pfizer Pharmaceuticals, AAR and other pharmaceutical firms and hospitals. She is a champion of development of Procurement manuals, Policies and SO leading to cost reduction and operations efficiency in organizations. Susan is well versed with quality management systems having been a lead auditor in ISO certification and COHSASA. She is a Supply Chain specialist with over 2 decades experience in Supply Chain. She has vast experience in Procurement, Inventory Management, Contracting, Logistics and Grants Management. She is well versed with Supply Chain Operations in Public, Private and International NGOs.

**Dr. Susan Nakhumicha Wafula**  
Chairperson Human Resource Committee  
Member Finance Administration and  
Infrastructure Committee



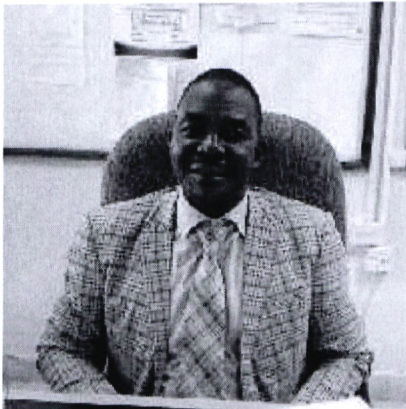

**Esther Njoki Chege**  
 Member of Education, Training and Research  
 Committee  
 Finance, Administration and Infrastructure Committee  
 Human Resource Committee

Esther Njoki Chege holds an LLB Degree from the University of Nairobi and a Diploma in Law from the Kenya School of Law. Esther has worked as a Magistrate at Meru Law Courts and later resigned from the Judiciary and opened a Law firm in Kitale town under the name and style of Esther Chege and Company Advocates in 1988. This Law Firm has previously operated branched in Molo Town and Eldoret Town. She is a Commissioner for Oaths. Esther has also offered services as Chancellor for the Anglican Church of Kenya Kitale Diocese for 20 years. She has also served in several Secondary and Primary School Boards of Management and currently is the Chairperson of St. Mark Girls Secondary School - Cherangani.

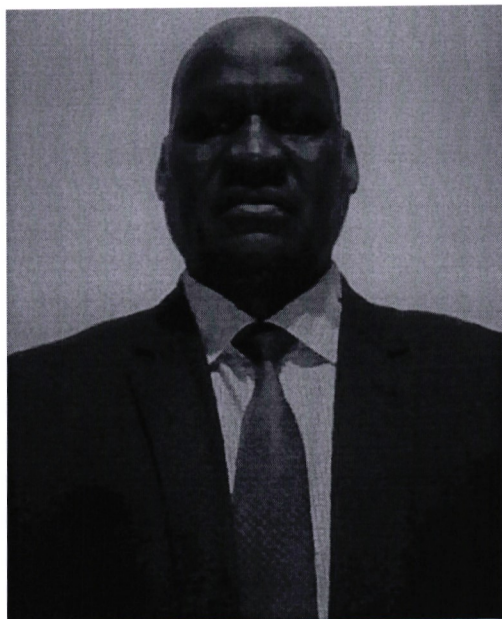
### Council Committees

Name of the Committee	Members
Finance, Infrastructure and Administration Committee	1. Miss Judith Jebichii Tuwei 2. Dr. Susan Nakhumicha 3. Mrs. Esther Njoki Chege 4. Lina Ayako (Mrs.) 5. Mr. Justus Bundi Mr. Akola John Otieno
Education, Training and Research Committee	1. Dr. Josephine Waudu 2. Eng. Arthur A. Rateng' 3. Mrs. Esther Chege 4. Lina Ayako (Mrs) 5. Mr. Justus Bundi Mr. Akola John Otieno
Audit Risk and compliance Committee	1. Eng. Arthur A. Rateng 2. Dr. Josephine Waudu 3. Lina Ayako (Mrs.) Mr. Justus Bundi
Human Resource Committee	1. Dr. Susan Nakhumicha 2. Lina Ayako (Mrs) 3. Miss Judith Jebichii Tuwei 4. Mr. Justus Bundi 5. Mrs. Esther Njoki Chege Mr. Akola John Otieno

### III. MANAGEMENT TEAM

Name of the Staff	Responsibility
<p style="text-align: center;">Akola John Otieno</p>  <p style="text-align: center;">PRINCIPAL/CEO</p>	<p><b>CHIEF PRINCIPAL</b></p> <p>Akola John Otieno holds Bed Technology. He is the Chief Executive Officer of the Polytechnic Council and Secretary to the Governing Council. He has attended Senior Management course and Strategic Leadership Development programme at Kenya School of Government.</p> <p>He has versed experience in Education Management having served as Head of Department, Registrar and Principal in various Secondary and Technical Institutions.</p>
<p style="text-align: center;"><b>Dr. Clare Muhuha</b></p> 	<p><b>Deputy Principal Administration</b></p> <p>Clare Muhuha PhD is an Educational Psychologist, Counselor, Nutritionist, Trainer and Researcher with Servant Leadership approach currently taking up the role of Deputy Principal Administration. She has trained Nutritionists in the subject areas of Food Science, Nutritional Behavior, Psychology, Employability Skills, HIV and AIDS nutritional management among others. She has also trained counselors. Her current research interest is in Competency Based Education Implementation and Child Protection issues within the Kenyan Society. Clare has presented papers at both local and international conferences and has a number of publications to her credit. She is a member of Kenya Nutritionists and Dietetics Institute, Kenya Guidance &amp; Counseling and Psychologists Association.</p>

**Matonyei K Leley**



**Deputy Principal Academics**

Matonyei K Leley was born in 28<sup>th</sup> July 1963. He holds a **Master's of Science** in Zoology (Parasitology option), **Bachelor of Education** (Science) specializing in botany & Zoology. Diploma in technical education and animal health .He attended **Senior Management Course** and acquired certificates of senior management from Kenya school of government. He has served in various capacities such as head of sections, deputy head of departments, then Head of department in General Agriculture in Kaiboi TTI in the year 1997-2000; Head of guidance and counseling in Kurgung high school in Nandi County in the year 2002-2006.

In 2018 he became the Head of department of Mathematics and Applied Sciences in **The Kitale national polytechnic**. Currently he is the acting **deputy principal in charge of Academics** in The Kitale National polytechnic. He has vast experience of teaching and training having worked in High school, TTI, a National Polytechnic and a mentor trainer of teachers on practicum from Kenyatta University. He has attended several seminars of CBETS training and acquired certificate of TOT and certificates of participation.

**Ruth Niva Ongachi**



**Internal Quality and Standards Assurance**

Ruth Niva Ongachi Solomon was born on 23<sup>rd</sup> March 1966. 32 years' experience as an Electrical Engineering trainer trained in Senior Management Course and has additional training in entrepreneurship. Also currently working on the PHD in Entrepreneurship Thesis. Registered with Society of Educational Research and Evaluation of Kenya (CAPITAL SEREK) and with Institute of Engineering Technologists and Technicians of Kenya (IETTK)

Has proudly impacted significantly in training, imparting skills, counseling, mentoring and leading at the Kitale National Polytechnic.

Her goal is to continue to employ the position in empowering all those that look up to her at KNP in TVET and beyond.

**Jane Waihenya – Kamau**



**Registrar – Admissions, Records**

Jane Waihenya - Kamau was born on 22<sup>nd</sup> April 1964. She holds a Bachelors Degree in Education (English Literature). Has trained in the Senior management course. Has a teaching experience spanning 31 years in five public institutions in Kenya. She is a communication expert, an internal auditor and holds certification in leadership and performance management among others. Has served in several positions; class tutor, member of various committees,

Assistant Exams Officer, Head of Department.

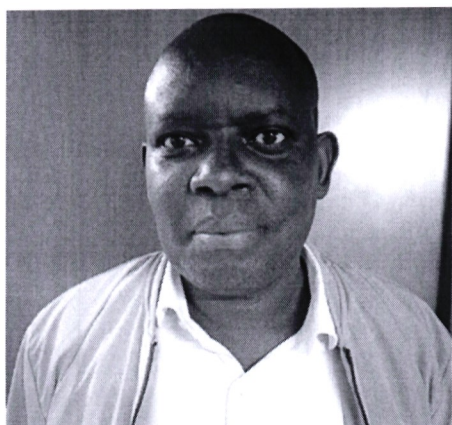
**Norbert Wafula Wanyama**



**Registrar - Administration**

Norbert Wafula was born on 4th June 1970. He holds a Master's of Science (Analytical Chemistry), Bachelor of Education (Science) specializing in Chemistry and Mathematics. He has been Deputy Head of Section, Deputy Head of Department, Head of Section, Head of Department, Deputy Principal and Principal in various Secondary Schools. Currently he is the Dean of Students at the institution. He attended Kenya Education Staff Institute (Induction Course), Resource Mobilization, Prioritization and Utilization (CEMASTEAM) and Teacher- Pastoral Counselling.

**Jacob M'mbasu Shirandula**



**Jacob M'mbasu Shirandula**

Jacob M'mbasu was born on 16<sup>th</sup> August 1970. He holds a Master's MBA Entrepreneurships He has been a Principal at Kapsara Primary in 2003, a Principal at Geta Secondary school in 200 and a Principal at Boma Secondary School from 2007 to 2012. Currently he is the Dean of Students at The Kitale National Polytechnic.

**David Kurgat**



**Finance Officer**

David Kurgat was born in 1973. He holds a Bachelor of Business Management (Accounting Option). He also has MBM (Finance) Degree and is currently pursuing PhD in Finance. He is a member of ICPAK and KISM. He has worked as an Accounts Clerk, Internal Auditor, Accounts Assistant, Accountant and Currently the Finance Officer.

#### **IV. GOVERNING COUNCIL CHAIRMAN'S STATEMENT**

It is with great pleasure that I present to you the FY 2021/2022 annual financial report. The year proved to be the ideal opportunity for us to demonstrate how to lead with a purpose and go beyond the ordinary and expected trajectory. During the year, Kitale National Polytechnic fashioned a new strategy of being a purpose-led TVET institution it is committed to its vision of being a National Polytechnic of excellence in CompetencyBased Education and Training.

In the 2018/19-2022/23 strategic plan, infrastructure development is one of the thematic areas that KNP Governing council committed to address. Consequently, during the FY 2021/2022 Performance Contracting period, the Polytechnic dedicated a considerable amount of its monetary resources on capital projects. During the contract period the Polytechnic made a number of milestone infrastructure development projects include the Construction of Hospitality and Institutional Management Block phase one up to sub-structure level, roadre-carpeting using concrete cabros from Business center to Mechanical Engineering Block and the construction of the Rugby Pitch .

