

REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

*Enhancing Accountability*



**REPORT**

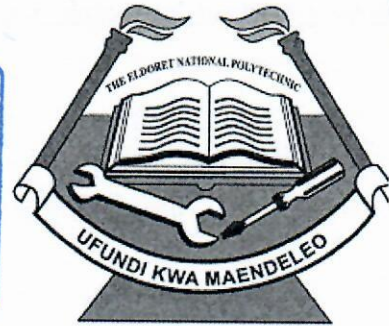
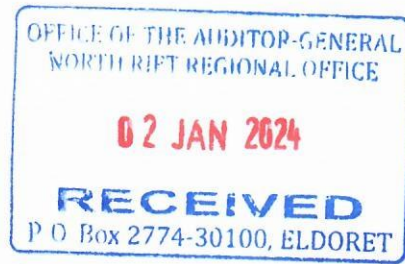
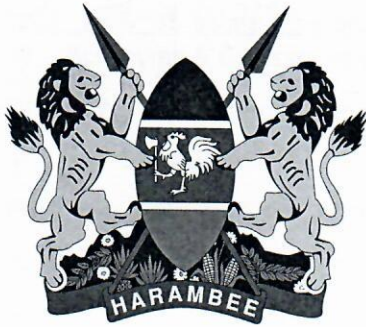
**OF**

**THE AUDITOR-GENERAL**

**ON**

**THE ELDORET NATIONAL POLYTECHNIC**

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



**THE ELDORET NATIONAL POLYTECHNIC  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30th JUNE 2023**

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

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**1) Acronyms & Glossary of Terms**

IPSAS	International Public Sector Accounting Standards
TENP	The Eldoret National Polytechnic
BOG	Board of Governors
OAG	Office of the Auditor General
ICPAK	Institute of Certified Public Accountants of Kenya
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
TTC	Teacher Training College
TVC	Technical Vocational College
CPA	Certified Public Accountant
TVET	Technical Vocational Education Training
A.I.A	Appropriation in Aid
GOK	Government of Kenya
EPSU	Eldoret Polytechnic Student Union
FY	Financial year
KATTI	Kenya Association of Technical Training Institutions
CDF	Constituency Development Fund
ICT	Information Communication Technology
KUCCPS	Kenya Universities and Colleges Central Placement Services
ILO	Industrial Liaison Office
RBA	Retirement Benefits Authority

## **2) Key Eldoret National Polytechnic Information and Management**

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

The Eldoret National Polytechnic was established as per the legal notice No. 120 in the Kenya Gazette Supplement No. 30 dated 8<sup>TH</sup> May 1987 under the Education Act (Cap. 211) conferring the Minister then to make an order establishing the Board of Governors of The Eldoret Polytechnic referred to as -THE EDUCATION (BOARD OF GOVERNORS) (ELDORET POLYTECHNIC), ORDER, 1987. Subsequent to this order, the institution changed status as per Kenya Gazette Legal Notice No.114 dated 22<sup>nd</sup> August 2014 for THE TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING ACT (no. 29 of 2013) which states.

IN EXERCISE of the powers conferred by section 26 (2) of the Technical and Vocational Education and Training Act, 2013, the Cabinet Secretary for Education Science and Technology makes the following Order: - THE ELDORET NATIONAL POLYTECHNIC ORDER, 2014 hence recognizing the GOVERNING COUNCIL as responsible for the general policy and strategic direction of The Eldoret National Polytechnic.

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

#### **Vision**

The Vision of The Eldoret National Polytechnic is to be a center of excellence in technical advancement.

#### **Mission**

The mission of The Eldoret National Polytechnic is to produce human capital and advance technology through innovative training for a dynamic economy.

#### **Core Values**

At The Eldoret National Polytechnic, we are committed to the following values:

- Customer Focus,
- Creativity & Innovation,
- Integrity,
- Professionalism,
- Teamwork.

The following are objectives and functions.

- (i) To restructure the Governing organs including Governing Council and management committee to be compatible with a degree awarding institution with appropriate industrial cluster.
- (ii) To establish and maintain effective and strategic leadership that can formulate policies and monitor the achievement of institutional vision, mission, and objectives.
- (iii) To establish and encourage democratic governance and management of the institution.
- (iv) To promote and adopt the principle of good corporate governance and achieve high quality of work, image, and culture to ISO 9001-2015 standards.
- (v) To strengthen guidance and counseling and public relations office.

The Eldoret National Polytechnic Annual Report & Financial Statements for the year ended 30<sup>th</sup> June, 2023

- (vi) To attract and retain highly qualified competent and motivated human resources for the institution.
- (vii) To develop human resource capacity and capability that can provide an excellent service delivery in teaching and research for the institution.
- (viii) To develop and upgrade teaching/learning facilities and equipment up to the required international standards.
- (ix) To develop quality ICT infrastructure for learning, research, effective and efficient institutional management information systems.
- (x) To develop high quality academic and research programs that are market driven so as to contribute towards training of competent innovative graduates.
- (xi) To restructure and broaden the resource base of the growing institution by diversifying sources of income and improving the resource management system.
- (xii) To harmonize admission criteria to meet quality assurance standards; and
- (xiii) To promote and establish collaboration, linkages, and networking with other institutions.

**(c) Key Management**

The entities day to day management is under the following key organs:

- The governing council members
- Accounting officer/Principal.
- Deputy Principal (Administration)
- Deputy Principal (Academics)
- Deputy Principal (Research & Extension)
- Registrar
- Dean of students and
- Finance officer

**(d) Fiduciary Management**

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

NO	NAME	DESIGNATION
1	Charles Koech	Principal
2	James Mwangi	Deputy Principal-Academics
3	Emanuel Meres	Deputy Principal-Administration
4	Jane Oloibe	Deputy Principal-Research & Extension
5	John Gitau	Registrar
6	Benjamin Maiyo	Dean of Students
7	Zacharia Koech	Internal Auditor
8	Richard Sang	Finance Officer
9	Nancy Kariuki	Human Resources Officer
10	Susan Seron	Farm Manager
11	Charles Rutto	Procurement Manager
12	Henry Lelei	Business Enterprises Manager

(e) Fiduciary oversight Arrangements

Name of the Committee	Members
 <b>Finance, Infrastructure and General-purpose committee</b>	Dr. Paul K. Murgor (Chairperson) CPA Antony B. Masinde Ms. Veronica Wangari Patrick Mugo Dr. Obudho S. Omondi Charles K. Koech (Secretary)
  <b>Audit &amp; Risk committee</b>	CPA Christine Tomno (Chairperson) CPA Antony B. Masinde Patrick Mugo Antonio Musyoka Zacharia Koech (Secretary)
 <b>Education, Training and Research committee</b>	Dr. Obudho S. Omondi (Chairperson) CPA Christine Tomno Ms. Veronica Wangari Dr. Paul K. Murgor Antonio Musyoka Charles K. Koech (Secretary)

**(f) Headquarters & address**

P.O. Box 4461 code 30100

Kisumu Road

Eldoret, KENYA

**(g) Contacts**

Telephone: (254) 797 222 666

(254) 738 092 126

E-mail: [info@tenp.co.ke](mailto:info@tenp.co.ke)

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

**(h) Bankers**

National Bank of Kenya Ltd

Eldoret Branch

P.O. Box 3111 code 30100

Eldoret, Kenya.

Co-operative Bank of Kenya Ltd

P.O. Box 2948 code 30100

Eldoret, Kenya.

Equity Bank, Supreme Branch

P.O. Box 953 code 30100

Eldoret

**(i) Independent Auditors**

Auditor-General

Office of Auditor-General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya



**(j) Principal Legal Adviser**

The Attorney General

State Law Office

Harambee Avenue

P.O. Box 40112 City Square

00200

Nairobi, Kenya

### **3) The Council /Board of Governors**

#### **Prof. Eng. S. Simiyu Sitati, PhD., P.Eng., MIEK, MIET- Chairperson, Governing Council.**

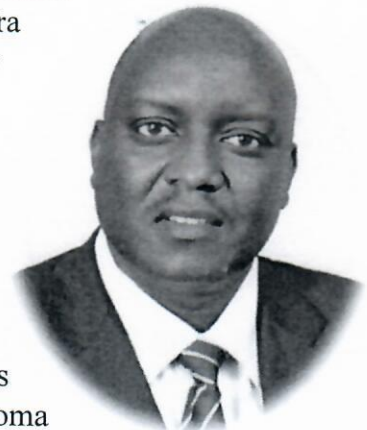
Prof. Eng. S. Simiyu Sitati was born on 22nd January 1963. He is currently the Dean, School of Engineering and Associate Professor of Power Systems & Machines, Moi University (MU).



He is a holder of Master of Science degree. M.Sc. (1992), Doctorate in philosophy, Ph.D. (2000) in Electrical Engineering. He is a registered professional Engineer (EBK), Licensed Electrician (ERC) - Class A. Past Administrative Positions held include acting as Deputy Director Research and Development & Head of Energy Division – KIRDI His membership to professional organizations include Institution of Engineering and Technology (IET– UK) – No. 78428186; Institution of Engineers of Kenya (IEK) – No. M1857; Registered Professional Engineer with Engineers Board of Kenya (EBK) – No. A2492; Licensed Electrician, Class A1 – Electricity Regulatory Commission – No. A1003030;

#### **Dr. Paul K. Murgor, PhD, MBA, BSc, Dip (Egerton)- Member of the Governing Council**

Dr. Murgor was born on 5th November 1965. He is currently the Chairman Audit, Risk & Governance Committee and a member of the Infra Structure, Equipment & Management system committee. He is a highly accomplished and dedicated professional with over 20 years' diverse experience. He is the current Managing Director of Eldoret Water & Sanitation. Previously worked for different organizations both in private and public corporations like Mumias Sugar Company, New KCC Ltd amongst others. He has a PhD in Business Administration (Strategic Management) and master's degree in business administration both from the University of Nairobi and a Bachelor Science in Business Administration (Marketing) from United States International University (USIU-A). He also has a post graduate Diploma from Egerton University.



**Dr. Patrick Mugo, PhD. (PhD Economics, M.A. Economics, UoN; B. Ed Economics & Mathematics, Moi University):**

**Alternate Representative of the PS, The National Treasury**

Dr. Mugo was born in 1980. A seasoned economist with rich experience spanning over 15 years in macroeconomics, public finance management, development finance, budget formulation, public expenditure reviews, risk analysis, integrated development planning, public investment management, economic research, and review of economic and development policies. He has worked for The National Treasury and Economic Planning in Kenya leading in preparation of medium-term budget documents, expenditure reviews, monitoring and evaluation of development projects and economic policy analysis.



His recent experience has been working for the National Treasury, leading in the establishment of Public Investment Management legal and regulatory framework, under the Public Finance Management Reforms Secretariat. He holds a Bachelor's degree in Mathematics & Economics from Moi University, Master of Arts in Economics and a Ph.D in Economics (Macroeconomics & Public Finance )from the University of Nairobi. He has published widely (several internationally peer reviewed journals and book chapters) in Economics, Business and Finance. His key research interests include Macroeconomics, Finance, Investments and Economic Growth. Dr. Mugo is a member of Economist Society of Kenya and has been involved in tutoring Public Finance at the University of Nairobi.

He is a member of the Finance, Infrastructure & General-Purpose Committee, and a member of the Audit & Risk Committee of the Council.

**CPA Risper A. Makasi-MBA(UoN),Bcom(Catholic Univ.)- Governing Council Member.**

**Alternate Representative of the PS, Ministry of Education, State Dpt of TVET**

CPA Risper Auma Makasi was born on 12<sup>th</sup> December 1973, she is the current Chief Finance Officer, State Department for Technical, Vocational Education and Training, Ministry of Education. She is the Ministry's representative in the Council and provides advice and guidelines on Ministry's Strategic goals, mandate, and policy direction. She holds a master's degree in business administration (University of Nairobi) and a Bachelor of Commerce, Finance option degree (Catholic University of East Africa).



Further, Risper has a wealth of experience in the public service especially in Financial Management, Internal Audit, project management, procurement management and monitoring and evaluation of programmes and projects having served as a senior staff in various positions in several State Departments.

She is a member of the Finance, Infrastructure & General-Purpose Committee, and a member of the Audit & Risk Committee of the Council.

**CPA Christine Tomno –MBA(Moi), BBM(Moi)-Member of the Governing Council.**



Christine was born in 1979. She is currently working at the University of Eldoret as a Senior Accountant. She has over twenty years in financial management and thus provides to the institution immense knowledge in the management of education in Kenya. She is a Certified Public Accountant and a member of The Institute of Public Accountants of Kenya. She holds a master's degree of Business Management from Moi University and a bachelor's degree of Business Management from the same university. She is the chairperson for Audit & Risk Committee and also a member of Education, Training and Research Committee of the Council.

**Dr. Obudho S. Omondi -PhD (Moi), MPhil (Moi), Bed-Techn (Moi)-Member of the Governing Council.**

Samwel was born on 1<sup>st</sup> April 1972. He is currently the Deputy Director TVET, Kenya Institute of Curriculum Development (KICD). He is very resourced and holds a wealth of experience in the TVET Sector for over seven years. He has been a lecturer in various TVET institutions and worked as a Dean of Faculty of Engineering & Technology at Technical University of Mombasa. Samwel holds a PhD in Building Engineering from Milan University of Technology (Politecnico di Milano), Milan-Italy (2008-2011), Master of Philosophy in Technology Education from Moi University (2000-2003) and a Bachelor of Education (Technology) from Moi University (1992-1997). He is the chairperson of Education, Training & Research Committee and also a member of the Finance, Infra-Structure & General-Purpose Committee of the Council.



**Mr. Antonio Musyoka –BSc.Hort (Egerton) Governing Council Member.**



Antonio was born on 1.1.1981. He is currently the Managing Director for Moiben Connections Limited and is also the Senior agronomy expert for the company. He has worked for over 20 years in the agriculture sector under various capacity with various organizations. He has a wealth experience in Business Administration, agronomy training and extension service provision to large, medium-sized and majorly small scale farmers which is a good resource to the Institution. He is a holder of Bachelor of Science in Horticulture from the Egerton University and currently pursuing a master of science(M.Sc) degree course in crop protection from the University of Eldoret. He is a member of the Audit & Risk Committee and also a member of Education, Training & Research Committee of the Council.

**Ms. Veronica Wangari-BSc (Actuarial Science (JKUAT))-Member of the Governing Council.**



Veronica was born in 1990. She is currently an Entrepreneur in the field of computers and technology equipment. She has over seven years experience in her field and brings a rich in-put in the field of ICT to the Institution. She holds a Bachelor of science in Actuarial Science from Jomo Kenyatta of University of Agriculture and Technology (2008-2012). She is a member of the Finance, Infra-Structure & General-Purpose Committee and a member of Education, Training & Research Committee of the Council.

**Charles K. Koech-M.Ed(Moi), B.Ed Tech-Mechanical Eng-(Moi),SMC(KSG)-Chief  
Principal/ Secretary Governing Council Secretary.**

Charles was born on 22<sup>nd</sup> February 1974. He is the Chief Executive Officer of The Eldoret National Polytechnic serving as the Principal and Secretary to the Governing Council. He has a wealth of experience in Educational Administration Management having served as a principal in a former station for 13 years.

He has a master's degree in education – Leadership and Policy Studies from Moi University. He attained his bachelor's degree in education technology- Mechanical Engineering from Moi University and has a Senior Management Course from KSG.



#### 4) Key Management Team



Mr. Charles K. Koech-Chief  
Principal/ Chief Executive  
Officer



Mr. Emmanuel Meres-  
Deputy  
Principal(Administration)

Mr. James Mwangi,  
Deputy Principal –  
Academics



Ms. Jane Oloibe,  
Deputy  
Principal(Research)

Mr. Benjamin Maiyo  
Dean of Students



Mr. John Gitau,  
Registrar

Mr. Richard Sang  
Finance Officer



## **5) Chairman's Statement**

I am delighted to present this financial report for the year ending 30th June, 2023.

As a team we undertake and commit ourselves to provide unparalleled leadership to this institution so that the vision of the institution of being a center of excellence in technological advancement may be attained. Being a dynamic and progressive institution, the Polytechnic needs a lot of financial and material support from the Government and other stakeholders at this critical period of hard economic condition to realize its academic and physical infrastructure development.

Indeed, the Governing Council of Eldoret National Polytechnic is committed to providing up to date and appropriate facilities and improving on the existing ones to facilitate effective Training and learning. In the financial year under review, we worked very hard towards accomplishing this duty. For instance, we succeeded in enhancing physical facilities in the institution to cater for the increasing number of trainees, which stand at over 19,000 currently.

With the help of the Ministry of Education, State Department of TVET, we have successfully nurtured other Institutions who bench marked with us on referrals during the year under review. We thank the Ministry for having confidence in us as expressed by making referrals to other institutions to borrow on our management structure. We have also initiated the construction process on the fabricated lecture halls, Ultra-modern Library, and the Bore Hole by asking the Public Works to make drawings. All these are to enhance public access to technological training.