As per the legal framework provided by the TVET Act 2013, TVET Regulations 2015 and the Polytechnic Order 2016, the core mandate of the polytechnic is to provide globally competitive quality technical and vocational education that meets and exceeds our stakeholders' expectations. In compliance with this legal provision, during the FY 2021/2022 the Polytechnic's Governing Council has over sighted budgetary allocation to improve academic performance. It gives me great pleasure to report that the proportionately huge monetary resources employed to improve performance in national exams has borne fruits. KNP posted a pass rate of 56.57% against the target of 56.0% for FY 2021/2022. We have set an ambitious but achievable target of 60% pass rate for FY 2022/2023.

A training paradigm shift from knowledge-based education and training to competency- based education and training is of the essence. As a Polytechnic we are alive to the new philosophy that underpins CBET as a key cog for churning out relevant human capital for a dynamic labor market. In response, the Polytechnic ventured into the realm of new training (cooperative training) in partnership with a German Government (GIZ).

This culminated in the successful launching of level 5 Agricultural Machinery and Equipment Mechatronics course. Further the Polytechnic was able to rope-in Canadian partners under the umbrella of CICAN to support the launch of CBET courses in Electrical and Electronics and Applied Sciences departments.

The year has present in fair share of challenges in the College. This emanated from increased enrollment that put a lot of pressure on existing infrastructure, disbursement quarter four capitation from the government was not received creating a budgetary deficit. With respect to land, the Polytechnic have a title deed of 87 acres but 47 Acres has no title deeds which has been encroached. Therefore, going forward, the Polytechnic anticipates increased budgetary deficits. To remedy the situation, KNP will enhance Income Generating Units so as to raise revenue to plug anticipated revenue deficits. The Polytechnic will lobby for financial support from development partners. Frugal financial measures shall also be put in place for increased financial efficiency.

In conclusion, as a Governing Council, being at the helm of the management team that is spearheading provision of competitive TVET services to our esteemed customers is a privilege and an auspicious step towards our collective promising future. We believe that we are stronger, more competitive and positioned for growth that lies ahead. Consequently, on behalf of the KNP Governing Council, I want to thank all the stakeholders for their contribution that has elevated KNP to a new desirable overall performance pedestal and look forward to meaningful engagement. Thank you for your continued support.



**DR. BENSON RIRIMPOI LONGARITOM**

**CHAIRMAN KITALE NATIONAL POLYTECHNIC GOVERNING COUNCIL**

## **V. REPORT OF THE CHIEF EXECUTIVE OFFICER**

It is with immense gratitude that I present to you the Kitale National Polytechnic FY 2021/2022 report. The report is hinged on commitment by the Kitale National Polytechnic to provide high quality Competency Based Education and Training as in its Mission and Vision. This report captures the salient achievements for the FY 2021/2022.

We ascribe to the philosophy that customer satisfaction is the fulcrum upon which successful institutions hinge their operations. The commitments to our customers as espoused in KNP service charter is the four of our service. The service charter has been cascaded to all the service points and duly implemented. KNP remains on the right trajectory with respect to quality training delivery that meets and exceeds customer satisfaction.

During this period KNP was able to prepare a supplementary and revised budget through a participatory and priority-based approach. The budget was revised from Ksh 389,000,000 to Ksh 797,347,005. But the actual realized revenue stood at Ksh 467,348,155.97. The variance was attributed to mainly students' fees arrears non-remittance of fourth quarter validated capitation of Ksh 62,550,00 by the government. In this period, the expenditure was Ksh 334,106,061.56.

KNP realized a steady increase in student enrollment that rose from 8,946 at the close of FY 2020/2021 to 11,388 as at the close of FY 2021/2022. Supposing the set target by of 11,388 was surpassed. The increased enrollment is attributed to introduction of new market driven CBET courses including but not limited to Agricultural Machinery and Mechatronics level 5, Accountancy level 6 and Food and Beverage level 4 and 5. The flip side of the increased enrollment is the pressure it put on the existing infrastructure.

A number of capital projects have been undertaken during the FY 2021/2022. Key among them are 1,000 a poultry home of capacity of 1000 chicken at a cost of Ksh .396,700 .Acquisition of Polytechnic's vehicles (Principal's car at Ksh 9M, 51-seater bus at Ksh 8.4M, and a driving school van at Ksh 5.5M), Construction of Hospitality and Institutional Management Block Tender a warded at a cost of Ksh 56M , Construction of 16 classrooms Tution blocks at Ksh 11,631,635, Construction of modern garage at Ksh 3.744M, improvement of tuition sheds at Ksh 2.7M, rugby pitch (10% complete) at Ksh 400,000.

A well-resourced library for information services is key in helping us provide quality training. To this end, the Polytechnic purchased 460 additional copies of books at Ksh 2,831,808.

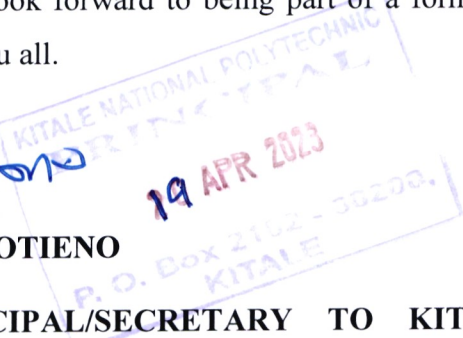
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On National cohesion, maintaining a good relationship with Alumni is crucial. Hence to harness the benefits accruing from having an Alumni Association, the Kitale National Polytechnic Alumni Association (KINAPAA) Constitution was drafted and approved by the Governing Council. The constitution was promulgated in the fourth quarter. Further, the student body is key in ensuring that students have a say in the management of the Polytechnic. During the third quarter of the year, the Kitale National polytechnic Student Union Constitution was reviewed and operationalized.

Good management is being the axis upon which the foundation of quality successful service delivery orbits. KNP administration remains committed to high standards of professional ethos in all its undertakings. I am grateful to the Ministry of Education State Department of Vocational and Technical Training, the KNP Governing Council, KNP Management, staff, students and all stakeholders for the support accorded to my administration. I look forward to being part of a formidable team that will make KNP be a giant in TVET training. Thank you all.

  
**AKOLA JOHN OTIENO**

**CHIEF PRINCIPAL/SECRETARY TO KITALE NATIONAL POLYTECHNIC  
GOVERNING COUNCIL**



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**VI. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES**

Strategic Theme	Objectives	Key Performance indicators	Activities	Achievement
1. Quality and Relevant Graduates	1. To produce qualified, relevant and holistic graduates	Capacity building of Trainers	Undertake capacity building of trainers	<ul style="list-style-type: none"> <li>i. Supervisory Course – Trained 4 Secretaries</li> <li>ii. Senoir Mngement Course – Trained 17 Trainers at Kenya School of Government</li> <li>iii. 5 members of Gender mainstreaming Committee trained in Gender Main streaming activities</li> <li>iv. 36 County Government oemployees and 8 KNP Employees trained on Road Safety Mainstreaming</li> <li>v. 1 CBET Champion was trained on CBET Programme Implementation</li> </ul>
		Launch CBET market driven programmes	Form Industrial Advisory committee to liase with the industry	<ul style="list-style-type: none"> <li>i. KNP – Industrial Advisory Committee was formed</li> <li>ii. Launched Agricultural Machinery and Equipment Technician Level 4(26 Trainee were admitted)</li> </ul>
		Enhance access to training and learning resources	<ul style="list-style-type: none"> <li>i. Subscribe to online journal and leaning resources</li> <li>ii. Provide computers for increased access</li> </ul>	<ul style="list-style-type: none"> <li>i. Subscribed to 1000 online e-books during the financial year</li> </ul> <p style="text-align: center;">During the financial year, 70 Computers were acquired.</p>
	2. Increase Quality	Student Enrolment	<ul style="list-style-type: none"> <li>i. Advertisement and Marketing</li> <li>ii. Introduction of New Market Driven CBet Courses</li> </ul>	Increase in Student population From 8000 to 11000 students Agricultural Machinery Level V, Food and Beverage Level IV & Accountancy Level VI
2. Infrastructure Development	To provide adequate infrastructure to support expanded mandate of the polytechnic	Upgrade the existing physical Infrastructure		The following areas were repainted;- all labs were repainted(Mechanical and automotive, Building and Civil Engineering labs, ICT Labs and Applied Science Labs), Dining hall and Kitchen and Classes.
		Develop new physical Infrastructure	<ul style="list-style-type: none"> <li>i. 6,000 Chicken poultry</li> <li>ii. Acquisition of Polytechnic Vehicles</li> <li>iii. Installation Of CCTV Cameras</li> <li>iv. Construction of Institutional Management Building</li> <li>v. New 16 Classroom Tuition Block</li> <li>vi. Rugby Pitch</li> <li>vii. Modern Garage</li> </ul>	<ul style="list-style-type: none"> <li>-4Practical yards were constructed within the FY 2020/2021.</li> <li>- Paid Yet to be delivered ;Driving school van, 51 seater bus, Principal's vehicle</li> <li>- CCTV Camera Contract Awarded</li> <li>- Tender awarded at the Cost of 56 Million</li> </ul>
			<ul style="list-style-type: none"> <li>i. Improvement of Tuition Shade Phase II</li> <li>ii. Walkway</li> </ul>	<ul style="list-style-type: none"> <li>- 90%</li> <li>- 10%</li> <li>- 50%</li> <li>- Undertake Construction of Tuition Shade Phase II</li> <li>- Construction of 200 Metre walk way</li> </ul>
3. Trainees welfare	To increase trainees' satisfaction from 68% in 2017/18 to 80% by 2022/23	Strengthen Trainee's Governance	Provide support for review of Trainee's Council Constitution	Interim Student Council were trained and assisted on reviewing of trainee's Council Constitution during the FY2020/2021
			Induct of Build capacity for elected leaders	12 Interim trainee's council were inducted and reports prepared
			Train peer counsellors	30 peer counsellors were trained

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			Enhance guiding and Counselling services	Engage professional counsellors	The polytechnic engaged 1 professional counsellor during the FY 2021/2022 to assist Trainee's
			Outreach Programme	Engage on outreach program	50students trained
4.	Research & Innovation	To undertake research that will broaden and deepen knowledge, and stimulate innovation	Enhance the Polytechnic's research and innovation capacity	Undertake research and innovation.	Teaching staff/trainers underwent training in Meru National Polytechnic on research
5.	Institutional Capacity	To increase operational efficiency	Automate business processes	Acquire and install identified ICT hardware and Software	70 computers were installed.
				Review ICT Policy	Revision of ICT Policy in progress.
		To attract and retain Skilled, Motivated and productive staff	Enhance performance management	Carry out performance appraisal	Performance appraisal carried out in May 2022
				Develop staff establishment	KNP Staff Establishment forwarded for approval by the 0020Ministry
				Review Performance Contracting	2021/2022 Performance Contract Document developed and signed
				Implement staff training plan	2 trainers train on Policy Making in Siaya

## **VII. CORPORATE GOVERNANCE STATEMENT**

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

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

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

The Polytechnic's corporate governance materials, including the Corporate Governance Guidelines, the Polytechnic's legal order, the terms of reference for each Governing Council committee, the Polytechnic's Codes of Business Conduct, information about how to report concerns about the Polytechnic and the Polytechnic's public policy engagement and technological contributions policy.