I take this opportunity once again to thank The Ministry of Education, State Department of TVET for funding our activities through the student capitation to ensure our continued progress during the year under review. I also appreciate our sponsors and other stakeholders who chose to partner with us in different ways during this year. The unwavering support, patience and understanding exhibited by our staff, students and the suppliers of services and goods during times of challenges along the way are highly appreciated by the Governing Council. Similarly, the immense contributions and the support I received from the current and the previous members of the Council is invaluable and highly appreciated.



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I also thank the principal for his robust leadership and guidance to the Polytechnic during the year. The passion and positive attitude we all exhibited during the year gives us hope and courage that we are all ready and prepared to face the future as a prospective Centre of Excellence in the region with confidence as we look forward to another successful year 2022/2023.



**Dr. Paul K. Murgor**

Ag. CHAIRPERSON, GOVERNING COUNCIL

Date: 18<sup>th</sup> September 2023.

## **6) Report of the Chief/Senior Principal.**

As a Polytechnic, the institution is well placed to provide adequate and relevant knowledge to its graduates that will enable them to be assimilated and absorbed by the prevailing market demands and hence contribute towards the attainment of our country's Vision 2030, Government Strategic & Sustainable Development Goals, Medium Term Programme strategic objectives. This will also go a long way in supporting the drive towards the realization of the objectives of the National Government's agenda.

In furtherance of our mandate therefore, we have committed ourselves to review, improve and consolidate our academic programs in several ways that will ensure their competitiveness in terms of quality and relevance consistently and regularly. With the guidance of the Governing Council, we worked hard in setting up structures and policies aimed at guiding the institution in the right strategic direction. We have been able to attain and comply with the ISO 9001-2015 re-certifications. We have collaborated with stake holders like the Kenya Commercial Bank Education foundation, The Equity Bank, County Governments who have assisted in sponsoring trainees. Under my leadership and the overall direction of the Polytechnic's Governing Council we were able also to be in the forefront in ensuring that financial resources were utilized efficiently and effectively for optimum output. Despite the many challenges brought about by global economic and financial constraints, the Polytechnic nevertheless continued to discharge its mandate of training, research, outreach, and linkages.

The sources of funding to the Polytechnic at the end of this financial year ending 30 June 2023, were internally generated revenue (Appropriations-In-Aid) from fees of **Ksh. 811,874,367**.

The recurrent expenditure totaled **Ksh. 744,635,998**, therefore the Polytechnic closed the year with a surplus of **Kshs. 67,238,370**. The surplus was attributed to the good enrolment and the remittance of students Capitation.

The Eldoret National Polytechnic being a national institution desires to enhance its visibility, performance, and competitiveness in the tertiary education sector in the face of stiff competition. To do so, however the Polytechnic requires a lot of support from the National Government and other stakeholders in this trajectory in terms of funding, material support and other contributions. We shall continue to appeal for such support for several years to come.

On behalf of the Polytechnic Governing Council and Management, I take this opportunity to thank the National Government for its unequivocal support by deploying trainers during the year under review. I also appreciate the financial, material and moral support of our collaborators, partners and friends during the period. It is because of the co-operation with the National Government through the Ministry of Education, other stake holders and more importantly guidance of the Governing Council

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steered by the able Chairperson of the Council as well as the cooperation of the Management team,  
all staff and our students that we ended the year within an environment of peace and stability. I wish  
to register my gratitude to them all.

I look forward to their continued support in the next financial year and the subsequent periods ahead.



**Mr. Charles K. Koech**

CHIEF PRINCIPAL/SECRETARY, GOVERNING COUNCIL

**Date: 18<sup>th</sup> September 2023.**

## **7) Statement of Performance against Predetermined Objectives.**

Pursuant to Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 that requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives, we therefore present the following report in compliance.

The Strategic Plan 2019- 2024 approved by the Governing Council on 19th October of 2019 seeks to produce middle level human resources that well equipped with technical and business skills required to spur the economic growth and GDP of the country to meet the needs and aspirations of a dynamic society. In the year under review, the Council continued to implement the Strategic Plan.

The Polytechnic developed its annual work plans based on the Strategic Plan focusing on the Social Pillar of the Vision 2030. Assessment of the Governing Council's performance against its annual work plan is done on a quarterly basis. The Polytechnic achieved its performance targets set for the FY 2022/2023 period for its' Social Strategic Pillar. The achievements are as follows:

1. The Polytechnic was re-certified for ISO 9001:2015 by KEBS on 30<sup>th</sup> June 2022.
2. The drilling of a bore hole worth **Kshs.1,366,000** funded by A.I.A was commissioned.
3. The Ultra-Modern Library and Virtual Learning Centre project was approved to be funded by G.O.K.
4. The Kitchen area was expanded, and a dining area was created to accommodate the student population. Other general repair and maintenance were completed.
5. The polytechnic improved and maintained sporting facilities, track, and field areas for games activities.
6. AN e-Learning platform was created and now there is a fully fledged academic department for e-Learning.

The summary of the achievements on the performance targets set for FY 2022/2023 under Social Strategic Pillar is provided under Table 1.

Table 1: Report on the Achievements on the Strategic Plan 2019 - 2024 in FY 2022/2023

Strategic Pillar		Social		
Strategic Objectives	Key Performance Indicators	Key Activities	Achievements	Score (%)
Provide modern facilities & Equipment for teaching and learning	Number of curricular developed	<ul style="list-style-type: none"> <li>Review and develop academic programmes</li> </ul>	<ul style="list-style-type: none"> <li>Four diploma programs were reviewed.</li> <li>Curriculum Based Education Technology(CBET) Curriculum was developed</li> </ul>	75
	<ul style="list-style-type: none"> <li>ODeL Infrastructure installed.</li> <li>No. of ODeL Programmes developed.</li> </ul>	Increase modes of curriculum delivery	<ul style="list-style-type: none"> <li>Procured and installed Servers</li> <li>Continued with online teaching.</li> <li>Trained lecturers and technical staff.</li> <li>Procedures for online learning developed ready for approval</li> <li>Two programs have been developed and they are going through the due process of approval</li> </ul>	90
	<ul style="list-style-type: none"> <li>Quality Policy</li> <li>Level of implementation</li> </ul>	Strengthen Quality assurance.	<ul style="list-style-type: none"> <li>ISO 9001:2015 re-certification audit was carried out and certificate was awarded by KEBS.</li> <li>ISO 9001:2015 internal audit was successfully carried out.</li> <li>Students' council members were sensitized</li> <li>Quality of teaching was</li> </ul>	100

			monitored	
	<ul style="list-style-type: none"> <li>•No. of installations covered by CCTV cameras</li> </ul>	Strengthen safety and security	<ul style="list-style-type: none"> <li>• Installation of additional CCTV cameras and solar streetlights along strategic areas.</li> </ul>	6
Generate income to supplement government capitation and tuition fees for institution sustainability	<ul style="list-style-type: none"> <li>•No. of IGU</li> <li>•Create an office of the Enterprises manager</li> </ul>	<ul style="list-style-type: none"> <li>• Generated revenues</li> <li>• Appointment of the manager</li> </ul>	<ul style="list-style-type: none"> <li>• Reported revenues in unit form indicted Ksh.27.8 million was achieved</li> </ul>	8
Increase student enrolment from 13,000 to 17,000 before 2024	<ul style="list-style-type: none"> <li>•No. of students In 2023/2024</li> </ul>	Increase student population to over 16,000 in 2023/2024	The enrolment was 19,296 by end of FYR 2022/2023.	1
To integrate ICT in teaching of all programmes, learning and administration	<ul style="list-style-type: none"> <li>•Approved ICT policy</li> <li>•Approved funds for ICT Infrastructure</li> </ul>	Develop policy and guideline for approval	<ul style="list-style-type: none"> <li>• Policy and guideline were approved</li> </ul>	
To enhance the financial sustainability of the polytechnic	<ul style="list-style-type: none"> <li>•No. of reviews on marketing strategies</li> <li>•No. of debt recovery policy</li> <li>•No. of annual financial reports</li> <li>•Integrate with bank.</li> </ul>	<ul style="list-style-type: none"> <li>•Review on current publicity strategies &amp; Establish vibrant marketing team</li> <li>•Develop procurement plans.</li> <li>•Develop financial reports.</li> <li>•Interface transactions</li> </ul>	<ul style="list-style-type: none"> <li>•Marketing strategies were reviewed.</li> <li>•Marketing team was constituted.</li> <li>• Debt recovery policy was put in place through the Finance policy.</li> <li>• A procurement was approved.</li> </ul>	

	<ul style="list-style-type: none"> <li>• No. of Automated human resource functions</li> </ul>	<ul style="list-style-type: none"> <li>with ban</li> <li>• Clocking in and out using biometric machine</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly financial reports were approved.</li> <li>• Annual financial reports were approved.</li> <li>• Automation of receipts for bank deposits was achieved.</li> <li>• Biometric machine installed</li> </ul>	
<b>Overall achievement</b>				<b>84</b>

## **8) Corporate Governance Statement**

The Governing Council and the committees held their meetings during the year. The Polytechnic's Chairman of the Council was appointed on 7th June 2020 for a term of 3 years expiring on 6th June 2023. The Chief Executive Officer is serving on an appointment by the Public Service Commission on permanent and pensionable terms. The new members of the Governing Council were appointed on 9<sup>th</sup> February 2022.

The Council operates as per the current Council Charter. The Council members were appointed by the Cabinet Secretary, Ministry of Education and would serve for 3 years upon which their positions are declared vacant on expiry of the term and are eligible to be appointed for the next and final term.

### **Composition of the Council.**

(1) there shall be a Council of the National Polytechnic which shall consist of nine persons appointed by the Cabinet Secretary as follows.

(a) chairperson.

(b) The Principal Secretary in the Ministry for the time being responsible for the technical and vocational education and training.

(c) The Principal Secretary in the Ministry for the time being responsible for Finance.

(d) Five members appointed by the Cabinet Secretary because of their knowledge and experience in either-

(i) Leadership and management.

(ii) Financial management.

(iii) Industry

(iv) Engineering

(v) Information communication technology; or

(vi) Law, and

(e) The principal who shall be an ex officio member of the Council.

(2) Subject to the provisions of this Order, the office of a member of the Council shall become vacant if the member-

(a) Resigns by notice in writing addressed to the Cabinet Secretary.

(b) is unable to perform the functions of office by reason of prolonged physical or mental incapacity.

(c) Is adjudged bankrupt by a court of competent jurisdiction or enters a composition or scheme of arrangement for the benefit of creditors.

(d) is guilty of gross misconduct.

(e) Fails to meet the requirements of Chapter Six of the Constitution; or

(f) Is convicted of an offence and sentenced to imprisonment for a period of six months or more.



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

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

(5) Where a person who has vacated office under subsection (3) is not found culpable of any unlawful act by a competent legal authority, the person shall be reinstated as a member of the Council.

(6) Regulation 12 shall apply with respect to the conduct of the business and affairs of the Council.

(7) Appointment of Council members shall consider ethnic and gender balance and promote inclusion of persons with disability, minorities and the marginalized and ensure balanced core skills and competencies amongst the members.

(8) In appointing members of the Council, the Cabinet Secretary shall stagger the commencement dates of some members to maintain a proportion of new membership that ensures continuity in the services of the Councils.

#### Council Committees.

6. The governing organ of the National Polytechnic may set up such committees as may be appropriate to perform such functions and discharge such responsibilities as it may determine, provided that the organ shall not delegate their principal mandate to the committees.

#### **Functions of the Council.**

(1) All documents, other than those required by law to be under seal, made on behalf of the Council, and all decisions of the Council may be signified under the hand of the Chairperson, the Principal or any other members of the Council generally or specifically authorized by the Council in that behalf.

(2) The Council shall ensure that a proper management structure is in place and to make sure that the structure functions to maintain corporate integrity, reputation, and responsibility.

(3) The Council shall monitor and evaluate the implementation of strategies, policies, and management criteria and plans of the National Polytechnic.

(4) The Council shall constantly review the viability and financial sustainability of the National Polytechnic once every year.

(5) The Council shall ensure that the National Polytechnic complies with all the relevant laws, regulations, governance practices, accounting, and auditing standards.

(6) There shall be a Council of the National Polytechnic which shall consist of nine persons appointed by the Cabinet Secretary as follows-

(a) chairperson.

(b) The Principal Secretary in the Ministry for the time being responsible for the technical and vocational education and training.

(c) The Principal Secretary in the Ministry for the time being responsible for Finance.

(d) Five members appointed by the Cabinet Secretary because of their knowledge and experience in either-

- (i) Leadership and management.
- (ii) Financial management.
- (iii) Industry
- (iv) Engineering
- (v) Information communication technology; or
- (vi) Law, and

(e) The principal who shall be an ex officio member of the Council.

(7) Subject to the provisions of this Order, the office of a member of the Council shall become vacant if the member-

(a) Resigns by notice in writing addressed to the Cabinet Secretary.

(b) is unable to perform the functions of office by reason of prolonged physical or mental incapacity.

(c) is adjudged bankrupt by a court of competent jurisdiction or enters a composition or scheme of arrangement for the benefit of creditors.

(d) is guilty of gross misconduct.

(e) Fails to meet the requirements of Chapter Six of the Constitution; or

(f) Is convicted of an offence and sentenced to imprisonment for a period of six months or more.

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

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

(10) Where a person who has vacated office under subsection (3) is not found culpable of any unlawful act by a competent legal authority, the person shall be reinstated as a member of the Council.

(11) Regulation 12 shall apply with respect to the conduct of the business and affairs of the Council.

(12) Appointment of Council members shall consider ethnic and gender balance and promote inclusion of persons with disability, minorities and the marginalized and ensure balanced core skills and competencies amongst the members.

(13) In appointing members of the Council, the Cabinet Secretary shall stagger the commencement dates of some members to maintain a proportion of new membership that ensures continuity in the services of the Councils.

## **9) Management Discussion And Analysis.**

The Polytechnic realized A.I.A of **Ksh. 811,874,367**. During the period the recurrent expenditure stood at **Ksh. 744,635,998**, therefore the Polytechnic closed the year with a surplus of **Kshs. 67,238,370**. The surplus was attributed to the good enrolment and the remittance of students Capitation.

### **The Eldoret National Polytechnic compliance with statutory requirements**

The Eldoret National Polytechnic has complied with all statutory requirements which include prompt remittance of NSSF, NHIF, PAYE, Withholding taxes, Pension scheme funds and NITA levies.

### **Key projects and investment decisions the Eldoret National Polytechnic is planning/implementing**

There were no tendered on-going projects at The Eldoret National Polytechnic during the year which were funded using grants from the National Government and internally generated funds (A.I.A).

### **Major risks facing the Eldoret National Polytechnic**

The Eldoret National Polytechnic being a national institution desires to enhance its visibility, performance, and competitiveness in the tertiary education sector in the face of competition from newly established Technical Institutions and private institutes. However, we strive to pronounce a niche market share in the TVET Sector. To do so, however, the Polytechnic requires a lot of support from the Government and other stakeholders in this crucial stage in terms of funding, material support and other contributions. The challenges include the termination in Exchequer grants and the delay in student capitation and sometimes non-remittance of the same. This will highly likely lead to failure to honor obligations when they fall due. Such a scenario would expose the institution to litigations. The other risk is the increasing receivables on debtors which require concerted efforts to avoid such debts turning into delinquent or bad debts.

### **The Eldoret National Polytechnic financial probity and serious governance issues**

The Eldoret National Polytechnic has no financial improbity and governance issues among the Governing Council members or the top management in so far as conflict of interest are concerned.

### **Risks Facing the Eldoret National Polytechnic**

The Eldoret National Polytechnic being a national institution desires to enhance its visibility, performance, and competitiveness in the tertiary education sector in the face of competition from newly established Technical Institutions and private institutes. However, we strive a niche market share in the TVET Sector. To do so, however, the polytechnic requires a lot of support from the Government and other stakeholders in the crucial stage in terms of funding, material support and other contributions. The challenges include the decrease in exchequer grants and student capitation levels and non-remittance of the same. This will highly likely lead to failure to honor obligations when they fall due. Such a scenario would expose the institution to litigations. The other risk is the ever-increasing debt level which requires concerted efforts to avoid such debts turning into delinquent or bad debts. This includes fees receivables (debtors) and other receivables totaling **Ksh 510,455,330** which was greatly caused by unremitted student capitation.

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

The Eldoret National Polytechnic is a law-abiding institution and is committed to its core mandates hence it has no statutory or tax default to date. The institution rolled out a staff pension scheme in July 2018 as per the law and has complied as per the provisions of retirement benefits Act.2016 and the revised retirement benefits Act No. 3 of 1997.

#### **The Eldoret National Polytechnic financial probity and serious governance issues**

The Eldoret National Polytechnic has no financial probity and governance issues among the governing council members or the top management in so far as conflict of interest are concerned.

## **10) Environmental and Sustainability Reporting Statement**

### **Sustainability Strategy and Profile**

The efforts by the Government of Kenya to support the TVET Sector in Kenya has given an assurance of the institutions consistency in its operations into the future.

#### **Environmental Performance**

Our research, teaching and activities are guided by our commitment to environmental sustainability.

We also have several Technological areas for our research, teaching, community engagement and processes, allowing us to focus and measure our efforts in making a difference to society.

#### **Employee Welfare**

The Polytechnic has come up with the following documents that go a long way in defining the Employees welfare;

Organizational Structure.

Staff Establishment.

Career Guidelines

Human Resource Manual

#### **Market Place Practices**

The Polytechnic has a standing committee on Corruption Prevention & Integrity Committee where sensitization is done to the entire polytechnic fraternity.

The Polytechnic conducts an annual sensitization day for all suppliers on issues of how the polytechnic is committed in running its affairs in a fair and equitable manner.

The Polytechnic does its marketing through its website and at times on the print and live media.

The Polytechnic is certified ISO 9000-2015 and is compliant to the requirements of the regulators like TVETA.

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

The Eldoret National Polytechnics strategy for social responsibility includes a commitment to pursue change across the following priority areas:

##### **Research with impact**

Our research is making a positive difference to society, addressing the major challenges of the 21st century.

##### **Socially responsible graduates**

Our graduates are learning to exercise ethical, social and environmental responsibility.

##### **Engaging our communities**

Our events and activities are harnessing our knowledge, resources, and visitor attractions for the benefit of our communities including allowing the surrounding farmers to use the cattle dip.

**Responsible processes**

Our processes are balancing efficiency with opportunities to create social and environmental benefit.

## **11) Report of the Council /Board of Governors**

The Governing Council submits their report together with the audited financial statements for the year ended June 30, 2023, which show the state of the The Eldoret National Polytechnic's affairs.

### **Principal activities**

The principal activities of the The Eldoret National Polytechnic are:

- (a) Provide directly, or in collaboration with other institutions of higher learning, facilities for technical trainers in technological, professional, scientific education.
- (b) Participate in technological innovation as well as in the discovery, transmission, and enhancement of knowledge and to stimulate the intellectual life in the economic, social cultural, scientific, and technological development.
- (c) Contribute to industrial and technological development of Kenya in collaboration with industry and other organizations through transfer of technology.
- (d) Examine and make proposals for new diploma courses and subjects of study, institutes, departments, resource and research and innovation.
- (e) Promote and establish a culture of innovation in engineering and technology, and technology transfer amongst staff and students.
- (f) Develop an institution with excellence in teaching, training, scholarship, entrepreneurship, research, consultancy, community service, among other educational services and products, with emphasis on technology and its development, impact, and application within and outside Kenya.
- (g) provide a multi-level system of post-secondary school education and training programs relevant to the needs of the community covering a wide range of fields and levels with provision for recognition of prior learning and flexibility of transition between programs.
- (h) Provide high quality educational, research, residential, commercial, cultural, social, recreational, sporting, and other facilities.
- (i) Advance knowledge and its practical application by research and other means, the dissemination of outcomes of research by various means, and the commercial exploitation of search results.
- (j) Promote critical enquiry within the polytechnic and in the general community.
- (k) Participate in commercial ventures and activities.
- (l) Foster the general welfare of all staff and students.
- (m) Provide opportunities for development and further training for staff of the National Polytechnic.
- (n) Develop and provide educational, cultural, professional technical and vocational services to the community and in particular the fostering of corporate social responsibility.
- (o) Provide programs, products and services in ways that reflect the principles of equity and social justice.
- (p) Facilitate student mobility between different programs at different technical training institutions, national polytechnics, and other National Polytechnics.

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**The Eldoret National Polytechnic Annual Report & Financial Statements for the year ended 30<sup>th</sup> June, 2023**

- (q) Conduct examinations for and grant such academic awards as provided under this Order.
- (r) Collaborate with recognized universities for the conduct and award of degree programs in technology.
- (2) The National Polytechnic shall have powers to grant higher diplomas, diplomas, certificates, or other academic qualifications which may, for the time being, be authorized by the Academic Policy of the National Polytechnic.
- (3) Subject to Technical, Vocational, Education & Training Order, the National Polytechnic may award scholarships, bursaries and prizes and make other awards which may be provided for by the Academic Policy.

**Results**

The results of the The Eldoret National Polytechnic for the year ended June 30th, 2023, are as set out on the Statement of Performance.

**Governing Council**

The members of the Governing Council who served during the year are shown on pages Vii to Xi in accordance with the appointments made then by the Cabinet Secretary, Ministry of Education.

**By Order of the Council**



.....

**Secretary of the Council**

**Nairobi**

**Date: 18<sup>th</sup> September 2023**



## **12) Statement of Board of Governors / Council's Responsibilities**

The Technical, Vocational, Education & Training Act 2013, require the Council to prepare financial statements in respect of The Eldoret National Polytechnic, which give a true and fair view of the situation of the Polytechnic at the end of the financial year/period and the operating results of the Polytechnic for that year/period. The Council are also required to ensure that the Polytechnic keeps proper accounting records which disclose with reasonable accuracy the financial position of the Polytechnic. The Council are also responsible for safeguarding the assets of the The Eldoret National Polytechnic.

The Council is responsible for the preparation and presentation of the The Eldoret National Polytechnic's financial statements, which give a true and fair view of the situation of the The Eldoret National Polytechnic for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of The Eldoret National Polytechnic; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of The Eldoret National Polytechnic; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accepts responsibility for The Eldoret 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) Accrual, and in the manner required by the Public Finance Management Act, 2012 and the State Corporations Act. The Council are of the opinion that The Eldoret National Polytechnic's financial statements give a true and fair view of the state of The Eldoret National Polytechnic's transactions during the financial year ended 30<sup>th</sup> June 2023, and of The Eldoret National Polytechnic's financial position as at that date. The Council further confirm the completeness of the accounting records maintained for The Eldoret National Polytechnic, which have been relied upon in the preparation of The Eldoret 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 Council to indicate that the The Eldoret National Polytechnic will not remain a going concern for at least the next twelve months from the date of this statement.

The Eldoret National Polytechnic Annual Report & Financial Statements for the year ended 30<sup>th</sup> June, 2023

Approval of the financial statements

The Eldoret National Polytechnic's financial statements were approved by the Governing Council on 18<sup>th</sup> September 2023 and signed on its behalf by

**Dr. Paul K. Murgor**

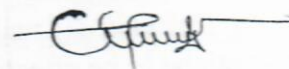


**Ag. Chairperson, Governing Council**

**Council**

Date: 18<sup>th</sup> September 2023

**Mr. Charles K. Koech**

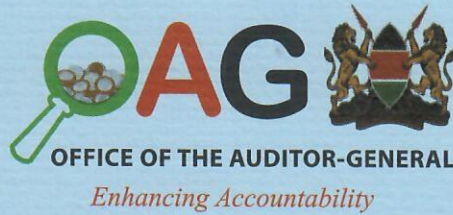


**Accounting Officer,  
Secretary, Governing**

Date: 18<sup>th</sup> September 2023

# REPUBLIC OF KENYA

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

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### **PREAMBLE**

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

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

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

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

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

#### **Qualified Opinion**

I have audited the accompanying financial statements of the Eldoret National Polytechnic set out on pages 1 to 53, which comprise of the statement of financial position at

30 June, 2023, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of The Eldoret National Polytechnic as at 30 June, 2023, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Technical and Vocational Education and Training Act, 2013.

### **Basis for Qualified Opinion**

#### **1. Unreconciled Variance on Grants from State Department for Technical, Vocational Education and Training**

Appendix III to the financial statements discloses receipts from the State Department for Technical, Vocational Education and Training amount of Kshs.233,863,000. However, financial statements for the State Department for Technical, Vocational Education and Training reflected transfers to the Polytechnic totalling Kshs.298,843,000. The resultant variance of Kshs.64,980,000 has not been explained or reconciled.

In the circumstances, the accuracy and completeness of receipts from the State Department for Technical, Vocational Education and Training amount of Kshs.233,863,000 could not be confirmed.

#### **2. Property, Plant and Equipment**

The statement of financial position reflects property, plant and equipment balance of Kshs.5,055,200,824 in respect of land, buildings, plant and equipment, computers, printers and copiers, furniture and fittings and motor vehicles as disclosed in Note 31 to the financial statements. However, as reported previously, the Management did not maintain a fixed asset register which would provide a means of controlling the assets including acquisition, disposal, and transfer, enable accounting calculations to be performed on asset cost, depreciation, and net book value, and allow assets to be checked regularly to avoid misappropriation. This is contrary to regulation 143(1) of the Public Financial Management (National Government) Regulations, 2015 which states that the Accounting Officer shall be responsible for maintaining a register of assets under his or her control or possession as prescribed by the relevant laws.

In the circumstances, the accuracy and completeness of the property, plant and equipment balance of Kshs.5,055,200,824 could not be confirmed.

### **3. Trade and Other Payables from Exchange Transactions**

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.201,920,452 which includes National Government Constituencies Development Fund (NGCDF) and other bursaries totalling Kshs.40,881,327 and un-receipted bank deposits balance of Kshs.27,840,307 that had not been receipted and debited to the respective students' accounts as disclosed in Note 35 to the financial statements. In addition, review of the trade and other payables from exchange transactions ageing analysis provided for audit indicated that out of the total payables balance of Kshs.201,920,452, accounts payable with balances totalling Kshs.102,700,982 had been outstanding for more than three years.

In the circumstances, the accuracy and completeness of trade and other payables from exchange transactions balance of Kshs.201,920,452 could not be confirmed.

### **4. Misclassification of Capitation Grants in the Financial Statements**

The statement of financial performance reflects rendering of services-tuition fees and other incomes amount of Kshs.769,383,155 which includes tuition fees amount of Kshs.469,088,004 as disclosed in Note 10 to the financial statements. Review of records provided for audit indicated that the tuition fees amount of Kshs.469,088,004 includes capitation grants amount of Kshs.208,843,000 received from the State Department for Technical, Vocational Education and Training. However, the capitation grants have been classified in the statement of financial performance as revenue from exchange transactions instead of revenue from non – exchange transactions.

In the circumstances, the capitation grants have not been presented in the financial statements as per the financial reporting template issued by the Public Sector accounting Standards Board and IPSAS.

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

#### **Emphasis of Matter**

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

The statement of comparison of budget and actual amounts reflects final receipts budget and actual on a comparable basis of Kshs.863,677,149 and Kshs.811,874,367 respectively resulting to an under realization of Kshs.51,802,782 or 6% of the budget. Similarly, the Polytechnic expended Kshs.744,635,997 against an approved budget of

Kshs.792,177,149 resulting to an under expenditure of Kshs.47,541,151 or 6% of the budget. Further, the Polytechnic had an unbalanced budget.

The under realization and underperformance affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

### **Other Matters**

#### **1. Shortfall in Students' Capitation**

The statement of financial performance reflects rendering of services-tuition fees and other incomes amount of Kshs.769,383,155 which includes tuition fees of Kshs.469,088,004 as disclosed in Note 10 to the financial statements. However, according to a letter referenced No. TENP/FIN/10/VOL3/106 dated 10 January 2023 and as reported in the previous year, the Institution did not receive a total amount of Kshs.45,780,000 for student capitation which was in relation to the financial years 2018/2019 and 2019/2020 financial years. Further, in the financial year 2021/2022 and the year under audit the Institution did not receive capitation fee amounting to Kshs.81,712,500 and Kshs.307,079,500 respectively. The total underfunding from 2018/2019 to 2022/2023 amounted to Kshs.434,572,000.

In the circumstances, the shortfall of students' capitation revenue may affect planned activities and may have hampered service delivery to the students and other stakeholders of the Polytechnic.

#### **2. Unresolved Prior Year Matters**

In the audit report of the previous year, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources, and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, no report or recommendations from the management of the Polytechnic and oversight bodies were submitted for audit verification. Further, the issues remain unresolved contrary to Section 68(2)(l) of the Public Finance Management Act, 2012 which require accounting officers designated for national government entities to resolve any issues resulting from an audit that remain outstanding.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

### **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedure performed, except for the matter described in the Basis for Conclusion on Lawfulness

Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

### **Basis for Conclusion**

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

As previously reported, review of payroll records revealed that the Eldoret National Polytechnic had three hundred and twenty-eight (328) permanent and pensionable non-teaching employees out of which two hundred and sixty-seven (267) or 81% came from the dominant ethnic community. This is contrary to Sections 7(1) and (2) of National Cohesion and Integration Act, 2008 which requires that all public establishments should seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same ethnic community.

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

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

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

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, 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 overall governance were not effective.

### **Basis for Conclusion**

#### **Controls and Data Environment**

Review of the Polytechnic ICT environment revealed that there was an ICT Policy document in place. However, an ICT security policy and disaster recovery plans have neither been developed nor spelt out in the ICT policy. Further, formally documented, and approved processes to manage system changes and upgrades made to the existing ICT systems are also not in place. In addition, review of the ICT Data Centre room also revealed the lack of an access control system to restrict and monitor access to the server room, lack of smoke detector and lack of an environmental monitoring system to monitor

the humidity and temperature in the Data Centre. Also, there was no existing circuit television (CCTV) system extended to the Data Centre.

In the circumstances, the Polytechnic may face prolonged downtimes in the event of a disaster or equipment hardware failure which may lead to data loss.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence 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 (Accounting Basis) and for maintaining effective internal controls as Management determines 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 its services, disclosing, as applicable, material uncertainties related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Polytechnic or to cease operations.

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

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the underlying 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 Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to overall governance and risk management, and ensuring the adequacy and effectiveness of the internal 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 the Act.



Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty

exists related to events or conditions that may cast significant doubt on the Polytechnic's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Polytechnic to cease to continue to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the Polytechnic to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

22 March, 2024

**(14) Statement of Financial Performance for the Year Ended 30<sup>th</sup> June, 2023**

	NOTE	2022/2023 Kshs.	2021/2022 Kshs.
<b>Revenue from non-exchange transactions</b>			
Transfers from the National Government-grants/gifts in kind	6	-	-
Grants from donors & development partners	7	-	-
Transfer from other levels of government	8	-	-
Public contributions and donations	9	-	-
<b>Sub Total</b>		-	-
<b>Revenue from exchange transactions</b>			
Rendering of services-Tuition fees & Other incomes	10	769,383,155	771,585,301
Sale of goods	11	27,789,717	67,555,524
Rental revenue from facilities and equipment	12	1,717,248	794,450
Finance income-External investment	13	376,027	454,956
Miscellaneous income	14	12,608,220	4,380,058
<b>Sub Total</b>		<b>811,874,367</b>	<b>844,770,289</b>
<b>Total revenue</b>		<b>811,874,367</b>	<b>844,770,289</b>
<b>Expenses</b>			
Use of goods and services	15	332,894,886	353,143,716
Employee costs	16	265,079,338	264,741,006
Board/Council Expenses	17	13,617,437	16,275,966
Depreciation and Amortization expense	18	66,969,495	57,731,052
Repairs and maintenance	19	38,628,771	38,763,286
Contracted services	20	-	-
Grant and subsidies	21	-	-
Finance costs	22	-	-
Provisions	23	-	-
<b>Total Expenses</b>	37	<b>27,446,070</b>	<b>9,523,885</b>
		<b>744,635,998</b>	<b>740,178,911</b>
<b>Other gains/(losses)</b>			
Gain on sale of assets	23	-	-
Unrealized gain on fair value of investments	24	-	-
Impairment loss	25	-	-
<b>Surplus before tax</b>		<b>67,238,370</b>	<b>104,591,378</b>
Taxation		-	-
<b>Surplus/Deficit for the period</b>		<b>67,238,370</b>	<b>104,591,378</b>

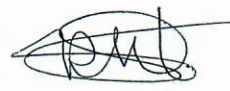
The notes set out on pages 7 to 62 form an integral part of the annual financial statement.

Dr. Paul K. Murgor Date: 18<sup>th</sup> September 2023

Sign: 

Ag. Chairman, Of Council

CPA Richard K. Sang Date: 18<sup>th</sup> September 2023

Sign: 

Finance Officer: ICPAK NO. 7347

Mr. Charles K. Koech Date: 18<sup>th</sup> September 2023

Sign: 

Principal/Secretary, Governing Council.