**THE KITALE NATIONAL POLYTECHNIC**  
**Annual Reports and Financial Statements For the year ended June 30, 2022**

**VIII. MANAGEMENT DISCUSSION AND ANALYSIS**

**SECTION A**

**The entity's operational and financial performance**

During the Financial Year 2021/2022 recurrent capitation grants allocated was Kshs. 338,040,000. However during the financial year the Polytechnic received Kshs. 198,471,407. The accrued capitation during the year amounted to Kshs.139,568,593.

The Polytechnic recurrent expenditure is funded through government support, internally generated funds, and fees from students. The public funding for FY 2021/2022 comprise of capitation funding of 198,471,407 Students related fees contribution is 248,672,427 and IGAs 20,204,322 as shown in the table below.

Table: Polytechnic Funding – Recurrent

	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
GOK	50,250,000	63,690,278	24,765,000	169,305,416	198,471,407
Fees	153,160,409	289,695,306	218,064,630	187,199,253	248,672,427
IGAs	5,885,376	31,795,376	165,353,689	15,967,259	20,204,322
<b>TOTAL</b>	<b>209,295,785</b>	<b>385,180,960</b>	<b>408,183,319</b>	<b>372,471,928</b>	<b>467,348,156</b>

**SECTION B**

**Entity's compliance with statutory requirements**

Currently the Polytechnic fully complies with the statutory requirements i.e. NSSF, NHIF, tax compliance, **PFM Act 2012**

**SECTION C**

**2021/2022 Key Achievements**

1. Chicken House capacity 1000
2. Acquisition of Polytechnic Vehicles
3. Installation Of CCTV Cameras
4. Construction of Institutional Management Building
5. New 16 Classroom Tuition Block
6. Rugby Pitch
7. Modern Garage

## **SECTION D**

### **Major risks facing the entity**

The following are the major risks

1. Low fee collection from government and parents
2. Encroachment of the Polytechnic land approximately 47 acres
3. Failure by contractors to complete project works on time.

## **SECTION E**

### **Material arrears in statutory/financial obligations**

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

## **SECTION F**

### **The entity's financial probity and serious governance issues**

There is no conflict of interest amongst the management and Governing Council.

The Polytechnic is currently audited by OFFICE OF THE AUDITOR GENERAL

**THE KITALE NATIONAL POLYTECHNIC**  
**Annual Reports and Financial Statements For the year ended June 30, 2022**

**IX. ENVIROMETAL AND SUSTAINABILITY REPORTING**

Kitale National Polytechnic exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence.

- Sewerage treatment plan
- Tree planting

**THE KITALE NATIONAL POLYTECHNIC**  
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**X. REPORT OF THE COUNCIL OF GOVERNORS**

Section 81 of the Public Finance Management Act, 2012 requires an Accounting Officer of a National Government owned Entity to prepare a report and financial statements for each financial year in a form prescribed by the accounting standards board.

81 (1) At the end of each financial year, the accounting Officer for a national government entity shall prepare financial statements in respect of the entity.

(2) The accounting officer shall include in the financial statement—

- (a) Appropriation accounts, showing—
  - (i) The services for which the appropriated money was spent;
  - (ii) The actual amount spent on each service;
  - (iii) The status of each vote compared with the appropriation for the vote;
  - (iv) A statement explaining any variations between the actual expenditure and the Sums voted;  
and
  - (v) Any other information specified by the National Treasury;

(b) A statement of the entity's debt which is outstanding at the end of the financial year;

(c) A statement of the entity's debt guaranteed by the national government as at the end of the financial year;

(d) A statement of the entity's assets and liabilities as at the end of the financial year in respect of the recurrent Vote, development Vote and funds and deposits;

(e) A statement of the accounting policies followed in preparing the financial statement; and

(f) A statement of the national government entity's performance against predetermined objectives.

(3) The accounting officer shall prepare the financial statements in a form that complies with the relevant accounting standards prescribed and published by the Accounting Standards Board from time to time.

The Public Finance Management Act, 2012, Section 95

(4) Not later than three months after the end of each financial year, the accounting officer for the entity shall:-

(a) Submit the entity's financial statements to the Auditor-General and a copy of the statement to the Controller of Budget, the National Treasury and the Commission on Revenue Allocation; and

(b) Publish and publicize the financial statements.

(5) In the case of an entity that is a state corporation, the accounting officer shall submit the corporation's financial statements to the Cabinet Secretary responsible for matters relating to that corporation who shall, upon approving it, submit a copy to the Ministry of Education.

**THE KITALE NATIONAL POLYTECHNIC**  
**Annual Reports and Financial Statements For the year ended June 30, 2022**

Approval of the annual financial statements

The Kitale National Polytechnic's financial statements were approved by the Governing Council and signed on its behalf by :



Council Chairman



Council Secretary

Date .....

Date.....



## **XI. STATEMENT OF RESPONSIBILITY OF GOVERNING COUNCIL**

**The Technical and Vocational Education & Training Act, 2013**, requires The Governing Council be responsible for the preparation and presentation of the *Kitale National Polytechnic's* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 2021. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *Kitale National Polytechnic's*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in .

The Governing Council accepts responsibility for the *Kitale National Polytechnic's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by **the Public Finance Management Act, 2012** and **the State Corporations Act 2012[2010]**. The Governing Council is of the opinion that the *Kitale National Polytechnic's* financial statements give a true and fair view of the state of *Kitale National Polytechnic's* transactions during the financial year ended June 30, 2021, and of the *Kitale National Polytechnic's* financial position as at that date. The Governing Council further confirm the completeness of the accounting records maintained for the *Kitale National Polytechnic*, which have been relied upon in the preparation of the *Kitale National Polytechnic's* financial statements as well as the adequacy of the systems of internal financial control.

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

**THE KITALE NATIONAL POLYTECHNIC**  
**Annual Reports and Financial Statements For the year ended June 30, 2022**

**Auditors**

The Auditor General is responsible for the statutory audit of the *Kitale National Polytechnic* in accordance with **Article 229 of The Constitution of Kenya 2010** and **The Public Audit Act 2015** nominated by the Auditor General to carry out the audit of the entity for the year/period ended **June 30, 2021** in accordance to **Section 23** of the **Public Audit Act, 2015**

**Approval of the annual financial statements**

The *Kitale National Polytechnic's* financial statements were approved by the Governing Council and signed on its behalf by:



Council Chairman

  
  
FINANCE OFFICER  
KITALE NATIONAL POLYTECHNIC  
P.O. BOX 2152-30200  
KITALE

Finance Officer

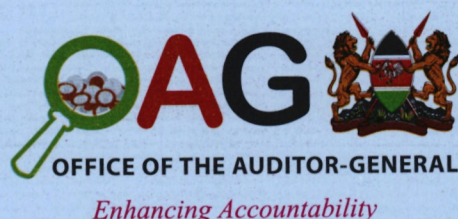


Council Secretary

  
KITALE NATIONAL POLYTECHNIC  
19 APR 2023  
P. O. Box 2152 - 30200,  
KITALE

# REPUBLIC OF KENYA

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

## **REPORT OF THE AUDITOR-GENERAL ON KITALE NATIONAL POLYTECHNIC FOR THE YEAR ENDED 30 JUNE, 2022**

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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 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 Kitale National Polytechnic set out on pages 1 to 33, which comprise the statement of financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

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

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

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kitale National Polytechnic as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards ( Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

### **Basis for Qualified Opinion**

#### **1. Receivables from Exchange Transactions**

The statement of financial position reflects Kshs.207,261,644 for receivables from exchange transactions as disclosed in Note 18 to the financial statements, which in turn includes student debtors of Kshs.178,675,834. An analysis of student debtors indicated that the receivables were due as from the year 2009 when the students were admitted in the College and has remained so without any recoverability. Further, the National Polytechnic has not effectively applied its debtor's management policy to control the accumulation of debts as evidenced by an increase of Kshs.19, 594,348 from the previous year's balance of Kshs.187, 667,297.

In the circumstances, the validity and completeness of receivables from exchange transactions could not be confirmed.

#### **2. Refundable Deposits/Caution Money**

The statement of financial position reflects refundable deposits from customers of Kshs.2,549,870 as disclosed in Note 24 to the financial statements. A review of the supporting schedules for refundable deposits from customers indicates that the amount refers to caution money received from students, although the Polytechnic stopped charging caution money four years ago. In addition, the following unsatisfactory matters were noted on refundable deposits;

- a) The Polytechnic does not have a deposit account for separately accounting for the caution money,
- b) During the period under review, no evidence for claim of caution money from students was provided.
- c) and the money has never earned any interest as it has remained the same for several years.

In the circumstances, the validity and completeness of refundable deposits could not be confirmed.

### **3. Motor Vehicle Insurance**

Included in the statement of financial performance Kshs.185,132,734 for use of goods and services as disclosed in Note 11 to the financial statements is Kshs.596,643 paid to an insurance service provider under tender number TKNP/40/2021-2023 for provision of comprehensive motor vehicle insurance services of which the following unsatisfactory matters were observed as detailed:

- i. The valuation reports for motor vehicles were not availed for audit review. As result, it was difficult to ascertain how the insurance company arrived at the premiums paid for the motor vehicles.
- ii. The professional indemnity guarantee for the insured motor vehicles were not availed for audit review.
- iii. The original motor vehicle insurance policy was not availed for audit.

In the circumstances, the propriety, accuracy and completeness of the expenditure totalling to Kshs.596,643 could not be confirmed.

### **4. Ownership of Land**

Records provided for audit indicate that the main parcel of land of approximately 33.72 ha (83.322) acres was supported by a leasehold certificate referenced lease title, Kitale Municipality Block 6/63 of a term 99 years, starting from 1.12.2001. Parcel Block A of approximately 9.057Ha was supported by the allotment letter, referenced allotment number 20089/XXXI for a term period of 99 years starting from 1.10.1995. Parcel Block B of approximately 10.048 Ha supported by letter of allotment referenced allotment number 20089/XXXI for a term of 99 years starting from 1.10.1995. However, it was noted that the institution valued their land using the leasehold certificate and letters of allotment to be used as ownership documents instead of the original title deed. The Management has not acquired title deeds for the Polytechnic's land.

In addition, Parcel Block A of approximately 9.057Ha and Parcel Block B of approximately 10.048 Ha are already encroached by the public and no effort has been taken by Management to properly secure the Institution's land. In the circumstances, the accuracy, completeness and valuation of the land included in the financial statements as at 30 June, 2022 could not be confirmed.

In the circumstance, the validity, existence and ownership of the institution land is in doubt.

### **5. Un-disclosed Biological Assets**

The statement of financial position reflects biological assets valued at Kshs.1,656,000.00 as disclosed in Note 20 to the financial statements. However, an audit verification done on 24 January, 2023 confirmed that National Polytechnic owns approximately three (3) acres of mature trees, which was not disclosed in the financial statements as part of biological assets. Management did not provide satisfactory explanation for not disclosing the assets in the financial statements and hence the institute's assets are understated by an undetermined amount.

Further, the Polytechnic has not developed and documented a biological assets valuation policy and therefore the fair values of the assets may not have been set or carried out in an objective manner as documented in the valuation report of 30 September, 2022.

In the circumstances, the validity and completeness of biological assets could not be ascertained.

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

### **Key Audit Matters**

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

### **Other Matter**

#### **1. Unresolved Prior Year Matters**

In the audit of the previous year several issues were raised. However, Management has not resolved the issues nor disclosed the prior year matters as provided by the Public Sector Accounting Standards Board reporting templates.

#### **2. Budgetary Control and Performance**

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.639,443,500 and Kshs.467,276,466 respectively resulting to underfunding of Kshs.172,167,034 or 27% of the budget. Further, the Polytechnic spent Kshs.296, 936,622 against an approved budget of Kshs.689, 443,500 resulting in an under-expenditure of Kshs.392,506,878 or 57% of the budget.

The underfunding and under expenditure could have adversely affected the Polytechnic from achieving its objectives.

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

### **Conclusion**

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

### **Basis for Conclusion**

### **1. Non-Compliance with the One -Third Basic Rule**

Review of the payroll data for the months of July, 2021 to June, 2022 indicated that some members of staff earned net salaries that was less than a third (1/3) of their basic pay, contrary to Section 19 (3) of the Employment Act, 2007, which prohibits officers from over committing their salaries.

In the circumstances, the Management is in breach of the law.

### **2. Lack of Medical Cover for Staff**

The National Polytechnic does not have a medical cover/scheme for its employees contrary to its Human Resource Policy and Procedure Manual which provides that the Polytechnic maintains a contributory medical insurance scheme for the provision of medical protection and care of staff members, their bona fide spouses and dependent children, and Section 34(1) of Employment Act, 2007 which states that an employer shall ensure the sufficient provision of proper medicine for his employees during illness and if possible medical attention during serious illness.

In the circumstances, the Management is in breach of the law.

### **3. Delayed Completion Four (4) Storey Tuition Block Complex**

During the year under review, the Polytechnic made payments totalling to Kshs.12,140,615 vide payment voucher nos. KNP/3044, KNP/3807 and KNP/4690 respectively to a contractor for the proposed completion of a four-floor storey building block. The company was awarded the contract on 04/08/2021 vide tender no KNP/OT/04/2020-2021 at a contract sum of Kshs.18,169,690 for a contract period of five (5) months hence 21 weeks. Further, the contract was revised by another eight (8) weeks after its elapse dated on 21 February, 2022. However, the following observations were made in relation to the project;

- i. Despite, the contract period for the completion of the project of five (5) months which commenced on 4 August, 2021 and completion date of 23 December, 2021, having elapsed, the project is still not complete as at the time of audit on 23 January, 2023, being one (1) year from the date of expiry of the contract period. Further, review of the progress report dated on 23 August, 2022 revealed that percentage level of completion was at 90%.
- ii. The contract period was extended without the recommendation report and attendance register of the Evaluation Committee ratifying the extension of the contract for a further eight (8) weeks which elapsed on 23 February, 2022, contrary to Section 139(2) of the Public Procurement and Asset Disposal Act, 2015.
- iii. The original copy on the performance security that is equivalent or not more than 10% of the contract sum was not availed. Further, there is no evidence to show that the Management fully seized the performance bond for the contract that was not fully executed or well done, contrary to Section 141(2) of the Public Procurement and Asset Disposal Act, 2015.

- iv. Due diligence was not done on the financial capability of the contractor hence evaluation was not done competitively since the contractor issued a letter dated 7 October, 2022 indicating lack of finances to complete the project.
- v. The Management did not provide the contractor program of works that was approved by the Project Manager.

In the circumstances, the value for money has not been realized on the Project.

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, except for the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that, nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### Basis for Conclusion

#### 1. Lack of Approved Staff Establishment and Plans

A review of the Polytechnic's records revealed that the institution operated without an authorized staff establishment, there were no structures to manage staffing, posting, training, skill retention, and succession plans. Consequently, it was not possible to establish the criteria used by the Council to fill positions in the various job groups.

In addition, the organogram of the Polytechnic is not clear on the roles and duties of the Human Resource Department and the Office of the Registrar Administration. Currently, the office of the Registrar Administration, is the one that handles employee grievances/matters, job promotions, Collective Bargaining Agreement approval and implementation, capacity building and non-compliance with a third basic rule, yet these are functions that are best handled by the human resource department, adding professional input on human resource matters.

In the circumstances, the existence of an effective human resource management could not be established.

#### 2. Information Technology Controls

A review of the Polytechnic's IT controls revealed that the IT department lacks the basic controls that enable the department to function effectively. This is largely caused by insufficient allocation of resources both financial and human to the department, thus rendering it unable to meet the mandate for which it was established.

The IT department was found to be lacking in the following capabilities:

- a) Deficit of computers vis-à-vis number of students, which entails 6000 students in full session sharing less than 200 computers.
- b) Low bandwidth for data availability as many students are connected to the provided 100Mbps.
- c) Lack of technical staff such as system administrator and network administrator.
- d) Lack of fire suppression systems in data center.
- e) Lack of air conditioners in data center for temperature regulation.
- f) Data center ground is not gated.
- g) Data center is operating on a limited capacity with no room for expansion as more hardware devices are installed.

In the circumstances the effective operations of the Information Technology (IT) department at the Polytechnic could not be confirmed.

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

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

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

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

Those charged with governance are 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 Polytechnic's policies and procedures may deteriorate.

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

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

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

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

**Nairobi**


**15 June, 2023**

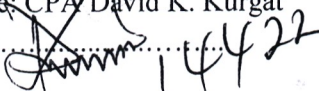
**THE KITALE NATIONAL POLYTECHNIC**  
**Annual Reports and Financial Statements For the year ended June 30, 2022**


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

Description	NOTE	2021-2022	2020-2021
		Kshs	Kshs
<b>Revenue from non-exchange transactions</b>			
Transfer from National Government Ministries(capitation)	6	198,471,407	169,305,416
Transfer from National Government Ministries(unconditional grants)		-	-
<b>Total Revenue from non-exchange transactions</b>		<b>198,471,407</b>	<b>169,305,416</b>
<b>Revenue From Exchange Transactions</b>			
Rendering of Services	7	248,594,737	187,199,253
Sale Of Goods	8	12,999,829	10,318,777
Rental revenue From Facilities and Equipment	9	4,419,567	5,609,482
Other Income	10	2,790,926	39,000
<b>Total Revenue From Exchange Transactions</b>		<b>268,805,059</b>	<b>203,166,512</b>
<b>Total Revenue</b>		<b>467,276,466</b>	<b>372,471,928</b>
<b>Expenses</b>			
Use of Goods and Services	11	185,132,734	80,547,965
Employee Cost	12	78,189,005	64,943,081
Directors remuneration	13	17,199,098	12,727,114
Repairs and Maintenance	14	16,415,785	16,090,553
Bank Charges	15	-	128,355
Depreciation and amortization expense	16	-	40,504,980
<b>Total Expenses</b>		<b>296,936,622</b>	<b>214,942,047</b>
<b>Surplus for the period</b>		<b>170,339,844</b>	<b>157,529,881</b>

The Financial Statements set out on page 1 to 33 were signed on behalf of the Board of Governing Council on 27<sup>th</sup> September 2022 by:

  
 Governing Council Secretary.  
 Name: Akola John Otieno  
 Date.....

Finance Officer  
 Name: CPA David K. Kurgat  
 Date.....  



  
 Chairman Governing Council  
 Name: Benson Ririmpoi  
 Date.....

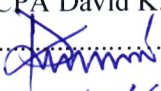
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**XIV. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022**

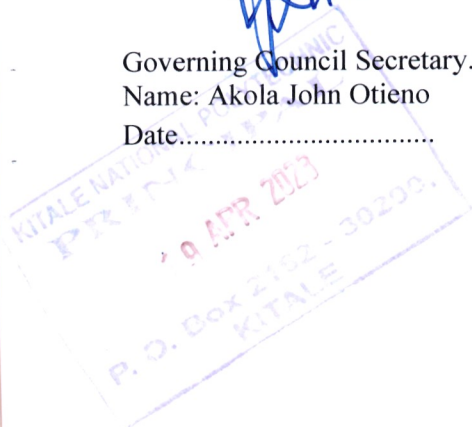
Description	NOTE	2021-2022	2020-2021
		Kshs	Kshs
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	17	366,427,524	259,399,819
Inventory	19	7,552,322	6,108,110
Receivables from Exchange Transactions	18	207,261,644	187,667,297
Biological assets	20	1,656,000	935,500
<b>Total Current Assets</b>		<b>582,897,490</b>	<b>454,110,725</b>
<b>Non-current Assets</b>			
Property, Plant & Equipment	22	3,138,467,751	1,554,086,457
Intangible Assets	21	9,530,400	17,093,630
<b>Total Non-current Assets</b>		<b>3,147,998,151</b>	<b>1,571,180,087</b>
<b>Total Assets</b>		<b>3,730,895,641</b>	<b>2,025,290,812</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables from Exchange transactions	23	147,996,565	121,007,557
Refundable deposits from customers	24	2,549,870	2,549,870
<b>Total Liabilities</b>		<b>150,546,435</b>	<b>123,557,427</b>
<b>Total Net Assets</b>		<b>3,580,349,206</b>	<b>1,901,733,385</b>
Accumulated Reserves/Retained earnings		384,859,671	245,443,829
Revenue Reserves		1,656,289,557	1,656,289,557
Revaluation Reserves		1,539,199,978	0.00
<b>Total Net Assets</b>		<b>3,580,349,206</b>	<b>1,901,733,386</b>
<b>Total net assets and liabilities</b>		<b>3,730,895,641</b>	<b>2,025,290,813</b>

The Financial Statements set out on page 1 to 33 were signed on behalf of the Board of Governing Council on 27<sup>th</sup> September 2022 by:

  
 Governing Council Secretary.  
 Name: Akola John Otieno  
 Date.....