**15) Statement of Financial Position as of 30<sup>th</sup> June, 2023**

Assets	NOTES	2022/2023 Ksh	2021/2022 Ksh
<b>Current assets</b>			
Cash and cash equivalents	26	47,461,651	89,307,590
Receivables from exchange transactions	27	510,455,330	300,194,316
Receivables from non-exchange transactions	28	-	-
Inventories	29	3,142,591	5,351,321
Investments - Financial Assets Biological Assets	30	-	-
<b>Total-Current assets</b>		<b>561,059,572</b>	<b>403,400,627</b>
<b>Non-current assets</b>			
Property, plant and equipment	31	5,055,200,824	5,059,865,214
Intangible assets	32	-	-
Investments Property	33	-	-
Biological assets	34	9,606,800	8,547,400
<b>Total Non-current assets</b>		<b>5,064,807,624</b>	<b>5,068,412,614</b>
<b>Total assets</b>		<b>5,625,867,196</b>	<b>5,463,265,841</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	35	201,920,452	157,056,962
Refundable deposits from customers-caution money	36	10,970,011	9,595,689
Provisions	37(b)	7,187,272	8,927,272
Finance lease obligation	38	-	-
<b>Non-current liabilities</b>		-	-
Non-current employee benefits obligation	40	-	-
<b>Total Non-current liabilities</b>		-	-
<b>Total liabilities</b>		<b>220,077,735</b>	<b>175,579,923</b>
<b>Net assets</b>			
Revaluation Reserves	XIII	4,849,139,202	4,823,274,029
Accumulated surplus/Deficit	XIII	73,432,473	6,194,103
G.O.K Exchequer grants	XIII	428,916,571	403,916,571
Donated Assets (MOEST)	XIII	54,301,215	54,301,215
<b>Total net assets and liabilities</b>		<b>5,405,789,461</b>	<b>5,287,685,918</b>

The Annual Financial Statements set out on pages 1 to 6 were signed on behalf of the polytechnic's Governing Council by:

Dr. Paul K. Murgor

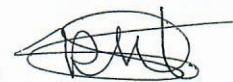
Date: 18<sup>th</sup> September 2023 Sign:



Ag. Chairman, Of Council /Board.

CPA Richard K. Sang

Date: 18<sup>th</sup> September 2023 Sign:



Finance Officer: ICPAK NO. 7347

Mr. Charles K. Koech

Date: 18<sup>th</sup> September 2023 Sign:



Principal/Secretary, Governing Council

16) Statement of Changes in Net Assets For the Year Ended 30<sup>th</sup> June, 2023

	Retained earnings Kshs	Fair value adjustment Kshs	Capital/Development Granta/Fund Kshs	Donated Assets Kshs	Total Kshs
<b>Balance as at 30 JUNE 2021</b>	(98,397,275)	4,823,274,029	403,916,571	54,301,215	5,183,094,540
<b>Balance as at 1st JULY 2021</b>	(98,397,275)	4,823,274,029	403,916,571	54,301,215	5,183,094,540
Surplus/(deficit) for the period	104,591,378	-	-	-	104,591,378
Prior year adjustment	-	-	-	-	-
Exchequer grant	-	-	-	-	-
Revaluation of Biological assets	-	-	-	-	-
donations and Grants	-	-	-	-	-
Revaluation of assets	-	-	-	-	-
<b>Balance as at 30 JUNE 2022</b>	6,194,103	4,823,274,029	403,916,571	54,301,215	5,287,685,918
<b>Balance as at 1st JULY 2022</b>	6,194,103	4,823,274,029	403,916,571	54,301,215	5,287,685,918
Surplus/(deficit) for the period	67,238,370	-	-	-	67,238,370
Prior year adjustment	-	-	-	-	-
Exchequer grant	-	-	-	-	-
Revaluation of Biological assets	-	-	-	-	-
donations and Grants	-	-	25,000,000	-	25,000,000
Revaluation of assets	-	25,865,173	-	-	25,865,173
<b>Balance as at 30 June 2023</b>	73,432,473	4,849,139,202	428,916,571	54,301,215	5,405,789,461

## 17) Statement of Cash Flows for The Year Ended 30<sup>th</sup> June,2023

	Note No.	2022/2023 Ksh	2021/2022 Ksh
<b>Surplus/Deficit for the year</b>		<b>67,238,370</b>	<b>104,591,378</b>
Adjustments for non-cash income and expenses			
Prior year ledger adjustments		-	-
Adjustments for :-			
Finance cost		-	-
Movement for Provisions (debtors) during the year		-	-
Changes in biological assets	34	784,800	
Depreciation		<b>66,969,495</b>	<b>57,731,052</b>
		<b>134,992,665</b>	<b>162,322,430</b>
<b>CHANGES IN WORKING CAPITAL</b>			
Changes in biological assets	34	(1,059,400)	(229,001)
Changes in Inventories	29	2,208,730	(1,611,514)
Changes in Accounts Receivable	27	(210,261,014)	(179,209,423)
Changes in Accounts Payable	35	44,863,491	(28,796,177)
Changes in refundable deposits from customers	36	1,374,322	1,634,962
Changes in Provisions	37(b)	(1,740,000)	9,523,885
		<b>(164,613,871)</b>	<b>(198,687,267)</b>
<b>Net Inflows/Outflows from Operating Activities</b>		<b>(29,621,207)</b>	<b>(36,364,837)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of Non-currents assets		(37,224,731)	(16,454,928)
Adjustment for Transfers (Projects Inter bank accounts)			
<b>Net cash flows from investing activities</b>		<b>(37,224,731)</b>	<b>(16,454,928)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Government Development Grants		25,000,000	-
Asset Financing Term loan (NBK)/Repayment			
<b>Net cash flows from financing activities</b>		<b>25,000,000</b>	<b>-</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>(41,845,938)</b>	<b>(52,819,766)</b>
Cash and cash equivalents at the beginning of the year		89,307,590	142,127,356
Bank overdraft at the beginning of the year		-	-
<b>Net increase/decrease in cash and cash equivalents</b>		<b>89,307,591</b>	<b>142,127,356</b>
<b>Cash and cash equivalents at the end of the year:</b>		<b>47,461,651</b>	<b>89,307,590</b>

**18) Statement of Comparison of Budget and Actual Amounts For The Year Ended 30<sup>th</sup> June,2023**

	Note	Approved budget	Actual on comparable basis	Performance difference	%Utilisation difference	REMARKS
		2022/2023	2022/2023	2022/2023	2022/2023	2022/2023
<b>Revenue</b>						
Exchequer operations grants	6	58,000,000	-	(58,000,000)	(100)	Un-favourable
Public contributions and donations	9		-	-	-	
Rendering of services-Tuition fees & other incomes	10	760,648,120	769,383,155	8,735,035	1	Favourable
Sale of goods	11	30,480,295	27,789,717	(2,690,578)	(9)	Un-favourable
Gain on disposal,rental income and agency fees.	12	725,708	1,717,248	991,540	137	Favourable
Finance income	13		376,027	376,027	100	Favourable
Other income	14	13,823,026	12,608,220	(1,214,806)	(9)	Un-favourable
<b>Total income</b>		<b>863,677,149</b>	<b>811,874,367</b>	<b>(51,802,782)</b>		
<b>Expenses</b>						
Use of Goods and Services/Admin & Central service expenses	15	408,379,353	332,894,886	75,484,467	18	Favourable
Employee costs	16	270,278,166	265,079,338	5,198,828	2	Favourable
Remuneration of Governing Council members	17	15,000,000	13,617,437	1,382,563	9	Favourable
Depreciation and amortization expense	18	55,820,670	66,969,495	(11,148,825)	(20)	Un-favourable
Repairs and maintenance	19	36,050,000	38,628,771	(2,578,771)	(7)	Un-favourable
Provisions	36	6,648,960	27,446,070	(20,797,110)	(313)	Un-favourable
<b>Total expenditure</b>		<b>792,177,149</b>	<b>744,635,997</b>	<b>47,541,151</b>		
<b>Surplus/Deficit for the period</b>		<b>71,500,000</b>	<b>67,238,371</b>			

**Budget Notes**

NOTE 6: There was no remittance of exchequer grants in the year

NOTE 11: There was a general depression in the economy during the period leading to low sales.

NOTE 12: There were more bookings in the conference facility from government agencies

NOTE 13: The income was realised from fixed deposits during the year

NOTE 15: There was a good control on the vote

NOTE 19: There was unfavourable expenditure on the the vote due to high wear and tear on equipment and the general market prices for materials short up exponentially.

**Statement of comparison of capital budget estimates and actual amounts spent.**

		Original budget	Actual Expenditure	% Variance
		2022/2023	2022/2023	2022/2023
	Capital Projects	Ksh	Ksh	Ksh
1	LAYING GABROS(WALKWAYS)	20,500,000	-	
2	LIBRARY PHASE 1 & VIRTUAL LEARNING CENTRE	100,000,000	800,000	
2	SOLAR PANELS	7,000,000	-	
3	FABRICATED LECTURE ROOMS PHASE 1	16,000,000	15,546,114	
4	DRILLING BOREHOLE	5,500,000	1,366,000	
	<b>SUB TOTAL</b>	<b>149,000,000</b>	<b>17,712,114</b>	
	Expenditure on Capital items			
5	FURNITURE AND FITTING	9,000,000	8,457,320	
6	COMPUTERS, COPIERS & PRINTERS	8,000,000	6,260,484	
8	PLANT & MACHINERY	5,500,000	4,794,813	
	<b>Total expenditure</b>	<b>22,500,000</b>	<b>19,512,617</b>	
	<b>Grand Total</b>	<b>171,500,000</b>	<b>37,224,731</b>	

NB: Most of the capital expenditure commitments were not implemented due to the Exchequer disbursement challenges.



## **19) Notes to the Financial Statements**

### **1. General Information**

The Eldoret National Polytechnic is established by and derives its authority and accountability from TIVET Act of 2013, and the PFM Act 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya the entities principal activity is to produce human capital and advance technology through innovative training for a dynamic economy.

### **2. Statement of compliance and basis of Preparation – IPSAS 1**

The Eldoret National Polytechnic's financial statements have been prepared in accordance with and compliance with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the Eldoret National Polytechnic, and all values are rounded to the nearest shilling (Ksh0.00). The accounting policies have been consistently applied to all the years presented.

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

### **3. Adoption of new and Revised Standards.**

- a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.
- b) 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.
- c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets.  
Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.
- d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs).  
Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.

The above changes did not impact on the preparation of the Financial Statements of the Eldoret National Polytechnic.

#### **4. Summary of Significant Accounting policies**

##### **a) Revenue recognition**

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

###### **Transfers from other government entities**

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realized in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

##### **ii) Revenue from exchange transactions**

###### **Rendering of services**

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

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

###### **Sale of goods**

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

###### **Interest income**

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

###### **Dividends**

Dividends or similar distributions must be recognized when the shareholder's or the entity's right to receive payments is established.

###### **Rental income**

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

**b) Budget information**

The original budget for FY 2022/2023 was approved by the Council or Board on 12th January 2023. No subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities.

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

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

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

**c) Taxes**

**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 Eldoret 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/ Value added Tax**

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

When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

When receivables and payables are stated with the amount of sales tax included

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

**d) Investment property**

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost

The Eldoret National Polytechnic Annual Report & Financial Statements for the year ended 30<sup>th</sup> June, 2023  
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. After 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**

All property, plants 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 Eldoret 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.

#### **f) Leases**

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

After initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

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

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

### **g) Intangible assets**

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

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

### **h) Research and development costs**

The Eldoret National Polytechnic expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when The Eldoret 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.

### **i) Financial instruments**

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

#### **Financial assets**

##### **Classification**

The Eldoret National polytechnic (TENP) classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the

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

### **Subsequent measurement**

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

### **Amortized cost**

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

### **Fair value through net assets/ equity**

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

### **Fair value through surplus or deficit**

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

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

### **Impairment**

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

### **Financial liabilities**

#### **Classification**

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

#### **j) Inventories**

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

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

- Raw materials: purchase cost using the weighted average cost method.
- Finished goods and work in progress: cost of direct materials and labor 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 Eldoret National Polytechnic.

#### **k) Provisions**

Provisions are recognized when The Eldoret National Polytechnic has a present obligation (legal or constructive) because of a past event, it is probable that an outflow of resources embodying economic

*The Eldoret National Polytechnic Annual Report & Financial Statements for the year ended 30<sup>th</sup> June, 2023*  
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 Eldoret National Polytechnic expects some or all 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.

While preparing the financial statements, The Eldoret National Polytechnic provided 5% as a provision on uncollectible fees and was charged to performance. It is the policy of the polytechnic NOT to provide any provision on other debtors e.g. House Rent, Advances etc. as they are deemed to be collected at an arm's length.

### **Contingent liabilities**

The Eldoret 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 Eldoret National Polytechnic (TENP) 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.

#### **l) Social Benefits**

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

#### **m) Nature and purpose of reserves**

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

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

The Eldoret 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.



**o) Employee benefits**

**Retirement benefit plans**

The Eldoret National Polytechnic provides retirement benefits for its employees on gratuity basis. Defined contribution plans are post-employment benefit plans under which TENP pays fixed contributions into a separate TENP (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

**p) Foreign currency transactions**

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

**q) Borrowing costs**

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

**r) Related parties**

The Eldoret 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 Eldoret 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.

**s) Service concession arrangements**

The Eldoret 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 Eldoret 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 Eldoret National Polytechnic also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**t) Cash and cash equivalents**

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

**u) Comparative figures**

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

**v) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30<sup>th</sup> June, 2023.

**5. Significant judgments and sources of Estimation uncertainty**

The preparation of The Eldoret 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.

**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 Eldoret 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 Eldoret 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 Eldoret 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 the 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 landfill. The provision is based on the advice and judgment of qualified engineers.

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.

The cost of on-going programs to prevent and control pollution and rehabilitate the environment is recognized as an expense when incurred.

### **Fixed assets and depreciation –IPSAS 17**

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 depreciate from the date of acquisition.

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

Assets	Rate (p. a)
Buildings	2%
Furniture, plant and equipment	12.5%
Motor vehicles	25 %
Computers	33.3 %

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

**v) Agriculture – IPSAS 27**

Biological assets were dealt with 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. About agricultural produce, we presumed that the fair value could be determined reliably by the Farm Manager who is also a member of Agricultural Society of Kenya as stated in basis of valuations given below.

In the fore-going the biological assets in the financial statements were dealt with in consideration of the following assumptions:

Agricultural activity means the management by the polytechnic of the biological transformation and harvest of biological assets.

Conversion into agricultural produce or into additional biological assets for sale or for distribution at no charge or for a nominal charge.

Agricultural produce means the harvested product of the polytechnic's biological assets.

Biological assets means a living animal or plant.

Harvest means the detachment of produce from a biological asset or the cessation of a biological asset's life processes.

Costs to sell mean the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income taxes.

**Recognition**

A biological asset or agriculture produce was recognized only when.

The entity controls the asset because of past events.

It is probable that future economic benefits will flow to the entity.

The fair value or cost of the asset can be measured reliably.

**Basis for valuation**

All farm biological assets are valued based on market rates by an expert from the Government of Kenya Department concerned with Agriculture & Livestock. Apart from market rates, valuation for all the farm biological assets is based on the following factors:

**Dairy cows**

All the cows were valued differently based on:

Age- Older cows in a higher lactation stage will have a lower value than a cow in its first lactation. An in-calf heifer that has never been given but before will have the highest value than any cow in the herd. Younger cows also have a lower value.

Sex: Bull cows in the same age are valued differently from heifer cows in the same age.

Registration: All our female cows are registered with Kenya Stud Book, and all have registration certificates. Registered cows are valued highly.

Pedigree: The institution cows have been bred and upgraded for many years using artificial insemination. Their pedigree information and records are well known through continued record keeping. They are superior breeds with high milk production. Pedigree cows have a higher value than other cows.

Pure breeds: These are cows whose ancestors or pedigree information is the same. The cows are pure Ayrshire's without any mix of other blood. This means their lineage is known therefore an added value.

### **Doper Sheep**

The doper sheep are valued based on the following:

Sex: females have a higher value than the males

Age: Female sheep that have been weaned and have already been served or in lamb for the first time fetch the highest price than older or younger females.

Pure breeds: Sheep that have been bred selectively from pedigree rams will also be valued higher than those bred randomly.

Pigs (Large White)

Pigs are valued based on:

Age

Breed

Sex

Condition e.g., whether lactating, dry or in gilt (pregnant)

Live weight

Poultry

The poultry is valued based on the following:

Age

Indigenous vs Hybrid: Hybrid chicken is valued higher than indigenous chicken.

Crops

Crops are valued based on the following:

Growth stage

Acreage planted.

Inputs applied.

Registration: All our female cows are registered with Kenya Stud Book, and all have registration certificates. Registered cows are valued highly.

Pedigree: The institution cows have been bred and upgraded for many years using artificial insemination. Their pedigree information and records are well known through continued record keeping. They are superior breeds with high milk production. Pedigree cows have a higher value than other cows.

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Pigs (Large White)

Pigs are valued based on:

Age

Breed

Sex

Condition e.g., whether lactating, dry or in gilt (pregnant)

Live weight

Poultry

The poultry is valued based on the following:

Age

Indigenous vs Hybrid: Hybrid chicken is valued higher than indigenous chicken.

Crops

Crops are valued based on the following:

Growth stage

Acreage planted.

Inputs applied.