  
 Finance Officer  
 Name: CPA David K. Kurgat  
 Date.....

  
 Chairman Governing Council  
 Name: Benson Ririmpoi  
 Date.....

  
 KITALA NATIONAL POLYTECHNIC  
 P. O. Box 2152 - 30200,  
 KITALA  
 9 APR 2023

  
 FINANCE OFFICER  
 KITALA NATIONAL POLYTECHNIC  
 P. O. Box 2152-30200,  
 KITALA  
 11/4/22

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

Description	Revaluation	Fair Value	Retained	capital/development	Total
	reserves	Adjustment	Earnings	Grants/Funds	
<b>Balance as at July 1st 2020</b>	-	-	194,799,364	1,525,193,010	<b>1,719,992,374</b>
Revaluations gain	-	-	-	-	-
Fair value adjustment	-	-	(106,885,416)	-	<b>(106,885,416)</b>
Total Comprehensive income	-	-	157,529,881	-	<b>157,529,881</b>
Capital/Development grants Received	-	-	-	131,096,547	<b>131,096,547</b>
Transfer of dep/amortization from capital funds to		-	-	-	-
retained earnings	-	-	-	-	-
<b>As at 30th June 2021</b>	-	-	<b>245,443,829</b>	<b>1,656,289,557</b>	<b>1,901,733,386</b>
<b>Balance as at July 1st 2021</b>	-	-	<b>245,443,829</b>	<b>1,656,289,557</b>	<b>1,901,733,386</b>
Revaluations gain	1,539,199,978		-	-	<b>1,539,199,978</b>
Fair value adjustment	-	-	(30,924,002)		<b>(30,924,002)</b>
Total Comprehensive income	-	-	170,339,844	-	<b>170,339,844</b>
Capital/Development grants Received	-	-	-	-	-
Transfer of dep/amortization from capital funds		-	-	-	-
retained earnings	-	-	-	-	-
<b>As at 30th June 2022</b>	<b>1,539,199,978</b>	-	<b>384,859,671</b>	<b>1,656,289,557</b>	<b>3,580,349,206</b>

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**XVI. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2022**

Description	NOTE	30 <sup>TH</sup> JUNE 2022	30 <sup>TH</sup> JUNE 2022
		Kshs	Kshs
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Transfer from other Government entities/ Government grants	6	198,471,407	169,305,416
Rendering of services – fees from students	7	248,594,737	187,199,253
Sale of goods	8	12,999,829	10,318,777
Rental revenue from facilities and equipment	9	4,419,567	5,609,482
Other income	10	2,790,926	39,000
<b>Total receipts</b>		<b>467,276,466</b>	<b>372,471,928</b>
<b>Payments</b>			
Use of goods and services	11	185,132,734	80,547,9645
Employee costs	12	78,189,005	64,943,081
Remuneration of Directors	13	17,199,098	12,727,114
Repair, maintenance and improvements	14	16,415,785	16,090,553
Bank charges	15	-	128,355
<b>Total payments</b>		<b>296,936,622</b>	<b>174,435,750</b>
<b>Cash flows from operating activities</b>		<b>170,339,844</b>	<b>198,036,178</b>
Increase in non-current receivables	19	(19,594,347)	(116,194,990)
Increase in non-current payables	23	26,989,008	111,647,237
Increase in inventory	18	(1,444,212)	(5,270,468)
Increase/decrease in refundable deposits	24	-	(50,500)
<b>Net cash flows from operating activities</b>		<b>176,290,292</b>	<b>(9,868,721)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant, equipment	22	(34,804,586)	(101,100,678)
Purchase of Intangible assets		(3,534,000)	(8,442,000)
Biological assets		-	(935,500)
Proceeds from sale of property plant and equipment		-	-
<b>Net cash flows from Investing activities</b>		<b>(38,338,586)</b>	<b>(110,478,178)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Increase in deposits		-	-
Decrease in Reserves		(30,924,002)	
<b>Net cash flows used in financing activities</b>		<b>(30,924,002)</b>	-
<b>Net increase in cash and cash equivalents</b>		<b>107,027,704</b>	<b>77,689,279</b>
Cash and cash equivalent as at 1 <sup>st</sup> July 2021	17(a)	259,399,8189	181,710,540
<b>Cash and cash equivalents as at 30th June 2022</b>	17(a)	<b>366,427,524</b>	<b>259,399,819</b>

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

	BUDGET	ACTUAL	VARIANCE	% INCREASE /DECREASE
	KES	KES	KES	%
<b>Revenue</b>				
Other Income				
Public contributions and Donations				
Rendering of Services	374,223,800	248,594,737	-125,629,063	-34%
Rental revenue From Facilities and Equipment	3,294,000	4,419,567	1,125,567	34%
Sale Of Goods	11,725,700	12,999,829	1,274,129	11%
<b>Transfer from Government</b>				
Transfer from National Government Ministries (capitation)	250,200,000	198,471,407	-51,728,593	-21%
Other Income	-	2,790,926	2,790,926	
<b>Total Income</b>	<b>639,443,500</b>	<b>467,276,466</b>	<b>-172,167,034</b>	
<b>Expenses</b>				
Depreciation and amortization expense	48,824,965	0	48,824,965	100%
Employee Cost	86,961,200	78,189,005	8,772,195	10%
Remuneration of Directors	17,512,373	17,199,098	313,275	2%
Repairs and Maintenance	18,925,995	16,415,785	2,510,210	13%
Use of Goods and Services	517,218,967	185,132,734	332,086,233	64%
<b>Total expenditure</b>	<b>689,443,500</b>	<b>296,936,622</b>	<b>392,506,878</b>	
<b>Surplus for the period</b>	<b>-</b>	<b>170,339,844</b>		

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**XVIII. NOTES TO THE FINANCIAL STATEMENTS**

**1. General Information**

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

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

In 2018, polytechnic developed a strategic plan covering a five year period 2018 - 2023 with a focus on improving service delivery, enhancing operational efficiency and effectiveness as well as positioning the Polytechnic for global competitiveness in training and research.

**(b) Principal Activities**

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

**2. Statement of compliance and basis of preparation – IPSAS1**

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

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

**3. Adoption of new and revised standards**

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2021. IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.

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**4. Summary of significant accounting policies**

**a) Revenue recognition**

**i) Revenue from non-exchange transactions–IPSAS23**

**Fees, taxes and fines**

The Kitale National Polytechnic recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to The Kitale National Polytechnic and the fair value of the asset can be measured reliably.

**Transfers from other government entities**

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

**ii) Revenue from exchange transactions – IPSAS9**

***Rendering of services***

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

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

***Sale of goods***

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

***Interest income***

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

***Rental income***

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

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**b) Budget information – IPSAS24**

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

**c) Taxes – IAS12**

***Current income tax***

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

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

***Sales tax***

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

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

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

**d) Investment property – IPSAS16**

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

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

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

Transfers are made to or from investment property only when there is a change in use.

**e) Property, plant and equipment – IPSAS17**

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

**g) Intangible assets – IPSAS31**

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

The useful life of the intangible assets is assessed as either finite or indefinite.

**i) Research and development costs**

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

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

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

**h) Financial instruments – IPSAS 29**

**Financial assets**

**Initial recognition and measurement**

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

**Loans and receivables**

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

**Held-to-maturity**

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

**Impairment of financial assets**

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

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

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**ii) Financial liabilities**

**Initial recognition and measurement**

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

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

**Loans and borrowing**

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

**IPSAS 29.65**

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

**i) Inventories – IPSAS12**

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

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

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

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

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

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

**j) Provisions – IPSAS19**

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

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

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

**Contingent liabilities**

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

**Contingent assets**

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

**k) Nature and purpose of reserves**

The Kitale National Polytechnic creates and maintains reserves in terms of specific requirements. The Kitale National Polytechnic to state the reserves maintained and appropriate policies adopted.

**l) Changes in accounting policies and estimates – IPSAS3**

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

**m) Employee benefits – IPSAS 25**

**Retirement benefit plans**

The Kitale National Polytechnic provides retirement benefits for its employees on gratuity basis. Defined contribution plans are post-employment benefit plans under which The Kitale National Polytechnic pays fixed contributions into a separate The Kitale National Polytechnic (a fund), and

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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.

**n) Foreign currency transactions – IPSAS4**

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

**o) Borrowing costs – IPSAS5**

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

**p) Related parties – IPSAS20**

The Kitale National Polytechnic regards a related party as a person or an officer/member with the ability to exert control individually or jointly, or to exercise significant influence over The Kitale National Polytechnic, or vice versa. Members of key management are regarded as related parties and comprise the Chairman, the Chief executive officer (principal), Governing Council members, top management members and any other officer working for the polytechnic.

**q) Service concession arrangements – IPSAS 32**

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

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**r) Cash and cash equivalents**

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

**s) Comparative figures**

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

**t) Subsequent events – IPSAS14**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2021.

**u) Fixed assets and depreciation –IPSAS17**

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

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

<b><u>Assets</u></b>	<b><u>Rate (p.a)</u></b>
<b>Buildings</b>	<b>2%</b>
<b>Furniture, plant and equipment</b>	<b>12.5%</b>
<b>Motor vehicles</b>	<b>10 %</b>
<b>Computers</b>	<b>20 %</b>

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

**v) Agriculture – IPSAS 27**

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

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**5. Significant judgments and sources of estimation uncertainty – IPSAS 1**

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

State all judgments, estimates and assumptions made: e.g.

**Estimates and assumptions**

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

**Useful lives and residual values**

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

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

**Provisions**

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

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are rehabilitated over years and the assumption was made that the areas stay the same in size for a number of years.

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

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

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

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**NOTE 6: Transfer from National Government Ministries (Unconditional grants)**

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition Fees – Capitation	198,471,407	169,305,416
<b>Total transfers from National Government Ministries (Unconditional grants)</b>	<b>198,471,407</b>	<b>169,305,416</b>

**NOTE 7: Rendering of Services**

Description	2021-2022	2020-2021
	Kshs	Kshs
Tuition Fees	13,954,517	23,941,510
Activity Fees	26,564,390	19,145,450
Electricity Water and Conservancy	26,042,400	18,724,535
Personal Emoluments	91,608,148	65,906,963
Repair , Maintenance and Improvement	13,082,900	9,555,670
Medical, insurance and industrial attachment	23,854,080	17,459,663
Local Transport and Travelling	29,409,315	21,268,525
Accommodation Fee	10,567,520	8,347,460
Application Fees	2,004,385	711,510
Library Penalty	51,632	32,135
Student I.D	1,000	42,950
Supplementary Income	328,400	297,182
Tuition-Driving School	5,861,350	1,514,500
Administration (Contingencies)	1,501,500	11,000
Center fee	-	240,200
Examination materials	3,037,500	-
Graduation	725,700	-
<b>Total Rendering of Services</b>	<b>248,594,737</b>	<b>187,199,253</b>

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**NOTE 8: Sale Of Goods**

Description	2021-2022	2020-2021
Farm Produce	Kshs	Kshs
Cabbages Income	79,972	59,464
Maize Income	473,100	432,490
Milk Income	272,620	306,030
Sale of Animal	241,530	55,000
Sukuma Wiki Income	388,788	137,850
Other Vegetable Income	103,978	37,512
Hay	40,000	49,400
<b>Total sale of farm produce</b>	<b>1,599,988</b>	<b>1,077,746</b>
Pay As You Eat Income	11,399,841	9,241,031
<b>Total Sale Of Goods</b>	<b>12,999,829</b>	<b>10,318,777</b>

**NOTE 9: Rental revenue From Facilities and Equipment**

Description	2021-2022	2020-2021
	Kshs	Kshs
exams photos	322,877	-
Hire of Facility	2,115,010	1,939,850
Production Unit Income	432,720	2,262,482
Rent Income	1,548,960	1,407,150
<b>Total Rental revenue From Facilities and Equipment</b>	<b>4,419,567</b>	<b>5,609,482</b>

**NOTE 10: Other Income**

Description	2021-2022	2020-2021
	Kshs	Kshs
sale of tender	1,000	2,000
Sale of Newspapers	-	37,000
Interest Earned From Deposit	2,789,926	-
<b>Total Other Income</b>	<b>2,790,926</b>	<b>39,000</b>

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**EXPENSES**

**NOTE 11: Use of Goods and Services**

Description	2021-2022	2020-2021
	Kshs	Kshs
Activity	18,395,743	4,156,998
Accommodation	3,691,205	3,025,110
Administration Cost	19,748,856	13,678,094
Bank charges	126,134	-
Advertising	2,818,565	1,610,202
Examination expenses	-	168,150
Capacity Building	5,902,668	748,224
SUPPLIMENTARY	211,040	-
Driving School Expenses	635,135	443,601
Electricity, Water and Conservancy	8,601,948	3,382,539
Farm Expenses	928,060	1,416,725
Graduation	4,759,353	-
Hire of Facilities	1,139,708	871,304
I.S.O	2,756,294	-
Insurance, Attachment and Medical	5,345,983	2,915,200
ICT Integration	2,714,379	8,862,190
K.A.T.T.I	846,200	75,000
Library	96,540	-
Local Transport and Travelling Expense	22,064,860	5,358,179
Pay As You Eat	27,335,489	10,029,893
Performance Contract	764,794	124,500
Production unit	1,346,614	1,824,385
Research and Innovations	1,910,427	102,675
Security Costs	2,590,000	2,605,000
Training expense (Tuition)	43,232,630	17,575,261
Vehicle Cover Insurance	596,643	479,638
Marketing	3,629,881	415,297
KEFEB	656,813	430,470
C.A.P.A	-	100,000
BOOKS	-	149,330
DAIRY EXP	161,110	-
Undisbursed funds	331,800	-
Application exp	1,142,000	-
MAIZE EXP	292,500	-
Vegetable Expenses	44,400	-
Tax on Interest Earned From Deposits	314,962	-
<b>Total Use of Goods and Services</b>	<b>185,132,734</b>	<b>80,547,965</b>

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**NOTE 12: Employee Cost**

Description	2021-2022	2020-2021
	Kshs	Kshs
Salaries and Wages	44,787,384	43,978,073
Housing Benefits and Allowances	4,388,390	2,722,790
Leave Allowances	247,000	157,000
Service Gratuity	1,641,921	1,460,023
NSSF Employer Contribution	979,560	1,151,520
Basic Salary	20,425,065	12,396,250
Medical Allowance	716,280	966,925
Risk Allowance	60,000	35,000
Responsibility Allowance	348,000	234,000
Commuter Allowance	3,081,000	1,840,000
Overtime payments	60,015	1,500
Acting Allowance	29,260	-
Other payments (staff uniforms)	425,950	-
STAFF CHRISMASS GIFT	999,180	-
<b>Total Employee Cost</b>	<b>78,189,005</b>	<b>64,943,081</b>

**NOTE 13: Remuneration of Directors**

Description	2021-2022	2020-2021
	Kshs	Kshs
Sitting Allowance	7,378,270	12,727,114
Transport	1,938,811	
Per diem	4,320,900	
Airtime	200,000	
Chairman Monthly Allowance	540,000	
Capacity Building	240,000	
Insurance	882,384	
P.A. Y.E	1,698,733	
<b>Total Remuneration of Directors</b>	<b>17,199,098</b>	<b>12,727,114</b>

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**NOTE 14: Repairs and Maintenance**

Description	2021-2022	2020-2021
	Kshs	Kshs
Property Repairs	8,983,184	3,672,668
Equipment and Machinery Repairs	75,746	460,291
Vehicles Repairs	2,173,842	178,224
Furniture and Fittings Repairs	373,350	47,450
Computers Repair	7,000	90,060
Other General Repairs	2,627,602	8,652,892
Road recarpeting	1,515,000	2,680,100
R.M.I Plumbing Works	73,170	230,460
R.M.I Students Play Field	535,491	-
Renovation of burned houses	-	27,538
R.M.I ELECTRICAL	51,400	50,870
<b>Total Repairs and Maintenance</b>	<b>16,415,785</b>	<b>16,090,553</b>

**NOTE 15: Finance Costs**

Description	2021-2022	2020-2021
	Kshs	Kshs
BANK CHARGES	-	128,355
<b>Total Finance Costs</b>	<b>-</b>	<b>128,355</b>

**NOTE 16: Depreciation and amortization expense**

Description	2021-2022	2020-2021
	Kshs	Kshs
Buildings	-	12,621,103
Motor Vehicle	-	3,801,772
Furniture	-	1,989,590
Computers	-	5,470,898
Plant & Equipment	-	16,621,617
<b>Total Depreciation</b>	<b>-</b>	<b>40,504,980</b>

**NOTE 17: a) Cash and Cash Equivalents**

Description	2021-2022	2020-2021
	Kshs	Kshs
Petty Cash	861,899	626,658
ABSA	261,637,021	189,919,267
KCB College Account	1,507,473	4,371,423
KCB Kapenguria Account	6,361,834	5,616,561
COOP Farm Account	862,726	584,944
COOP Development Account	56,763,933	21,576,289
Undeposited Funds	1,730,338	-
SIGOR TTI - KCB-1159735212	12,522,499	12,524,755
CHEPARERIA TTI -0113985509403	24,179,801	24,179,921
<b>Total Cash and Cash Equivalents</b>	<b>366,427,524</b>	<b>259,399,819</b>

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**NOTE 17: b) Cash and Cash Equivalents**

	Description		2021-2022	2020-2021
			Kshs.	Kshs.
<b>1</b>	<b>Absa- Main (fees) Account</b>	<b>003-8219650</b>		
	CASH		861,899	626,658
	CHEQUES IN TRANSIT (undeposited funds)		1,730,338	-
	BANK		261,637,021	189,919,267
	<b>Sub – Total</b>		<b>264,229,258</b>	<b>190,545,926</b>
<b>2</b>	<b>KCB -College Account</b>	<b>110808921</b>		
	CASH		-	
	BANK		1,507,473	4,371,423
	<b>Sub – Total</b>		<b>1,507,473</b>	<b>4,371,423</b>
<b>3</b>	<b>KCB- Kapenguria(meals) Account</b>	<b>1128048566</b>		
	CASH		-	
	BANK		6,361,834	5,616,560
	<b>Sub – Total</b>		<b>6,361,834</b>	<b>5,616,560</b>
<b>4</b>	<b>COOP -Farm Account</b>	<b>01120085509400</b>		
	CASH		-	
	BANK		862,726	584,944
	<b>Sub – Total</b>		<b>862,726</b>	<b>584,944</b>
<b>5</b>	<b>COOP- Development Account</b>	<b>01139085509401</b>		
	CASH		-	
	BANK		56,763,933	21,576,289
	<b>Sub – Total</b>		<b>56,763,933</b>	<b>21,576,289</b>
<b>6</b>	<b>KCB -Sigor T.T.I</b>	<b>115735212</b>		
	CASH		-	
	BANK		12,522,499	12,524,755
	<b>Sub – Total</b>		<b>12,522,499</b>	<b>12,524,755</b>
<b>7</b>	<b>COOP-CHEPARERIA T.T.I</b>	<b>01139085509403</b>		
	CASH		-	
	BANK		24,179,801	24,179,921
	<b>Sub – Total</b>		<b>24,179,801</b>	<b>24,179,921</b>
	<b>Grand Total</b>		<b>366,427,524</b>	<b>259,399,91</b>

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**NOTE 18: Inventories**

Description	2021-2022	2020-2021
	Kshs	Kshs
Consumable Stores	2,189,001	1,615,572
Maintenances stores	4,044,894	2,566,700
Health unit stores	47,185	305,690
Electrical stores	279,050	330,994
Catering stores	884,132	1,289,154
Cleaning stores	108,060	-
<b>Total Inventories</b>	<b>7,552,322</b>	<b>6,108,110</b>

**NOTE 19: Receivables from Exchange Transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
Students Debtors	178,675,834	178,438,522
Sundry Debtors	18,379,400	8,001,800
CFAO (Prepayment For Motor vehicle)	9,035,000	-
SALARY ADVANCE	64,000	-
Internal Debtors	1,107,410	1,226,975
<b>Total Receivables from Exchange Transactions</b>	<b>207,261,644</b>	<b>187,667,297</b>