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**10. RENDERING OF SERVICES**

	2022/2023	2021/2022
	Kshs.	Kshs.
Tuition fees	469,088,004	469,088,004
Activity fees	54,779,593	54,779,593
Facilities and materials	-	-
Application fees	3,703,498	3,817,880
Industrial Attachment fees	11,778,320	9,153,850
Registration fees	3,185,100	4,389,430
Maintenance	10,625,670	12,176,666
Electricity, Water & Conservancy	10,963,721	12,181,500
Local Travel & Transport	10,964,287	11,991,200
Library levy	11,004,713	12,183,151
Internet Levy	10,996,071	12,231,491
Hostel & Catering	-	-
Tender fees and other misc. incomes	-	-
Medical fees	27,713,440	30,148,995
Personal Emoluments	82,309,315	90,523,540
Graduation Income	-	100,000
Sports	-	56,567,916
Driving school income	3,345,250	3,937,687
Research and Development	169,130	1,500
Practicals fees	58,757,043	64,143,599
<b>Total</b>	<b>769,383,155</b>	<b>771,585,301</b>

**11. SALE OF GOODS**

	2022/2023	2021/2022
	Kshs.	Kshs.
Sale of books	-	-
Sale of publications	-	-
Sale of farm produce	2,644,864	3,677,318
Hostel & Cafeteria sales	25,144,853	63,878,207
Other	-	-
<b>Total revenue from sale of goods</b>	<b>27,789,717</b>	<b>67,555,525</b>

**12. RENTAL REVENUE FROM FACILITIES & EQUIPMENT**

	2022/2023	2021/2022
	Kshs.	Kshs.
Hire of facilities and equipment	1,026,368	35,393
Contigent rentals -Staff quarters rent	690,880	759,057
Operating lease revenue	-	-
<b>Total</b>	<b>1,717,248</b>	<b>794,450</b>

**13. FINANCE INCOME**

	2022/2023	2021/2022
	Kshs.	Kshs.
Cash investments and fixed deposits	376,027	454,956
Interest income /Treasury bill & bonds	-	-
Interest from outstanding debtors	-	-
<b>Total</b>	<b>376,027</b>	<b>454,956</b>

**14. MISCELLANEOUS INCOMES**

	2022/2023	2021/2022
	Kshs.	Kshs.
Insurance recoveries	-	-
Consultancy fees	-	-
Income from sale of tender	-	-
Service concession income	-	-
Skills development levy	-	-
Reimbursements and refunds	-	-
Graduation fees	3,830,250	2,087,580
Rental of physical facilities and services	-	-
Project management income	-	-
Guest House & Conferences	8,240,721	341,320
Gain on revalued biological assets	-	-
Reduction on provision for uncollectible fees debtors	-	-
Disposal of inserviceable/Obsolete assets	-	-
Gain on revaluation of Biological assets	-	-
Savings from projects completed	-	1,641,308
Penalties losses & damages	537,249	309,850
<b>Total</b>	<b>12,608,220</b>	<b>4,380,058</b>



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15. USE OF GOODS AND SERVICES (Administrative and Central service costs)	2022/2023	2021/2022
	Kshs.	Kshs.
Teaching & learning materia-Tuition and related Expenses	85,530,923	75,432,889
Medical Expenses	3,894,973	3,653,659
Travelling,Transport & Accom. Exp.	56,047,049	55,039,606
Telephone/Telecommunicatin Expenses	1,634,500	2,728,591
Electricity,Water & Conservancy	14,642,138	14,049,258
Graduation Expenses	4,927,712	4,283,050
Insurance Expenses(Assets covers)	1,854,450	2,298,244
Insurance Expenses(Student Life covers) & WIBA	2,376,883	3,826,048
Postage	329,895	309,595
Publishing &Printing	49,529	22,548
Bank Charges	311,237	278,835
Administrative costs	7,294,107	13,814,590
Cleaning materials	2,032,297	-
Fees,Commissions & Honoraria/ conference delegation	9,002,446	23,162,280
Staff Uniforms & other protective gear	2,337,760	4,120,060
Establishment costs	-	-
Catering, Hostel and Conference Expenses	29,358,844	30,391,241
Attachment Expenses(ILO)	7,026,300	5,610,780
Internet services	3,852,141	4,422,884
Activity/Sports	32,927,899	26,523,050
Rental and Hire of teaching Equipment and facilities-Town Campus	14,640,715	29,388,116
Subscription Charges- KUCCPS,	1,441,500	-
Advertising & Publicity	6,865,956	6,878,445
Fuel oil & lubricants	12,228,356	6,452,091
Licenses and permits	-	-
Driving school Expenses	185,350	355,900
Tivet Fairs,Research & Development	2,902,170	2,132,726
Performance, Evaluation & Monitoring	3,347,333	475,600
Contracted Professional & Consultancy services	4,166,489	4,050,640
Outsourced Legal fees	358,000	16,785
Court awards and Penalties	2,838,737	-
Revaluation loss for biological assets	-	-
Student union expenses-EPSU	-	3,300
Security expenses	-	-
Sewerage treatment costs	-	-
Skills development levies-Seminars & workshops for staff	8,354,585	13,234,078
KATTI	744,828	4,506,296
Inventory scrapping	-	-
Farm expenses	9,389,785	11,419,750
Audit fees	-	-
Guest House & Conference expenses	-	4,262,804
<b>Total</b>	<b>332,894,886</b>	<b>353,143,717</b>

16. EMPLOYEE COSTS

	2022/2023	2021/2022
	Kshs.	Kshs.
Basic Salary/ Salaries and wages	179,731,769	157,798,825
Other Allowances(Hse,leave & DIT Levy)	35,246,106	28,059,283
Gratuity Costs/Contribution to pensions	2,873,598	853,135
Commuter	15,775,738	13,077,690
Staff Training & Development	-	-
Medical allowances	3,134,280	2,626,200
NHIF Penalty	-	-
Salary Arrears	3,263,448	984,124
Part time teaching claims(Facilitators)	23,026,965	60,522,637
Passage & Leave Allowance	2,027,435	819,112
Overtime payments	-	-
Performance and other bonuses	-	-
Social contribution	-	-
<b>Total</b>	<b>265,079,338</b>	<b>264,741,006</b>

17. BOARD/COUNCIL EXPENSES

	2022/2023	2021/2022
	Kshs.	Kshs.
Chairman's honoraria	749,250	-
Directors emoluments/Governing Council Expenses	12,868,187	16,275,966
Other allowances	-	-
<b>Total</b>	<b>13,617,437</b>	<b>16,275,966</b>

18. DEPRECIATION AND AMORTIZATION EXPENSE

	2022/2023	2021/2022
	Kshs.	Kshs.
Plant and equipment	14,661,536	14,062,185
Buildings	17,103,314	16,792,392
Computers, Printers and Copiers	7,739,231	6,738,321
Furniture and fittings	7,765,100	6,707,935
Motor vehicles	19,700,314	13,430,220
Intangible assets	-	-
<b>Total</b>	<b>66,969,495</b>	<b>57,731,052</b>

**The Eldoret National Polytechnic Annual Report & Financial Statements for the year ended 30<sup>th</sup> June, 2023**

<b>19. REPAIRS AND MAINTENANCE</b>	<b>2022/2023</b>	
	<b>Kshs.</b>	
Investment property-earning rentals	-	
Equipment and machinery	19,601,158	25,921,952
Vehicles	8,982,420	5,571,364
Furniture and fittings	-	-
Computers and accessories	-	-
Others	-	-
Property-Building	10,045,193	7,269,990
<b>Total</b>	<b>38,628,771</b>	<b>38,763,286</b>

<b>20. CONTRACTED SERVICES</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Acturial valuations		-
Property valuations		-
Investment valuations		-
<b>Total</b>	<b>-</b>	<b>-</b>

<b>21. GRANTS AND SUBSIDIES</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Community development		-
Education initiatives and programs		-
Social development		-
community trust		-
Sporting bodies		-
<b>Total grants &amp; subsidies</b>	<b>-</b>	<b>-</b>

22. FINANCE COSTS	2022/2023	2021/2022
	Kshs.	Kshs.
Borrowings (amortized cost)		-
Finance lease (amortized cost)		-
Unwinding of discount		-
Interests on bank overdrafts		-
Interests on loans from commercial banks.		-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>23. GAIN ON SALE OF ASSETS</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Property Plant and Equipment		-
Intangible assets		-
Other assets not capitalised		-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>24. GAIN(LOSS) ON FAIR VALUE INVESTMENTS</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Investments at fair value		-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>25. IMPAIRMENT LOSS</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Property Plant and Equipment		-
Intangible assets.		-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>26. Cash and cash equivalents</b>	<b>2022/2023</b>	<b>2021/2022</b>
	<b>Kshs.</b>	<b>Kshs.</b>
Cash-on-hand and in transit	-	4,898
Current account (Bank)	47,461,651	89,302,692
On-call/ Short-term deposits	-	-
Staff car loan/mortgage	-	-
<b>Total cash and cash equivalents</b>	<b>47,461,651</b>	<b>89,307,590</b>

Detailed analysis of the cash and cash equivalents

26. (a) Banks

Name of the Bank	Bank Account Number	2022/2023	2021/2022
		Kshs.	Kshs.
National Bank of Kenya -Eldoret	01021027668101	11,697,449	36,891,418
National Bank of Kenya -Eldoret	01021027668102	67,290	2,908,351
National Bank of Kenya -Eldoret	01021027668103	5,919,150	3,848,859
National Bank of Kenya -Eldoret	01021027668104	58,496	258,374
National Bank of Kenya -Eldoret	01021027668105	25,463,660	13,279,476
National Bank of Kenya -Eldoret	01021027668106	1,163,500	5,311,558
National Bank of Kenya -Eldoret	0124027668100	676,852	17,356,455
Co-operative Bank of Kenya	01129441884400	478,485	9,448,202
Equity Bank Supreme BR-Fees	1640279055360	1,936,770	-
<b>Total</b>		<b>47,461,651</b>	<b>89,302,692</b>

Bank accounts overdrawn

Name of the Bank	Bank Account Number	2022/2023	2021/2022
		Kshs.	Kshs.
National Bank of Kenya -Eldoret	01021027668101	-	-
National Bank of Kenya -Eldoret	01021027668102	-	-
Co-operative Bank of Kenya	01129441884400	-	-
<b>Total</b>		<b>-</b>	<b>-</b>

Cash on hand and in transit Form of cash holding e.g liquid cash, Mpesa, Mobicash, e.t.c	2022/2023	2021/2022
	Kshs.	Kshs.
Hard Currency	-	4,898
Money Orders & cheques	-	-
M-Pesa (Pay Bill No. (304250)	-	-
M-Pesa (Pay Bill No. 632451)	-	-
<b>Total</b>	<b>-</b>	<b>4,898</b>

**6. (C) Net Bank Balances**

	2022/2023	2021/2022
	Kshs.	Kshs.
<b>Total</b>	<b>47,461,651</b>	<b>89,307,590</b>

**Bank Overdrafts**

	2022/2023	2021/2022
	Kshs.	Kshs.
College Fund A/C-NBK No.01021027668101		-
College Fund A/C-NBK No.01021027668102		-
Co-operative Bank of Kenya No.01129441884400		-
College Fund A/C-NBK No.01021027668105		-
Farm Account no.01021027668103		-
<b>Total</b>	<b>-</b>	<b>-</b>

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27. RECEIVABLES FROM EXCHANGE TRANSACTIONS	2022/2023	2021/2022
27(a) Current Receivables:	Kshs.	Kshs.
Amounts falling due within one year:-		
Students debtors	521,589,130	266,368,880
Sundry debtors	6,742,615	7,740,750
House Rent debtors	3,348,813	3,213,272
Staff P.U Advances	3,651,291	16,958,653
Staff salary advances	489,551	536,951
Staff Imprests	-	-
Sports	-	-
Prepaid Examination fees	-	-
Rental facility deposit-Debtors	1,500,000	1,500,000
Court Deposit	-	-
Student Union	-	2,748,095
E.A Regional Network of Excel. In Dairy	-	543,981
Colleges & Institutes Canada (CICAN)-SITVES	-	583,735
Funds held by mentoring Institutions bank accounts	-	-
Consultancy debtors	-	-
Less: impairment allowance	-	-
<b>Sub Total</b>	<b>537,321,400</b>	<b>300,194,316</b>
<b>Less Provisions for the year</b>	<b>(26,866,070)</b>	<b>-</b>
<b>Total</b>	<b>510,455,330</b>	<b>300,194,316</b>

**27. AGEING ANALYSIS OF RECEIVABLES FROM EXCHANGE TRANSACTIONS**

	2022/2023	2021/2022
	Kshs.	Kshs.
Less than 1 year	255,077,711	-
Between 1-2 years	179,083,653	-
Between 2-3 years	87,501,176	-
over 3 years	15,658,860	-
<b>Total Receivables (a+b)</b>	<b>537,321,400</b>	<b>-</b>

**28. (a) RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

	2022/2023	2021/2022
<b>Current Receivables:</b>	Kshs.	Kshs.
Capitation Grant		
Transfer from other govt. entities		
Undisbursed donor funds		
Other debtors (non exchange transaction) less impairment allowance		
<b>Total current receivables</b>	<b>-</b>	<b>-</b>

**28(a) AGEING ANALYSIS OF RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

	2022/2023	2021/2022
	Kshs.	Kshs.
Less than 1 year	-	-
Between 1-2 years	-	-
Between 2-3 years	-	-
over 3 years	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**29 .a) INVENTORIES**

	2022/2023	2021/2022
	Kshs.	Kshs.
Consumables stores-Stationery	323,265	2,911,830
Maintenance stores	152,420	285,700
Health unit stores	-	-
Electrical stores/ Toners	1,254,100	-
Cleaning material stores	307,956	398,271
Catering stores	1,104,850	1,755,520
<b>Total Inventories at lower of cost and Net Realizable Value</b>	<b>3,142,591</b>	<b>5,351,321</b>



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**30. INVESTMENTS IN FINANCIAL ASSETS**

2022/2023

2021/2022

**a) Investments in treasury Bills and Bonds**

Kshs.

Kshs.

Financial Institution

CBK

**Sub- Total**

----- -

**b) Investments with Financial Institutions/banks**

NBK

KCB

**Sub-Total**

----- -

Equity Investments

Shares in Co. X

**Sub-Total**

----- -

**Grand Total**

----- -

**1. Property, Plant and Equipment Movement Schedule the Period Ending 30th June, 2023**

	Land	Buildings	W.I.P	Plant and Equipment	Computers, Printers & Copiers	Furniture & Fittings	Motor Vehicles	Total
Depreciation Rate	-	0.02	-	0.125	0.333	0.125	0.25	
COST/VALUATION	KShs	KShs.	KShs.	KShs	KShs.	KShs.	KShs	KShs.
Revaluations during the year								
Bal as at 30 June,2021	4,290,816,000	839,619,576	(1)	110,448,058	63,363,821	50,371,574	53,720,881	5,408,339,909
Bal. as at 1st July,2021	4,290,816,000	839,619,576	(1)	110,448,058	63,363,821	50,371,574	53,720,881	5,408,339,909
Additions	-	-	-	2,049,419	11,113,600	3,291,909		16,454,928
Disposals	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
Revaluations during the year	-	-	-	-	-	-	-	-
Bal as at 30 June,2022	4,290,816,000	839,619,576	-	112,497,477	74,477,421	53,663,483	53,720,881	5,424,794,837
Bal. as at 1st July,2022	4,290,816,000	839,619,576	-	112,497,477	74,477,421	53,663,483	53,720,881	5,424,794,837
Additions	-	15,546,114	2,166,000	4,794,813	6,260,484	8,457,320	-	37,224,731
Disposals	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-
Transfer/adjustments	-	-	-	-	-	-	-	-
Revaluations during the year	-	-	-	-	-	-	25,080,373	25,080,373
Bal as at 30 June,2023	4,290,816,000	855,165,690	2,166,000	117,292,289	80,737,905	62,120,803	78,801,254	5,487,099,941
<b>DEPRECIATION</b>								
Accum. As At 30 June 2020	-	(86,602,974)	-	(72,397,208)	(46,857,613)	(24,332,460)	(22,334,052)	(252,524,307)
Accum. As At 1ST July, 2021	-	(103,395,365)	-	(86,203,215)	(51,206,811)	(30,628,907)	(35,764,272)	(307,198,570)
Depreciation charged (21/22)	-	(16,792,392)	-	(14,062,185)	(6,738,321)	(6,707,935)	(13,430,220)	(57,731,052)
Impairment								
Accum. As At 30 June 2022	-	(120,187,757)	-	(100,265,400)	(57,945,132)	(37,336,843)	(49,194,492)	(364,929,622)
Accum. As At 1ST July, 2022	-	(120,187,757)	-	(100,265,400)	(57,945,132)	(37,336,843)	(49,194,492)	(364,929,622)
Depreciation charged (22/23)	-	(17,103,314)		(14,661,536)	(7,739,231)	(7,765,100)	(19,700,314)	(66,969,495)
Impairment								
Accum. As At 30 June 2023	-	(137,291,070)	-	(114,926,936)	(65,684,363)	(45,101,943)	(68,894,806)	(431,899,117)
NBV At 30 June 2023	4,290,816,000	717,874,619	2,166,000	2,365,353	15,053,543	17,018,860	9,906,448	5,055,200,824
NBV At 30 June 2022	4,290,816,000	719,431,819	-	12,232,077	16,532,290	16,326,641	4,526,389	5,059,865,214

*NB: Depreciation on Plant & Equipment and computers was done on the additional computers for the financial years 2022/2023, 2021/2022 & 2020/21.*

Depreciation on Motor Vehicles was done on the assets revalued during the year

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**32. Intangible assets-Software**

	2022/2023	2021/2022
	Kshs.	Kshs.
cost		
At the beginning of the year		-
Additions		-
At the end of the year		-
Additions-internal development		-
At the end of the year		-
Amortization and impairment		-
At the beginning of the year		-
Amortization		-
At the end of the year		-
Impairment loss		-
At the end of the year		-
<b>NBV</b>	-	-

**33. INVESTMENT PROPERTY**

	2022/2023	2021/2022
	Kshs.	Kshs.
At the beginning of the year		-
Additions		-
Fair value gain		-
Depreciation( where investment property is at cost		-
<b>At end of the year</b>	-	-

34 Biological assets	2022/2023	2021/2022
	Kshs.	Kshs.
Maize in Field	-	-
Fodder in Field	-	-
Vegetables	105,000	30,000
Silage	1,050,000	1,050,000
Maize in store	-	-
livestock	6,972,000	6,836,600
Pigs	-	-
Poultry	840,000	107,400
Avocado Plants	120,000	108,400
Tissue Culture Bananas	489,800	367,000
Macadamia	30,000	48,000
<b>Total</b>	<b>9,606,800</b>	<b>8,547,400</b>

### 35. TRADE & OTHER PAYABLES FROM EXCHANGE

TRANSACTIONS	2022/2023	2021/2022
Amounts falling due within one year:-	Kshs.	Kshs.
Trade Creditors	44,225,962	13,246,950
Salaries June 2023	-	-
Staff P.U Creditors	-	13,170,928
Part Time Lecturers	-	-
Caution Money	-	-
Examination Fund	88,838,602	75,387,276
Miscellaneous students & other deposits	16,130	144,908
Provision for Contigent Liabilities	118,125	-
<b>Unreceipted effects:</b>		
College fund a/c no. 01021017668101	-	-
Production Unit a/c no. 01021017668102	-	-
Prepaid fees	-	-
Prepaid staff house rent	-	-
CDF & other Bursaries	40,881,327	31,856,484
Unreceipted Bank deposits	27,840,307	23,250,417
CCTV Project payable(Solvit Security Solutions)	-	-
<b>Retention accounts:</b>		
Pako contractors	-	-
<b>Total</b>	<b>201,920,452</b>	<b>157,056,962</b>

AGEING ANALYSIS	2022/2023
Under one year	71,426,276
Between 1-2 years	19,567,190
Between 2-3 years	8,226,003
over 3 years	102,700,982
<b>Totals</b>	<b>201,920,452</b>

36. REFUNDABLE DEPOSITS FROM CUSTOMERS/STUDENTS	2022/2023	2021/2022
	Kshs.	Kshs.
Consumer deposits		-
Student union	25,572	
Caution Money	10,944,439	9,595,689
E.A Regional Network of Excel. In Dairy	-	-
Colleges & Institutes Canada (CICAN)-SITVES	-	-
<b>Total</b>	<b>10,970,011</b>	<b>9,595,689</b>

<b>NB: Debtors gross</b>	<b>537,321,400</b>	<b>266,368,880</b>
<b>5% Provision</b>	<b>26,866,070</b>	<b>13,318,444</b>
<i>additional change to charge (26866070-13318444)</i>	<b>510,455,330</b>	<b>8,943,885</b>

37. (a) Current Provisions for the year ended 30.6.2023	2022/2023	2021/2022
	Kshs.	Kshs.
<b>Balance at the beginning of the year</b>	-	-
Additional provisions raised(Reduced)	26,866,070	-
Additional provisions raised(Reduced)	580,000	-
Provision paid		-
Provision paid during the year	-	-
<b>Balance as at 30 June 2023</b>	<b>27,446,070</b>	<b>-</b>

37. (b) Current Provisions for the year ended 30.6.2023	2022/2023	2021/2022
	Kshs.	Kshs.
Balance at the beginning of the year	8,927,272	(596,613)
Additional provisions raised(Reduced)	580,000	9,523,885
Provision paid-Audit fees	(2,320,000)	-
<b>Balance as at 30 June 2023</b>	<b>7,187,272</b>	<b>8,927,272</b>

**38. Finance lease obligation**

Description	2022/2023	2021/2022
	Kshs	Kshs
<b>At the start of the year</b>		
Discount interest on Lease Liability		
Paid during the year(less)		
<b>At end of the year</b>	-	-
<b>39. Deferred Income</b>	-	-

**39. Deferred Income**

Description	2022/2023	2021/2022
	Kshs	Kshs
National Government		
Interntional finding Bodies		
Public Contributions and donations		
<b>Total Deferred Income</b>		

**40. Retirement benefit Asset/ Liability**

The Eldoret National Polytechnic operates a defined benefit scheme for all full time employees from July 1, 2018. The scheme is administered by RBA while Jubilee Insurance Company are the custodians of the scheme. The scheme is based on 5 per cent (5%) of basic salary of employee and 10 per cent (10%) of basic salary from the employer at the time of retirement.

**Recognition of Retirement Benefit Asset/ Liability**

**a) Amounts recognised under other gains/ Losses in the statement of Financial Performance:**

**a) Amounts recognised in the Statement of Financial Position**

The entity also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The entity's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 2160 per employee per month. Other than NSSF the entity also has a defined contribution scheme operated by Jubilee insurance Pension Fund. Employees contribute 5% while employers contribute

10% of basic salary. Employer contributions are recognized as expenses in the statement of financial performance within the period they are incurred.

**41. Payment Received in advance**

Description	2022/2023		2021/2022	
	Kshs		Kshs	
Fees received in advance				
Others (Specify)				
<b>Total</b>				-
<b>Ageing analysis:</b>				
Under one year		2022/2023 % of Total	2021/2022 % of Total	
1-2 years				
2-3 years				
Over 3 years				
<b>Total</b>				

**42. Non-Current Provisions**

Description	Long service leave	Bonus Provision	Gratuity	Other Provisions	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
Balance at the beginning of the year	-	-	-	-	-
Additional Provisions	-	-	-	-	-
Provision utilised(less)	-	-	-	-	-
Change due to discount and time value for money	-	-	-	-	-
Less: Current portion(less)	-	-	-	-	-
<b>Total deferred income</b>	-	-	-	-	-

### 43. Borrowings

Description		2022/2023	2021/2022
		Kshs	Kshs
Balance at the beginning of the year			
External borrowing during the year			
Domestic borrowing during the year			
Repayment of external borrowing during the year			
Repayment of domestic borrowing during the year			
<b>Balance at the end of the period</b>			

#### 43 a) Analysis of external and domestic borrowings

##### External Borrowings

Description		2022/2023	2021/2022
		Kshs	Kshs
Dollar denominated loan from 'xxx organisation'			
Sterling Pound denominated loan from 'yyy organisation'			
Euro denominated loan from 'zzz organisation'			
<b>Domestic Borrowings</b>			
Kenya Shilling loan from KCB			
Kenya Shilling loan from Barclays Bank			
Kenya Shilling loan from Consolidated Bank			
<b>Total balance at end of the year</b>			

#### 43 b) Breakdown of long and short term borrowings

Description		2022/2023	2021/2022
		Kshs	Kshs
Short term borrowings(current portion)			
Long term borrowings			
<b>Total</b>			



**44. Service concession arrangement**

Description	2022/2023	2021/2022
	Kshs	Kshs
Fair value of service concession assets recognized under PPE		
Accumulated depreciation to date(less)		
Net carrying amount	-	-
Service concession liability at beginning of the year		
Service concession revenue recognized(less)		
Service concession liability at end of the year	-	-

**45. Social Benefit Liabilities**

Description	2022/2023	2021/2022
	Kshs	Kshs
Health social benefit scheme		
Unemployment social benefit scheme		
Orphaned and vulnerable benefit scheme		
People Living with disabilities benefit scheme		
Elderly social benefit scheme		
Bursary social benefits		
<b>Total</b>	-	-
Current social benefits		
Non- current social benefits		
<b>Total (tie to totals above)</b>	-	-

**Cash Generated From Operations**

	2022/2023	2021/2022
	Kshs	Kshs
<b>Surplus for the year before tax</b>	<b>67,238,370</b>	<b>104,591,378</b>
<b>Adjusted for:</b>		
Depreciation	66,969,495	57,731,052
Non-cash grants received(less)	-	-
Contributed assets(less)	-	-
Impairment	-	-
Valuation Gain/Loss	784,800	
Gains and losses on disposal of assets	-	-
Contribution to provisions	(1,740,000)	9,523,885
Contribution to impairment allowance	-	-
Finance income	-	-
Finance cost	-	-
<b>Working Capital adjustments</b>		
Increase in inventory	2,208,730	(1,611,514)
Increase in Biological Assets	(1,059,400)	(229,001)
Increase in receivables	(210,261,014)	(179,209,423)
Increase in deferred income		
Increase in payables	44,863,491	(28,796,177)
Increase in payments received in advance(Refundable Deposits)	1,374,322	1,634,962
<b>Net cash flow from operating activities</b>	<b>(29,621,207)</b>	<b>(36,364,837)</b>

**47. Financial Risk Management**

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

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

**(i) Credit risk**

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

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

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

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

Description	Total amount	Fully performing	Past due	Impaired
	Kshs	Kshs	Kshs	Kshs
<b>At 30 June 2022 (previous year)</b>				
Receivables from exchange transactions	300,194,316	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	89,302,692	-	-	-
<b>Total</b>	<b>389,497,008</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2023 (current year)</b>				
Receivables from exchange transactions	537,321,400	-	-	-
Receivables from non-exchange transactions	-	-	-	-
Bank balances	47,461,651	-	-	-
<b>Total</b>	<b>584,783,052</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

The entity has significant concentration of credit risk on amounts due from The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

#### (ii) Liquidity risk management

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

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

**(iii) Market risk**

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

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

The entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the way it manages and measures the risk.

**a) Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

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

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

### Foreign currency sensitivity analysis

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

#### a) Interest rate risk

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

#### *Management of interest rate risk*

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

#### *Sensitivity analysis*

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

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point.

**5) Capital Risk Management**

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

Description		2022/2023	2021/2022
		Kshs	Kshs
Revaluation Reserve		4,849,139,202	4,823,274,029
Retained Earnings		73,432,473	6,194,103
Capital Reserve		483,217,786	458,217,786
<b>Total Funds</b>		<b>5,405,789,461</b>	<b>5,287,685,918</b>
Total Borrowings		-	-
Less: Cash and Bank Balances		47,461,651	89,307,590
Net Debt/(Excess Cash and Cash Equivalents)		47,461,651	89,307,590
<b>Gearing</b>		<b>1</b>	<b>2</b>

**48. RELATED PARTY BALANCES**

**Nature of related party relationships**

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members. From the foregoing statement The Eldoret National Polytechnic did not have any related party relationship.

**49. Segment Information**

(Where an organization operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity’s performance and allocation of resources to different segments).

**50. Contingent Assets and Contingent Liabilities**

**51. Capital Commitments**

**52. Events after the Reporting Period**

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

**53. Ultimate and Holding Entity**

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

**54. Currency**

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


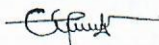
## 20) Appendices

**Appendix I: Implementation Status of Auditor General Recommendations.**

The follow up of the auditor's recommendations is on continuing progress as shown on the management letter response on prior year audit matters.