**NOTE 20: Biological Assets**

Description	2021-2022	2020-2021
	Kshs	Kshs
Cattle	476,000	476,000
Goats	195,000	195,000
Pigs	264,500	264,500
Revaluation Reserves	720,500	-
<b>Total Biological Assets</b>	<b>1,656,000</b>	<b>935,500</b>

**NOTE 21: Intangible Assets**

Description	2021-2022	2020-2021
	Kshs	Kshs
Intangible Assets	20,627,630	17,093,630
Revaluation reserves	(11,097,230)	-
<b>Total Intangible Assets</b>	<b>9,530,400</b>	<b>17,093,630</b>

**THE KITALE NATIONAL POLYTECHNIC**  
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**NOTE 23: Trade and Other Payables from Exchange transactions**

Description	2021-2022	2020-2021
	Kshs	Kshs
Recurrent Creditors	8,090,604	7,704,904
Fees Prepayments	97,023,797	65,185,292
Withholding Tax	1,353,675	887,093
Retention	2,711,028	1,570,569
Opening Balance Equity	(1,554,913)	(174,858)
Bursary	5,010,343	1,981,523
Control Account	(816,367)	58,650
Examination Fee	18,113,914	19,703
HELB Loan	2,380,005	2,423,400
Capitation	214,046	47,521,459
Technology self-help group sacco	-	69,911
Salary	2,485,158	-
Bank transfer control account	-	(6,669,000)
Value added tax (V.A.T )	172,179	-
Students clearance account	-	38,420
Tuition Fee- N.Y.S Students	12,297,940	-
Pay As You Earn (P.A.Y.E)	515,156	-
Kenya Tertiary and School Workes union	-	(10,816)
Undeposited Funds	-	401,307
<b>Total Trade and Other Payables from Exchange transactions</b>	<b>147,996,565</b>	<b>121,007,557</b>

**NOTE 24 : Refundable deposits from customers**

Description	2021-2022	2020-2021
	Kshs	Kshs
Caution Money	2,549,870	2,549,870
<b>Total Refundable deposits from customers</b>	<b>2,549,870</b>	<b>2,549,870</b>

**THE KITALE NATIONAL POLYTECHNIC**  
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**NOTE 22: PROPERTY, PLANT, AND EQUIPMENT**

	LAND	Buildings and structures	Motor vehicles	Furniture and fittings	Computers	Other Assets	Plant And Equipment	Capital	Total
		0.02	10%	12.5%	20%		10%	Work in progress	
Cost		Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1 July 2020	581,000,000	615,312,299	30,414,176	17,251,153	26,853,398	-	162,441,824	36,014,696	1,469,287,547
Additions 30 <sup>th</sup> June 2021	-	15,742,857	-	2,644,750	501,090	-	3,774,341	102,640,853	125,303,891
Book values 30 <sup>th</sup> June 2021	581,000,000	631,055,156	30,414,176	19,895,903	27,354,488	-	166,216,165	138,655,549	1,594,591,437
Depreciation for the year ending 30/6/2021	-	12,621,103	3,801,772	1,989,590	5,470,898	-	16,621,617	-	40,504,980
Accumulated Depreciation 1 <sup>st</sup> July 2020	-	37,653,172	6,780,596	6,294,948	15,147,458	-	45,720,001	-	111,596,175
Accumulated Depreciation 30 <sup>th</sup> June 2021	-	50,274,275	10,582,368	8,284,538	20,618,356	-	62,341,618	-	152,101,155
Net Book Values 30/6/2021	581,000,000	618,434,053	26,612,404	17,906,313	21,883,590	-	149,594,548	138,655,549	1,554,086,457
At 1 July 2021	581,000,000	618,434,053	26,612,404	17,906,313	21,883,590	-	149,594,548	138,655,549	1,554,086,457
Additions During the Year	-	-	-	2,903,500	977,084	-	-	30,924,002	34,804,586
Book Values 30 <sup>th</sup> June 2022	581,000,000	618,434,053	26,612,404	20,809,813	22,860,674	-	149,594,548	169,579,551	1,588,891,043
Depreciation for the Year Ending 30/6/2022	-	-	-	-	-	-	-	-	-
Accumulated Depreciation 1 <sup>st</sup> July 2021	-	50,274,275	10,582,368	8,284,538	20,618,356	-	62,341,618	-	152,101,155
Accumulated Depreciation as at 30 <sup>th</sup> June 2022	-	50,274,275	10,582,368	8,284,538	20,618,356	-	62,341,618	-	152,101,155
Net Book Values 30/6/2022	581,000,000	618,434,053	26,612,404	20,809,813	22,860,674	-	149,594,548	169,579,551	1,588,891,043
At 30 <sup>th</sup> June 2021	581,000,000	618,434,053	26,612,404	17,906,313	21,883,590	0.00	149,594,548	138,655,549	1,554,086,457
revaluation reserves	1,460,389,000	203,691,947	(2,882,404)	9,084,987	(16,259,174)	-	(104,447,648)	0	1,549,576,708
Net book value as per the valuer report	2,041,389,000	822,126,000	23,730,000	29,894,800	6,601,500	-	45,146,900	169,579,551	3,138,467,751

The Kitale National Polytechnic owns land in three parcels;

- (i) Main parcel – approximately 33.72 Ha (83322) Acres.
- (ii) Parcel A – Approximately 9.057 Ha (22.379) Acres
- (iii) Parcel B – Approximately 10.048 Ha (24.828) Acres

The main parcel of land under (i) above with a leasehold certificate of 9 years effective from 1/12/2001 formed the subject matter of valuation at ksh.2,041,389,000.

Parcels A and B ownership is under the allotment letters and therefore could qualify for valuation.

See ANNEX I

**THE KITALE NATIONAL POLYTECHNIC**  
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<b>WORK IN PROGRESS</b>					
<b>PROJECT</b>	<b>Budgeted cost</b>	<b>Contract Sum</b>	<b>Amount paid</b>		<b>cumulative</b>
			<b>2021</b>	<b>2022</b>	
Tuition Block BUMULA	23,781,991.00	23,781,991.00	23,781,991.00	-	23,781,991.00
Tuition Block-CHELINI	18,169,690.00	18,169,690.00	-	12,254,698.00	12,254,698.00
Open Shade	10,447,823.00	10,447,823.00	9,850,365.00		9,850,365.00
Sigor T.T.I	53,735,530.00	53,735,530.00	44,444,916.00	-	44,444,916.00
Chepareria T.T.I	48,743,504.00	48,743,504.00	24,563,582.00	-	24,563,582.00
Modern Garage	4,080,000.00	4,080,000.00	-	2,374,495.00	2,374,495.00
Open Shade phase I & II	12,116,016.00	12,116,016.00	9,740,801.00	15,159,909.00	24,900,710.00
Poultry House	2,424,950.00	2,424,950.00	-	1,134,900.00	1,134,900.00
<b>TOTAL</b>	<b>158,958,538.00</b>	<b>158,958,538.00</b>	<b>112,381,655.00</b>	<b>30,924,002.00</b>	<b>143,305,657.00</b>

**THE KITALE NATIONAL POLYTECHNIC**  
**Annual Reports and Financial Statements For the year ended June 30, 2022**

**Trial Balance For the year ended June 30. 2022**

<b>VOTE REF</b>	<b>DETAILS</b>	<b>DEBIT</b>	<b>CREDIT</b>
		<b>KES</b>	<b>KES</b>
10-00-000	<b>Cash and Cash Equivalents</b>		
10-00-001	Petty Cash	861,899	
10-00-002	ABSA	261,637,021	
10-00-003	KCB College Account	1,507,473	
10-00-004	KCB Kapenguria Account	6,361,834	
10-00-005	COOP Farm Account	862,726	
10-00-006	COOP Development Account	56,763,933	
10-00-007	Undeposited Funds	1,730,338	
10-00-008	SIGOR TTI - KCB-1159735212	12,522,499	
10-00-009	CHEPARERIA TTI -0113985509403	24,179,801	
11-00-000	<b>Receivables from Exchange Transactions</b>		
11-00-001	Students Debtors	178,675,834	
11-00-002	Sundry Debtors	18,379,400	
11-00-003	Internal Debtors	1,067,410	
12-00-000	<b>Inventories</b>		
12-00-002	Consumable Stores	2,189,001	
12-00-003	Maintenance Stores	4,044,894	
12-00-004	Health Unit Stores	47,185	
12-00-005	Electrical Stores	279,050	
12-00-006	Cleaning Materials Stores	108,060	
12-00-007	Catering Stores	884,132	
13-00-000	<b>Property, Plant &amp; Equipment</b>		
13-00-001	Land	581,000,000	
13-00-002	Buildings	632,674,892	
13-00-003	Plant and Equipment	166,216,165	
13-00-004	Motor Vehicle	54,047,182	
13-00-005	Furniture	22,799,403	
13-00-006	Computers	28,331,572	
13-00-007	Work in progress	48,097,020	
13-00-008	Accumulated Depreciation- Buildings		24,989,784
13-00-009	Accumulated Depreciation- Motor Vehicle		6,463,012
13-00-010	Accumulated Depreciation- Furniture and Fittings		4,590,817
13-00-011	Accumulated Depreciation- Computers		10,043,033
13-00-012	Accumulated Depreciation ;plant and equipment		31,581,072
13-00-13	Work in Progress - Chicken Poultry House	1,134,900	
13-00-14	Work in Progress - Modern Garage	2,374,495	
	Work in Progress - Tuition Block Phase II	12,254,698	
	Work in Progress - Open Shade	15,159,909	

**THE KITALE NATIONAL POLYTECHNIC**  
**Annual Reports and Financial Statements For the year ended June 30, 2022**

14-00-000	<b>Intangible Asset</b>		
14-00-001	Intangible Assets	20,627,630	
15-00-000	<b>Biological Assets</b>		
15-00-001	Cattle	476,000	
15-00-002	Goats	195,000	
15-00-003	Pigs	264,500	
20-00-000	<b>Trade and Other Payables from Exchange Transactions</b>		
20-00-001	Recurrent Creditors		8,090,604
20-00-003	Fees Prepayments		97,023,797
20-00-005	Withholding Tax @ 2%		462,615
20-00-007	Retention		2,711,028
20-00-008	Withholding Tax 3%		891,060
20-00-011	Opening Balance Equity	1,554,913	
20-00-012	Bursary		5,010,343
20-00-013	Control Account	816,367	
20-00-014	Examination Fee		18,113,914
20-00-015	HELB Loan		2,380,005
20-00-016	Capitation		214,046
20-00-018	Net Salaries		2,485,158
20-00-020	Salary Advance		64,000
20-00-023	PAYE		515,156
20-00-028	Caution Money		2,549,870
20-00-030	4% of 14%		159,037
20-00-031	V.A.T 6% OF 16%		13,142
20-00-033	Student Clearance account	5,929	
20-00-034	Tuition Fees -Nys		12,297,940
30-00-000	<b>Net Assets</b>		
30-00-003	Revenue Reserves		1,796,340,597
41-00-000	<b>Revenue from exchange transactions</b>		
41-00-001	Tuition Fees		13,954,517
41-00-002	Activity Fees		26,564,390
41-00-003	Electricity Water and Conservancy		26,042,400
41-00-004	Personal Emoluments		91,608,148
41-00-005	Repair , Maintenance and Improvement		13,082,900
41-00-006	Medical, insurance and industrial attachment		23,854,080
41-00-007	Local Transport and Travelling		29,409,315
41-00-008	Accommodation Fee		10,567,520
41-00-009	Application Fees		2,004,385
41-00-010	Library Penalty		39,867
41-00-011	Supplementary Income		328,400
41-00-012	Tuition-Driving School		5,861,350
41-00-013	LIBRARY INCOME		11,765
41-00-014	Tuition Fees -Capitation		198,471,407
41-00-015	Contingencies		1,501,500

**THE KITALE NATIONAL POLYTECHNIC**  
**Annual Reports and Financial Statements For the year ended June 30, 2022**


41-00-018	Students ID		1,000
41-00-021	Graduation		725,700
41-00-024	exams photos		322,877
41-00-028	Cabbages Income		79,972
41-00-030	Hire of Facility		2,115,010
41-00-031	Maize Income		473,100
41-00-032	Milk Income		272,620
41-00-033	Sale of Animal		241,530
41-00-034	Sukuma Wiki Income		388,788
41-00-035	Vegetable Income		103,978
41-00-036	Pay As You Eat Income		11,399,841
41-00-037	Production Unit Income		432,720
41-00-038	Sale of Hay		40,000
41-00-039	Rent Income		1,542,960
41-00-040	Sale of Tender		1,000
41-00-042	Student Centre Stalls		6,000
41-00-043	Examination Materials fee		3,037,500
41-00-044	Interest From Bank Deposit		2,789,926
50-00-000	<b>Expenses</b>		
50-00-006	Activity	18,395,743	
50-00-007	Accommodation	3,691,205	
50-00-008	Administration Cost	19,748,856	
50-00-009	Advertising	2,818,565	
50-00-013	Capacity Building	5,902,668	
50-00-015	Driving School Expenses	635,135	
50-00-016	Electricity, Water and Conservancy	8,601,948	
50-00-017	Farm Expenses	928,060	
50-00-020	Graduation Expense	4,759,353	
50-00-021	Hire of Facilities	1,139,708	
50-00-022	I.S.O	2,756,294	
50-00-023	Insurance, Attachment and Medical	5,345,983	
50-00-024	ICT Integration	2,714,379	
50-00-025	K.A.T.T.I	846,200	
50-00-026	KEFEB	656,813	
50-00-027	Library	96,540	
50-00-028	Local Transport and Travelling Expense	22,064,860	
50-00-029	Pay As You Eat	27,329,560	
50-00-030	Performance Contract	764,794	
50-00-031	Research and Innovations	1,910,427	
50-00-032	Security Costs	2,590,000	
50-00-036	Training Expenses (Tuition)	43,232,630	
50-00-037	Supplementary	211,040	
50-00-038	Vehicle Cover Insurance	596,643	
50-00-039	Marketing	3,629,881	

**THE KITALE NATIONAL POLYTECHNIC**  
**Annual Reports and Financial Statements For the year ended June 30, 2022**

50-00-040	Production Unit	1,346,614	
50-00-047	Undisbursed Funds as at 30/06/2020	331,800	
50-00-050	maize expenses	292,500	
50-00-51	Vegetable Expenses	44,400	
50-00-052	DAIRY EXPENSE	161,110	
50-00-055	Salaries and Wages	44,787,384	
50-00-056	Housing Benefits and Allowances	4,388,390	
50-00-059	Leave Allowances	247,000	
50-00-060	Service Gratuity	1,641,921	
50-00-061	NSSF Employer Contribution	979,560	
50-00-062	Basic Salary	20,425,065	
50-00-63	Acting Allowance	29,260	
50-00-064	Medical Allowance	716,280	
50-00-067	Risk Allowance	60,000	
50-00-068	Responsibility Allowance	348,000	
50-00-069	Commuter Allowance	3,081,000	
50-00-070	Overtime Allowance	60,015	
50-00-073	Staff Gifts	999,180	
50-00-075	Staff uniforms	425,950	
50-00-076	Council Remuneration	17,199,098	
50-00-077	Depreciation Expense	37,162,738	
50-00-078	Property Repairs	8,983,184	
50-00-079	Equipment and Machinery Repairs	75,746	
50-00-080	Vehicles Repairs	2,173,842	
50-00-081	Furniture and Fittings Repairs	373,350	
50-00-082	Computers and Accessories Repairs	7,000	
50-00-083	Other (General Repairs)	2,627,602	
50-00-084	RMI Plumbing	73,170	
50-00-085	RMI Electrical	51,400	
50-00-086	RMI Grounds	535,491	
50-00-087	Road Recarpeting	1,515,000	
50-00-089	BANK CHARGES	126,134	
50-00-091	Imprest Expense	40,000	
50-00-094	APPLICATION EXPENSES	1,142,000	
50-00-095	Tax on Interest Earned From Bank Deposit	314,962	
<b>TOTAL</b>		<b>2,494,266,496</b>	<b>2,494,266,496</b>

**THE KITALE NATIONAL POLYTECHNIC**  
**Annual Reports and Financial Statements For the year ended June 30, 2022**

**ANNEX I**

 <b>MOROWI COMPANY LIMITED</b> Valuers and Property Consultants	P.O Box 13977-00400 Nairobi-Kenya E-mail: morowicompany@gmail.com/ <a href="mailto:info@morowicompany.co.ke">info@morowicompany.co.ke</a> Tel: +254 723854188/+254722256790/+25471846 9
Westlands Commercial Centre 2 <sup>nd</sup> Floor	

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REF: KNP/VAL 066/VIII 26<sup>TH</sup> OCTOBER 2022

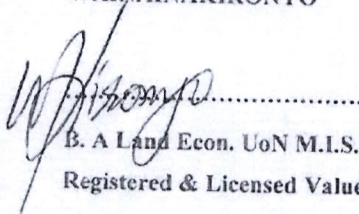
**VALUATION CERTIFICATE**

Having regard to the foregoing particulars in the current economic circumstances, we value the leasehold interest for a **SURVEYED PLOT FOR KITALE NATIONAL POLYTECHNIC, PROPERTY AND BUILDINGS, COMPUTERS, EQUIPMENTS, FURNITURE AND FITTINGS, BIOLOGICAL ASSETS, and MOTOR VEHICLES** as follows:

**Market Value: KENYA SHILLINGS TWO BILLION, NINE HUNDRED AND EIGHTY, SEVENTY-FOUR THOUSAND SIX HUNDRED ONLY. (KES. 2,980,074,600.00)** broken down as follows:

NO	ITEM	VALUE (KSHS)
1	Land	2,041,389,000.00
2	Buildings	822,126,000.00
3	Furniture and fittings	29,894,800.00
4	Computers	6,601,500.00
5	Equipment and machinery	45,146,900.00
6	Biological assets	1,656,000.00
7	Motor vehicles	23,730,000.00
8	Intangible assets	9,530,400.00
	<b>Total Assets Value</b>	<b>2,980,074,600.00</b>

**WAINAINAKIRONYO**

  
B. A Land Econ. UoN M.I.S.K  
Registered & Licensed Valuer

Date: 26<sup>th</sup> October 2022.

THE KITALE NATIONAL POLYTECHNIC  
Annual Reports and Financial Statements For the year ended June 30, 2022



**MOROWI COMPANY LIMITED**

**Valuers and Property Consultants**

Westlands Commercial Centre  
2<sup>nd</sup> Floor

P.O. Box 22632-00100  
Tel/Fax: 343788  
Cell: 0722-256790/0726897982

**LAND AND BUILDINGS AND IMPROVEMENTS VALUATION SUMMARY**

Based on the valuation of the Institute Assets, the summaries of the value of land and buildings are as follow:

1. Land	Kshs. 2,041,389,000.00
2. Buildings and improvements	<u>Kshs. 822,126,000.00</u>
<b>Total</b>	<b>Kshs. 2,863,515,000.00</b>

**(KENYA SHILLINGS TWO BILLION, EIGHT HUNDRED AND SIXTY THREE MILLION, FIVE HUNDRED AND FIFTEEN THOUSAND ONLY)**

For: **MOROWI COMPANY LIMITED**

**WAINAINA KIRONYO**

**B.A Land Econ. UoN M.I.S.K  
Registered & Licensed Valuer**

**26<sup>th</sup> OCTOBER 2022**

**THE KITALE NATIONAL POLYTECHNIC**  
**Annual Reports and Financial Statements For the year ended June 30, 2022**



**MOROWI COMPANY LIMITED**

**Valuers and Property Consultants**

Westlands Commercial Centre  
2<sup>nd</sup> Floor

P.O. Box 22632-00100  
Tel/Fax: 343788  
Cell: 0722-256790/0726897982

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**FURNITURE AND FITTINGS, COMPUTERS, EQUIPMENT AND MACHINERY,  
BIOLOGICAL ASSETS, MOTOR VEHICLES AND INTANGIBLE ASSETS  
VALUATION SUMMARY AND**

Based on the valuation of the Institute Assets, the summaries of the value of furniture and fittings, computers, equipment and machinery, biological assets and motor vehicles are as follow:

1. Furniture and fittings	Kshs. 29,894,800.00
2. Computers	Kshs 6,601,500.00
3. Equipment and machinery	Kshs. 45,146,900.00
4. Biological assets	Kshs. 1,656,000.00
5. Motor vehicles	Kshs. 23,730,000.00
6. Intangible Assets	<u>Kshs. 9,530,400.00</u>
<b>TOTAL</b>	<b><u>Kshs. 116,559,600.00</u></b>

**(KENYA SHILLINGS ONE HUNDRED AND SIXTEEN MILLION, FIVE HUNDRED AND FIFTY-NINE THOUSAND, SIX HUNDRED ONLY)**

For: **MOROWI COMPANY LIMITED**

**WAINAINA KIRONYO**

**B.A Land Econ. UoN M.I.S.K**  
**Registered & Licensed Valuer**  
**26<sup>TH</sup> OCTOBER 2022**