Referenc e no. On the external audit report	Issue/Observa tions from auditor	Management comments	Status	Timefram e-Date expected to resolve.																																																																																																																																																																																																																																														
1.	Unsupported receivables from exchange transactions	<p>The student debtors aging analysis totalling to Kshs 266,368,880 for the period ending 30<sup>th</sup> June 2022 was provided for your verification. With a soft copy of the same being provided as attached below.</p> <table border="1"> <tbody> <tr><td>2022P02736</td><td>SHARON KEPTOO</td><td>0.00</td><td>37,800.00</td><td>2,000.00</td><td>0.00</td><td>35,800.00</td></tr> <tr><td>2022P02738</td><td>TIMOTHY KEMBOIGWOTTI</td><td>0.00</td><td>37,800.00</td><td>0.00</td><td>0.00</td><td>37,800.00</td></tr> <tr><td>2022P02739</td><td>KIPROTICHIPKOSGE TITUS</td><td>0.00</td><td>37,800.00</td><td>0.00</td><td>0.00</td><td>37,800.00</td></tr> <tr><td>2022P02740</td><td>ROSELINE ATENO</td><td>0.00</td><td>37,800.00</td><td>2,000.00</td><td>0.00</td><td>35,800.00</td></tr> <tr><td>2022P02741</td><td>DORCAS MATILI</td><td>0.00</td><td>37,800.00</td><td>2,000.00</td><td>0.00</td><td>35,800.00</td></tr> <tr><td>2022P02742</td><td>JOHNINCATIA WAGAWI</td><td>0.00</td><td>37,800.00</td><td>2,000.00</td><td>0.00</td><td>35,800.00</td></tr> <tr><td>2022P02743</td><td>KIBWOTI DESMOND</td><td>0.00</td><td>37,800.00</td><td>2,000.00</td><td>0.00</td><td>35,800.00</td></tr> <tr><td>2022P02744</td><td>MWANGI SAMUEL NDEH</td><td>0.00</td><td>37,800.00</td><td>2,000.00</td><td>0.00</td><td>35,800.00</td></tr> <tr><td>2022P02745</td><td>LEWIS WAKOD</td><td>0.00</td><td>37,800.00</td><td>2,000.00</td><td>0.00</td><td>35,800.00</td></tr> <tr><td>2022P02746</td><td>MWANGI SAMUEL EGBON</td><td>0.00</td><td>37,800.00</td><td>2,000.00</td><td>0.00</td><td>35,800.00</td></tr> <tr><td>2022P02747</td><td>FRUTO KPHENOKI AMOS</td><td>0.00</td><td>37,800.00</td><td>2,000.00</td><td>0.00</td><td>35,800.00</td></tr> <tr><td>2022P02748</td><td>COLLINS OMNIDE MANGOLI</td><td>0.00</td><td>37,800.00</td><td>2,000.00</td><td>0.00</td><td>35,800.00</td></tr> <tr><td>2022P02749</td><td>MWANGI TEDEK KARUKI</td><td>0.00</td><td>37,800.00</td><td>2,000.00</td><td>0.00</td><td>35,800.00</td></tr> <tr><td>2022P02750</td><td>YOSI AMBELE METHUSSELAH</td><td>0.00</td><td>37,800.00</td><td>0.00</td><td>0.00</td><td>37,800.00</td></tr> <tr><td>2022P02751</td><td>KEMURGORI LORDED</td><td>0.00</td><td>37,800.00</td><td>2,000.00</td><td>0.00</td><td>35,800.00</td></tr> <tr><td>2022P02752</td><td>MURDOGE GITAU DAVID</td><td>0.00</td><td>37,800.00</td><td>0.00</td><td>0.00</td><td>37,800.00</td></tr> <tr><td>2022P02753</td><td>OPONDO OYANGOSTEPHEN</td><td>0.00</td><td>37,800.00</td><td>2,000.00</td><td>0.00</td><td>35,800.00</td></tr> <tr><td>2022P02754</td><td>CHERONO JOAN</td><td>0.00</td><td>37,800.00</td><td>2,000.00</td><td>0.00</td><td>35,800.00</td></tr> <tr><td>2022P02755</td><td>KIPRONO BOAZ</td><td>0.00</td><td>37,800.00</td><td>0.00</td><td>0.00</td><td>37,800.00</td></tr> <tr><td>2022P02756</td><td>EZEKIEL KPHOGENITUR</td><td>0.00</td><td>37,800.00</td><td>2,000.00</td><td>0.00</td><td>35,800.00</td></tr> <tr><td>2022P02757</td><td>LUKE IAN JUMA</td><td>0.00</td><td>37,800.00</td><td>2,000.00</td><td>0.00</td><td>35,800.00</td></tr> <tr><td>2022P02758</td><td>AMBISTER CHEVELUS ODOCKI</td><td>0.00</td><td>37,800.00</td><td>2,000.00</td><td>0.00</td><td>35,800.00</td></tr> <tr><td>2022P02759</td><td>KIPROP BRIAN</td><td>0.00</td><td>37,800.00</td><td>2,000.00</td><td>0.00</td><td>35,800.00</td></tr> <tr><td>2022P02760</td><td>ISMAEL KPTOO</td><td>0.00</td><td>37,800.00</td><td>2,000.00</td><td>0.00</td><td>35,800.00</td></tr> <tr><td>2022P02761</td><td>STICHENI GEORGE KPRUTO</td><td>0.00</td><td>37,800.00</td><td>2,000.00</td><td>0.00</td><td>35,800.00</td></tr> <tr><td>2022P02764</td><td>MURKIN CHELOTI KHEHEKE</td><td>0.00</td><td>56,400.00</td><td>20,000.00</td><td>0.00</td><td>36,400.00</td></tr> <tr><td>2022P02766</td><td>MWA ADANHAJI</td><td>0.00</td><td>56,400.00</td><td>20,000.00</td><td>0.00</td><td>36,400.00</td></tr> <tr><td>2022P02767</td><td>THOMAS NANCY NERI</td><td>0.00</td><td>56,400.00</td><td>37,500.00</td><td>0.00</td><td>18,900.00</td></tr> <tr><td>2022P02775</td><td>KANGOGO GEORGE</td><td>0.00</td><td>37,800.00</td><td>2,000.00</td><td>0.00</td><td>35,800.00</td></tr> <tr><td>2022P02784</td><td>MWANGI MERCY BOKE</td><td>0.00</td><td>37,800.00</td><td>2,000.00</td><td>0.00</td><td>35,800.00</td></tr> <tr><td>2022P02785</td><td>KOCH ABIGAIL KEPTUM</td><td>0.00</td><td>37,800.00</td><td>2,000.00</td><td>0.00</td><td>35,800.00</td></tr> <tr><td>2022P02789</td><td>GACHAGO GEORGE NGUNJI</td><td>0.00</td><td>67,470.00</td><td>36,470.00</td><td>0.00</td><td>31,000.00</td></tr> <tr><td>2022P0383</td><td>HARRISON WAFULA MUSUNGI</td><td>0.00</td><td>56,400.00</td><td>27,400.00</td><td>0.00</td><td>29,000.00</td></tr> <tr><td>TOTAL</td><td>TOTAL</td><td>25,497,361.00</td><td>1,225,180,680.00</td><td>994,814,438.02</td><td>505,274.00</td><td>266,368,880.78</td></tr> </tbody> </table> <p>The provision on doubtful debts totalling to Kshs 13,318,444 not being netted off against gross fees i.e student debtors of Kshs 266,368,880 has been noted and necessary measures will be taken into consideration going forward.</p>	2022P02736	SHARON KEPTOO	0.00	37,800.00	2,000.00	0.00	35,800.00	2022P02738	TIMOTHY KEMBOIGWOTTI	0.00	37,800.00	0.00	0.00	37,800.00	2022P02739	KIPROTICHIPKOSGE TITUS	0.00	37,800.00	0.00	0.00	37,800.00	2022P02740	ROSELINE ATENO	0.00	37,800.00	2,000.00	0.00	35,800.00	2022P02741	DORCAS MATILI	0.00	37,800.00	2,000.00	0.00	35,800.00	2022P02742	JOHNINCATIA WAGAWI	0.00	37,800.00	2,000.00	0.00	35,800.00	2022P02743	KIBWOTI DESMOND	0.00	37,800.00	2,000.00	0.00	35,800.00	2022P02744	MWANGI SAMUEL NDEH	0.00	37,800.00	2,000.00	0.00	35,800.00	2022P02745	LEWIS WAKOD	0.00	37,800.00	2,000.00	0.00	35,800.00	2022P02746	MWANGI SAMUEL EGBON	0.00	37,800.00	2,000.00	0.00	35,800.00	2022P02747	FRUTO KPHENOKI AMOS	0.00	37,800.00	2,000.00	0.00	35,800.00	2022P02748	COLLINS OMNIDE MANGOLI	0.00	37,800.00	2,000.00	0.00	35,800.00	2022P02749	MWANGI TEDEK KARUKI	0.00	37,800.00	2,000.00	0.00	35,800.00	2022P02750	YOSI AMBELE METHUSSELAH	0.00	37,800.00	0.00	0.00	37,800.00	2022P02751	KEMURGORI LORDED	0.00	37,800.00	2,000.00	0.00	35,800.00	2022P02752	MURDOGE GITAU DAVID	0.00	37,800.00	0.00	0.00	37,800.00	2022P02753	OPONDO OYANGOSTEPHEN	0.00	37,800.00	2,000.00	0.00	35,800.00	2022P02754	CHERONO JOAN	0.00	37,800.00	2,000.00	0.00	35,800.00	2022P02755	KIPRONO BOAZ	0.00	37,800.00	0.00	0.00	37,800.00	2022P02756	EZEKIEL KPHOGENITUR	0.00	37,800.00	2,000.00	0.00	35,800.00	2022P02757	LUKE IAN JUMA	0.00	37,800.00	2,000.00	0.00	35,800.00	2022P02758	AMBISTER CHEVELUS ODOCKI	0.00	37,800.00	2,000.00	0.00	35,800.00	2022P02759	KIPROP BRIAN	0.00	37,800.00	2,000.00	0.00	35,800.00	2022P02760	ISMAEL KPTOO	0.00	37,800.00	2,000.00	0.00	35,800.00	2022P02761	STICHENI GEORGE KPRUTO	0.00	37,800.00	2,000.00	0.00	35,800.00	2022P02764	MURKIN CHELOTI KHEHEKE	0.00	56,400.00	20,000.00	0.00	36,400.00	2022P02766	MWA ADANHAJI	0.00	56,400.00	20,000.00	0.00	36,400.00	2022P02767	THOMAS NANCY NERI	0.00	56,400.00	37,500.00	0.00	18,900.00	2022P02775	KANGOGO GEORGE	0.00	37,800.00	2,000.00	0.00	35,800.00	2022P02784	MWANGI MERCY BOKE	0.00	37,800.00	2,000.00	0.00	35,800.00	2022P02785	KOCH ABIGAIL KEPTUM	0.00	37,800.00	2,000.00	0.00	35,800.00	2022P02789	GACHAGO GEORGE NGUNJI	0.00	67,470.00	36,470.00	0.00	31,000.00	2022P0383	HARRISON WAFULA MUSUNGI	0.00	56,400.00	27,400.00	0.00	29,000.00	TOTAL	TOTAL	25,497,361.00	1,225,180,680.00	994,814,438.02	505,274.00	266,368,880.78	Resolved	
2022P02736	SHARON KEPTOO	0.00	37,800.00	2,000.00	0.00	35,800.00																																																																																																																																																																																																																																												
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		<p>On Staff Production Unit Advances of Kshs. 16,958,653, We issue demand letters to debt holders as a reminder to recovering their dues as shown by a sample of a copy of a demand letter below. Upon retirement or resignation of staff with an outstanding debt, we ensure the same is recovered from their terminal dues.</p> <p style="text-align: center;"><b>THE ELDORET NATIONAL POLYTECHNIC INTERNAL MEMO</b></p> <p><b>FROM:</b> THE PRINCIPAL <b>TO:</b> ISAAC LAGAT <b>DATE:</b> 10<sup>th</sup> MAY 2022 <b>REF:</b> TENP/FIN/61/VOL1</p> <p><b>SUBJECT: PRODUCTION UNIT ADVANCES KSH . 123,961/=</b></p> <p>Records held in this office reveal that you have not settle the above mention amount being production unit advance accumulated to date. We therefore notify you to clear the said amount soonest. Thank you. Yours faithfully .  Mr. Charles K. Koech <b>CHIEF PRINCIPAL / SECRETARY GOVERNING COUNCIL.</b></p> <p style="text-align: center;"><b>THE ELDORET NATIONAL POLYTECHNIC INTERNAL MEMO</b></p> <p><b>FROM:</b> THE PRINCIPAL <b>TO:</b> FATHWEL CHIRCHIR <b>DATE:</b> 10<sup>th</sup> MAY 2022 <b>REF:</b> TENP/FIN/61/VOL1</p> <p><b>SUBJECT: PRODUCTION UNIT ADVANCES KSH . 16,900/=</b></p> <p>Records held in this office reveal that you have not settle the above mention amount being production unit advance accumulated to date. We therefore notify you to clear the said amount soonest. Thank you. Yours faithfully .  Mr. Charles K. Koech <b>CHIEF PRINCIPAL / SECRETARY GOVERNING COUNCIL.</b></p>		
2.	Unsupported property, plant and equipment balance	Management Response The polytechnic at the time of audit had a supplier in place contracted to do Assets tagging and upon completion was to prepare	Resolved	

an asset register for the entire assets of the polytechnic evidenced by the attached award letter and contract agreement with the full copy of the agreement being provided in soft copy. As at 30<sup>th</sup> June 2023 TENP has an Asset register in place.

**THE ELDORET NATIONAL POLYTECHNIC**

Tel : +254 717 256 914 / 738 092 126  
Website: www.tenp.ac.ke  
Email : info@tenp.ac.ke



P.O. BOX 4461 - 30100  
ELDORET

OUR REF: TENP/RFP/002 /2022

14<sup>TH</sup> NOVEMBER 2022

ELRONS LIMITED  
P.O BOX 101659-00101,  
NAIROBI.

DEAR Sir/ Madam

**RE: TENP/RFP/002 /2022 AWARD LETTER FOR DEVELOPMENT OF ASSET MANAGEMENT SOFTWARE, TAGGING AND VERIFICATION AT THE ELDORET NATIONAL POLYTECHNIC**

Reference is made to the above and your tender no: **TENP/RFP/002 /2022** submitted on 30<sup>th</sup> September 2022, in response to the above subject.

The process and adjudication of Preliminary and financial evaluation has now been finalized. we are pleased to advise that The Eldoret National Polytechnic has accepted your firm's Bid(s) for the **Development of Asset Management Software, Tagging and Verification** proposed at your quoted amount specified in your offer, at a cost of Kenya shillings, One Million nine hundred and fifty thousand, six hundred and seventy-nine thousand and twenty cents only. **(1,950,679.20)** inclusive of vat subject to the preconditions stated here below.

- 1) The contract for this assignment shall be between The Eldoret National polytechnic and Elrons Limited.
- 2) The Total Amount payable hereabove shall be subject to variation only if the number of assets to be tagged exceeds 100 units and therefore each extra tag will be charged at Kshs 200 per tag (Supply, tagging and uploading to the system) as stated in annex 2.2 summary of costs and elaborated in page 5 of your financial proposal.
- 3) The contract period will be as specified in your RFP.
- 4) The contract detailing all the deliverables to this assignment shall be prepared upon your acceptance of this award letter.
- 5) The service shall be implemented according to the work plan submitted by yourselves, but the date of commencement shall be as agreed by both parties upon signing of contract.



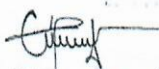
- 6) You shall be bound by the specifications as outlined in the TORs' and the deliverables in the contract.
- 7) The implementation of the service takes effect immediately upon signing of the contract by the two parties.
- 8) Non-performance of the assignment as per requirement may lead to pre-mature termination of the contract and subsequent penalties as per the client's procurement regulations.

The SLA will be drafted by a procurement manager who is to be informed to proceed with the exercise by a copy of this letter.

This letter is submitted in duplicate, please sign and return the duplicate copy to signify receipt and acceptance to undertake the assignment.

We take this opportunity to congratulate your firm for the Bid with the best value for money and look forward to successful delivery of project.

YOURS FAITHFULLY,

  
CHARLES KOECH  
CHIEF PRINCIPAL  
SECRETARY GOVERNING COUNCIL

PRINCIPAL  
THE ELDORET NATIONAL POLYTECHNIC  
P.O. BOX 4461-30100 ELDORET

RECEIVED: CONFIRM ACCEPTANCE OF OFFER

ROBERT ANDRE  
NAME (CAPITALS)

DESIGNATION PROJECTS DIRECTOR.

COMPANY STAMP 





THE ELDORET NATIONAL POLYTECHNIC  
P.O. BOX 4461-30100,  
ELDORET

AND

ELRONS LIMITED

SERVICE LEVEL AGREEMENT FOR DEVELOPMENT OF ASSET  
MANAGEMENT SOFTWARE, TAGGING AND VERIFICATION AT  
THE ELDORET NATIONAL POLYTECHNIC



This agreement, [hereinafter referred to as "the contract"] is entered into this 16<sup>th</sup> day of November 2022;

**Between:**

The Eldoret National Polytechnic a public institution founded with a vision to be the centre of excellence in technological advancement, located along Eldoret Kisumu road next to the Catholic University of East Africa of Post office Box 4461-30100 Eldoret in the Republic of Kenya, (hereinafter called "procuring entity")

And;

Elrons Limited, a Company registered under the Companies Act Chapter 486 of the Laws of Kenya (hereinafter referred to as "the service provider" which expression shall where the context so admits include its assigns and successors) of Post Office Box 101659-0010, Nairobi in the Republic of Kenya, of the other part.

**RECITALS**







**WHEREAS**

1. The polytechnic seeks to engage the service provider for development of asset management software, tagging and verification, and the service provider is willing to provide such services to the polytechnic.
2. The parties have agreed to enter into this agreement subject to the terms and conditions set out in this agreement.
3. For the proper understanding of this agreement, the following documents shall be deemed to form as well as read and construed as part of this agreement:
  - i) The request for proposal documents no **TENP/RFP/002/2022**. Request for proposal for development of asset management software, tagging and verification.
  - ii) Financial proposals submitted by the service provider in the RFP dated 30<sup>th</sup> September 2022.
  - iii) Such schedules, information and certificates as set out in the RFP document.

*Mwani*

2

*RP*

		<p>In witness whereof the duly authorized representatives of The Eldoret National Polytechnic and the service provider have hereunto set their hand the day and year first hereinbefore written.</p> <p><b>THIS CONTRACT IS SIGNED</b></p> <p>IN WITNESS WHEREOF, The Institution and the Contractor execute this Contract in duplicate on the date hereinabove appearing.</p> <p>Sealed with the common seal of</p> <p><b>THE ELDORET NATIONAL POLYTECHNIC</b></p> <p>NAME SIGN DATE</p> <p>By THE CHIEF PRINCIPAL <u>Charles Ruto</u>  16/11/2022</p> <p>In the presence of: <u>Charles Ruto</u>  16/11/2022 PROCUREMENT MANAGER</p> <p><u>Immanuel Njeri</u>  16/11/2022</p> <p>DEPUTY PRINCIPAL ADMINISTRATION</p> <p>Sealed with the common seal of</p> <p><b>ELRONS LIMITED</b></p> <p>NAME SIGN DATE</p> <p>By the director <u>Ruth Andre</u>  16/11/2022</p> <p>In the presence of <u>Chelangat Aaron</u>  16/11/2022</p> <p>18</p> 	
3.	<p><b>Unsupported Trade and other Payables from Exchange Transactions</b></p>	<p>Management Response</p> <p>a) On Constituency Development Fund (CDF) and other Bursaries amounting to Kshs 31,856,484, the revenues had not been distributed to the beneficiaries because of missing student details that had not been submitted by their respective sponsor's i.e admission numbers and the correct names. We have accounted for the same as a liability for monies held but due to third parties the same will be distributed once the student forwards their correct details. A sample of cover letter with sufficient student information is hereby attached as evidence. Those students with a star at the end were not distributed to their accounts</p>	On-going

at the time of receipt because wrong admission numbers were provided.



National Government Constituencies Development Fund Board  
Mt. Elgon Constituency  
P.O. Box 267-50203  
Kapsokwony  
Tel: ..... Cell: +254727625192  
Email: [edf@elgon.gov.ke](mailto:edf@elgon.gov.ke) Website: [www.edf.go.ke](http://www.edf.go.ke)

NG-CDF MT. ELGON

14/05/2022

Eldoret National Polytechnic

Dear Sir/Madam,

**RE: BURSARY CHEQUE NO. 004262 OF KSH 48,000**

Mt. Elgon NG-CDF has the pleasure to award the above cheque in favour of:

NAME	ADM NO	AMOUNT
Fisher Hadavah	2022po8159	8000
Maurice Cheroto	1A/453/23	8000
Kevin Mwangi Wambusi	2020po1477	8000
Miriam Kinogoch	21a/cha/0018	8000
Nekinal Chekerar	2021po4354	8000
Vaisv Charop	1041929	8000
<b>TOTAL</b>		<b>48,000</b>

In return please give him/her an acknowledgment letter

Thank you




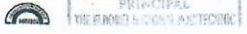
*(Signature)*  
CORNELIUS WAKINYI  
FUND ACCOUNT MANAGER MT. ELGON NG-CDF

b) Unreceipted Bank Deposits amounting to Ksh 23,250,417:

These relate to customers' direct deposits to our bank accounts. The deposit slips had not been presented for receipting as at the close of the financial year; however, the amounts were receipted in the subsequent financial year.

We have accounted for the same as a liability for monies held but due to third parties. The same will be receipted once the respective owners present the banking slips.

Other matters			
1.	<b>Budgetary Control and Performance</b>	The institution received tremendous students' influx than the anticipated number thus leading to increased revenue collection compared to the budget this in turn led to increase in actual expenditure above the budgeted amount due to increase in training	Resolved

<p>2.</p>	<p><b>Revenue From Exchange Transactions- students Capitation</b></p>	<p>cost and Employee cost on trainers.</p> <p><b>Management Response</b></p> <p>Follow-up was made through a letter written to the ministry of education requesting remission of the student capitation in arrears totalling to Kshs 154,730,000 to enable the institution meet its obligations. Attached is a letter to the ministry vide Ref No. TENP/FIN/10/VOL3/106 dated 10<sup>th</sup> January 2023 justifying our effort to recover capitation in arrears.</p> <p style="text-align: center;">  </p> <p style="text-align: center;"> <b>THE ELDORET NATIONAL POLYTECHNIC</b>                  Tel: 0714 871 085/ 0738 092 126                  Website: www.eldoretpolytechnic.ac.ke                  Email : eldoady@afrioonline.co.ke                  P.O BOX :4161-30100                  ELDORET             </p> <p style="text-align: center;">  </p> <p style="text-align: right;">10<sup>th</sup> January, 2023</p> <p>The Principal Secretary,                  Ministry of Education,                  State Department for TVET,                  P O Box 9583-00200,  <b>NAIROBI.</b></p> <p>Dear Madam,</p> <p><b>RE: UNREMITTED STUDENT CAPITATION FOR PREVIOUS YEARS</b></p> <p>We hereby submit a report on the above captioned item.</p> <p>The institution was not fully paid the Student Capitation monies as tabler below.</p> <table border="1" data-bbox="726 1064 1189 1153"> <thead> <tr> <th>S/NO.</th> <th>REPORT</th> <th>No. of students</th> <th>AMOUNT IN Ksh.</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>1<sup>st</sup> Quarter FY 2022/2023</td> <td>10,895@sh.2,500/=</td> <td>27,237,500.00</td> </tr> <tr> <td>1.</td> <td>4<sup>th</sup> Quarter FY 2021/2022</td> <td>10,895@sh.7,500/=</td> <td>81,712,500.00</td> </tr> <tr> <td>2.</td> <td>2<sup>nd</sup> Quarter FY 2019/2020</td> <td>6@sh. 7,500/=</td> <td>45,000.00</td> </tr> <tr> <td>3.</td> <td>3<sup>rd</sup> Quarter FY 2018/2019</td> <td>6,099@sh.7,500/=</td> <td>45,735,000.00</td> </tr> <tr> <td colspan="3"><b>TOTAL</b></td> <td><b>154,730,000.00</b></td> </tr> </tbody> </table> <p>The pending capitation has led to partial implementation of our mandate thus jeopardizing the quality of training. Bills have also remained outstanding which could easily lead to legal suits by the creditors.</p> <p>We look forward for your favorite reply.</p> <p>Thank you.</p> <p style="text-align: center;">   <b>Mr. Charles Kooch</b>  <b>CHIEF PRINCIPAL/SECRETARY GOVERNING COUNCIL</b>   </p>	S/NO.	REPORT	No. of students	AMOUNT IN Ksh.	1.	1 <sup>st</sup> Quarter FY 2022/2023	10,895@sh.2,500/=	27,237,500.00	1.	4 <sup>th</sup> Quarter FY 2021/2022	10,895@sh.7,500/=	81,712,500.00	2.	2 <sup>nd</sup> Quarter FY 2019/2020	6@sh. 7,500/=	45,000.00	3.	3 <sup>rd</sup> Quarter FY 2018/2019	6,099@sh.7,500/=	45,735,000.00	<b>TOTAL</b>			<b>154,730,000.00</b>	<p>On-going</p>
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<p>Unresolved Prior Year Matters</p>																																						
<p>1.</p>	<p><b>Non-Compliance With the One-Third of Basic Salary Rule</b></p>	<p><b>Management response</b></p> <table border="1" data-bbox="678 1601 1268 1915"> <thead> <tr> <th>NAME</th> <th>PF NO</th> <th>MON TH</th> <th>BASIC SALARY</th> <th>NET SALARY</th> <th>PERCENT AGE</th> <th>MANAGEMENT RESPONSE</th> </tr> </thead> <tbody> <tr> <td>JENIPHER CHELAGAT RONO</td> <td>099H00101</td> <td>OCT 2021</td> <td>22369</td> <td>7092.41</td> <td>31</td> <td>This was as a result of bank loan taken by the employee. The situation has been rectified and now in compliance to the 1/3Rule requirement</td> </tr> <tr> <td>SILAS KIPKORIR MOIKUT</td> <td>102H00013</td> <td>OCT 2021</td> <td>13611.4</td> <td>2329.83</td> <td>17</td> <td>This was occasioned by suspension due to absenteeism. The situation was not Envisaged. After</td> </tr> <tr> <td>MELICENT CHELAGAT MAIYO</td> <td>110H00008</td> <td>OCT 2021</td> <td>19325</td> <td>2902.14</td> <td>15</td> <td>The suspension the breach ended. The breach was occasioned by a court Order as evidenced by the document attached.</td> </tr> <tr> <td>ELIJAH KIPKOND KIPCHUMBA</td> <td>2019NG0018</td> <td>OCT 2021</td> <td>6719</td> <td>228.06</td> <td>3</td> <td>This was occasioned by recovery due to absenteeism.</td> </tr> </tbody> </table>	NAME	PF NO	MON TH	BASIC SALARY	NET SALARY	PERCENT AGE	MANAGEMENT RESPONSE	JENIPHER CHELAGAT RONO	099H00101	OCT 2021	22369	7092.41	31	This was as a result of bank loan taken by the employee. The situation has been rectified and now in compliance to the 1/3Rule requirement	SILAS KIPKORIR MOIKUT	102H00013	OCT 2021	13611.4	2329.83	17	This was occasioned by suspension due to absenteeism. The situation was not Envisaged. After	MELICENT CHELAGAT MAIYO	110H00008	OCT 2021	19325	2902.14	15	The suspension the breach ended. The breach was occasioned by a court Order as evidenced by the document attached.	ELIJAH KIPKOND KIPCHUMBA	2019NG0018	OCT 2021	6719	228.06	3	This was occasioned by recovery due to absenteeism.	<p>Resolved</p>
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ROSEMARY WANJIRU KUNGU	102N00014	FEB 2022	24662	7726.17	31	Breach was as a result of loan but the situation has been rectified.												
2.	<b>Non-Compliance With Law and Ethnic Composition</b>	<p>Job applicants who respond to internal and even external job adverts happen to be from the same surrounding ethnic community leaving the institution with no option but to select from the pool of applicants who show interest to the institution. (Applications for various job positions were attached on responses to the audit draft report for your perusal).</p> <p>This problem has been in existence for long since the employees are on Permanent and pensionable terms. It takes retirement and other separation forms for an employee to exit the college. This takes long since majority of the staff are of middle age. This problem cannot be fixed in the short term but Management has committed to address the issue with time.</p>			On-going													
1.	<b>Lack of inventory management policy</b>	We have already developed a draft inventory management policy			Resolve													
2.	<b>Lack of debt management policy</b>	We are still in the process of developing debtor's management policy.			Resolve													

**Mr. Charles K.Koech**



Accounting Officer,  
Secretary, Governing Council

**Date: 18th September, 2023.**



## Appendix II. Projects Implemented by The Eldoret National Polytechnic

In the financial year 2022/2023 the Eldoret National polytechnic did not receive a development grant hence there was no project undertaken by the institution during the year of audit.

## Appendix III: Inter-Entity Transfers


During the year of audit ending 30<sup>th</sup> June 2023 the polytechnic received ~~no~~ development grants from the ministry and recurrent grants were neither received the only amount remitted from the ministry were the student capitation this therefore led to no inter-entity transfers during the year under review except for student capitation.

Student capitations were the only inter-entity transfers within the year received from the Ministry of Education as shown by the attached schedule below.

Confirmation of amounts received by The Eldoret National Polytechnic as at 30 <sup>th</sup> June 2023								
Reference Number	Date Disbursed	Amounts Disbursed by [MOE, State Dept TVET] (Kshs) as at 30th June 2023				Amount Received (KShs) as at 30 <sup>th</sup> June 2023 (E)	Difference (KShs) (F)=(D-E)	
		Recurrent (A)	Development (B)	Inter-Ministerial	Total (D)=(A+B+C)			
1	26 <sup>th</sup> Oct, 2022	54,495,000.00	0	0	54,495,000.00	54,495,000.00	0	
2	26 <sup>th</sup> Jan, 2023	77,184,000.00	0	0	77,184,000.00	77,184,000.00	0	
3	2 <sup>nd</sup> May 2023	0	25,000,000.00	0	25,000,000.00	25,000,000.00	0	
4	26 <sup>th</sup> June, 2023	77,184,000.00	0	0	77,184,000.00	77,184,000.00	0	
Total		208,863,000.00	25,000,000.00	0	233,863,000.00	233,863,000.00	0	

In confirm that the amounts shown above are correct as of the date indicated.

**Head of Accountants department of beneficiary Entity:**

Name: CPA Richard K. Sang      Sign:       Date: 15<sup>th</sup> September, 2023

## APPENDIX V: Council Members Information at the National Treasury Budget Portal

Sl. No.	Establishment	Title	Appointing Authority	Nationality	ID/Passport No	Salutation	Surname	First name	Other names	Gender	DOB	DOA	Contract Period	Appointment End Date	Serving Term
1	Chairman	Substantive Director	CS - Ministry of Education	Kenyan	8714449	Prof.	Sitati	Simiyu	Stanley	Male	09/01/1963	09/02/2022	3	6/6/2023	First Term
2	The National Treasury	Alternate Director	CS - The National Treasury and Planning	Kenyan	219884436	Mr.	Mugo	Patrick	N/A	Male	01/01/1980	07/01/2022	3	07/01/2025	First Term
3	PS Line Ministry	Alternate Director	CS - Ministry of Education	Kenyan	9999950	Mr.	Makasi	Risper	Nyongesa	Female	12/12/1973	1/5/2023	3	1/5/2026	First Term
4	Independent Directors	Substantive Director	CS - Ministry of Education	Kenyan	21761291	Ms.	Tomno	Christine	Jepchirchir	Female	01/01/1979	29/07/2022	3	29/07/2025	First Term
5	Independent Directors	Substantive Director	CS - Ministry of Education	Kenyan	11088449	Dr.	Obudho	Omondi	Samuel	Male	01/04/1972	09/02/2022	3	09/02/2025	First Term
6	Independent Directors	Substantive Director		Kenyan	8715776	Dr.	Murgor	Paul	Kimutai	Male	05/11/1965	29/07/2022	3	29/07/2025	Second Term
7	Independent Directors	Substantive Director	CS - Ministry of Education	Kenyan	22330784	Mr.	David	Antonio	Musyoka	Male	01/01/1981	09/02/2022	3	09/02/2025	First Term
8	Independent Directors	Substantive Director	CS - Ministry of Education	Kenyan	2807999	Ms.	Wangari	Veronica		Female	01/01/1990	09/02/2022	3	09/02/2025	First Term
9	Co-opted Members	Substantive Director	CS - Ministry of Education	Kenyan	12748404	Mr.	Koech	Charles	Kipkirui	Male	22/02/1974	09/02/2022	3	09/02/2025	First Term

## APPENDIX VI: Approved fees structure



**MINISTRY OF EDUCATION**  
**State Department of Vocational and Technical Training**  
**Office of the Principal Secretary**

Telephone: +254-020-3218681  
Email: [ps@education.go.ke](mailto:ps@education.go.ke) [ps2015@gmail.com](mailto:ps2015@gmail.com)  
Website: [www.education.go.ke](http://www.education.go.ke)  
When replying please quote

JOGOO HOUSE 78  
HARAMBEE AVENUE  
P.O. Box 9583 - 00200  
NAIROBI

Ref. No. MOEST/VTT/2/12 Vol. II(6)

21<sup>st</sup> June, 2018

**All Principals:**

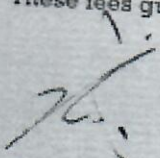
National Polytechnics  
Technical Training Institutes  
Institutes of Technology  
Technical Vocational Colleges

**DIRECTIVE ON THE TRAINING FEES LEVIED IN ALL PUBLIC TVET INSTITUTIONS**

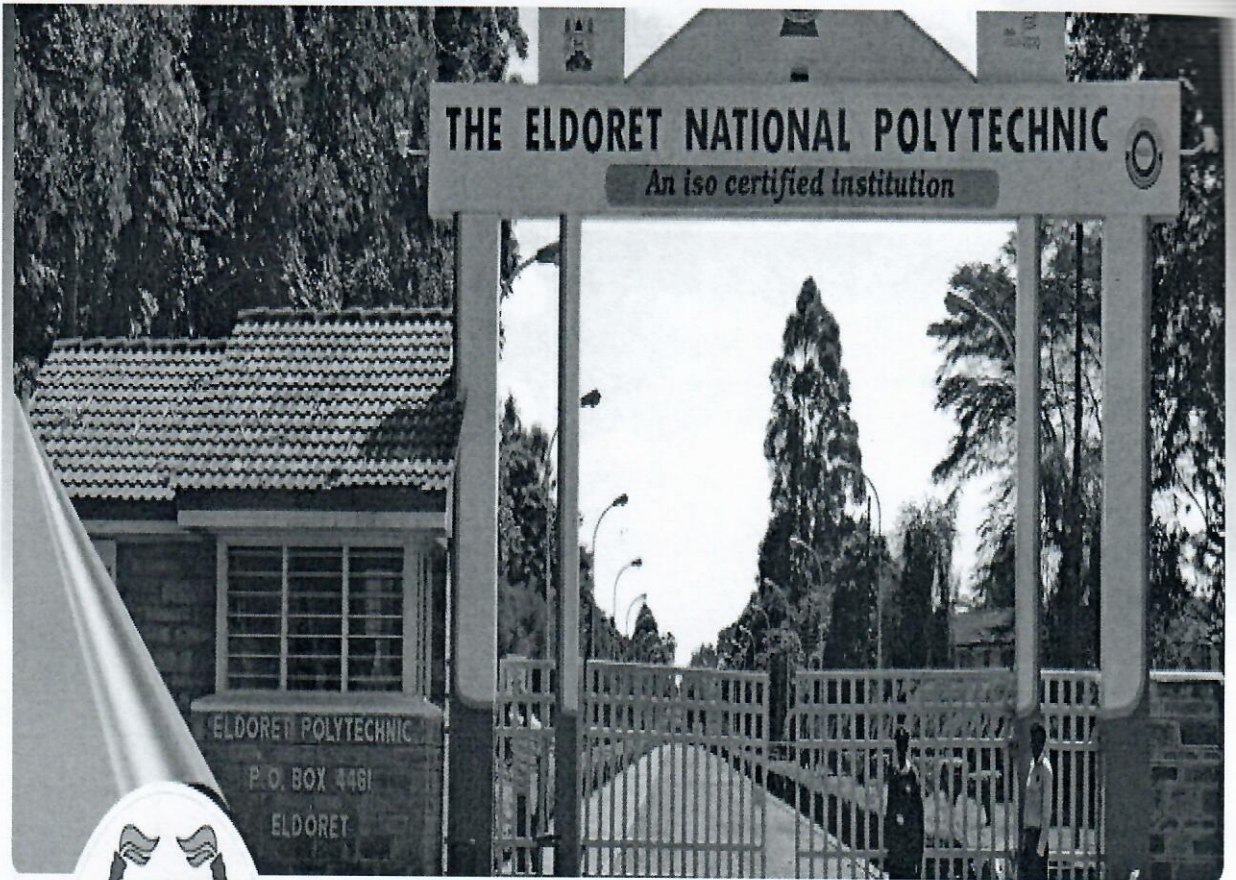
The Ministry of Education-State Department for Vocational and Technical Training is currently implementing reforms that are aimed at increasing access and equity in TVET training across the country. In view of the foregoing the Ministry has developed the following fees guidelines:

1. The total fees chargeable in all public TVET institutions shall not exceed *Kenya shillings fifty six thousand, four hundred and twenty only (Ksh. 56,420)* per trainee per year. The breakdown of this amount is as follows:
  - (a) *Kenya shillings thirty thousand only (Ksh. 30,000)* portion shall be disbursed directly to the institution as capitation by the Ministry.
  - (b) *Kenya shillings twenty six thousand's four hundred and twenty (Ksh. 26,420)* portion shall be paid directly by the parents to the institution, or HELB if the student is eligible for the loan.
2. The following trainees in public TVET institutions shall not benefit from the Ksh. 30,000 capitation by the Ministry:
  - (a) Trainees who have completed paying school fees

- (b) Trainees in public TVET who are on sponsorship from NYS, AIDB (disengaged youth), County Governments, CDF and any other sponsorship.
- (c) Trainees whose names will not have been forwarded to the Ministry through Kenya Universities and Colleges Central Placement Services (KUCCPS).
3. All new and continuing trainees who are on HELB loans and those who have challenges in paying fees shall benefit from capitation.
  4. Principals of all public TVET institutions should ensure all trainees in No. 3 above are registered through KUCCPS with a copy to the Ministry for information and record keeping.
  5. KUCCPS will then forward the lists of registered trainees of individual institutions to the Ministry to be used in disbursement of the Capitation Funds.
  6. These fees guidelines shall apply with effect from 1<sup>st</sup> of July, 2018.

  
Kevit Desai, PhD, MBS  
PRINCIPAL SECRETARY

APPENDIX VII: TENP Main Gate



## The Eldoret National Polytechnic - TENP

21K likes • 24K followers



**APPENDIX VIII: A Trainee during a practical lesson in an Engineering workshop**

