

REPUBLIC OF KENYA

OAG



OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability



REPORT

OF

THE AUDITOR-GENERAL

ON

KISUMU NATIONAL POLYTECHNIC

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



TECHNICAL AND VOCATIONAL EDUCATION TRAINING (TVET),

THE KISUMU NATIONAL POLYTECHNIC

ANNUAL REPORT AND FINANCIAL STATEMENTS

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

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

THE KISUMU NATIONAL POLYTECHNIC
Annual Report and Financial Statements for the year ended 30th June 2022

THE KISUMU NATIONAL POLYTECHNIC
Annual Report and Financial Statements for the year ended 30th June 2022

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I. Key Entity Information and Management

(a) Background information

The Institution was started in 1967 as a Technical Secondary School. The first batch of students was admitted at Sigalagala Technical and Trade School while they awaited the completion of the school at Kisumu. Then the Minister for Education, Dr. TaitaTowett officially opened the school in 1971.

In 1986, the institution became a Technical Training Institute. This was the time, when the philosophy of Education was to facilitate Social and Economic development of rural areas. The aim of this was to produce practical oriented human resource, competent in application of technical skills. This was the time when the 8.4.4. Curriculum of Education and training in Kenya was being implemented. Institutions at such levels were therefore required to cater for the needed technical skills.

In 1996, the institution became a Polytechnic and was inaugurated on 21st June 1997 by His Excellency the late President, Hon. Daniel Toroitich Arap Moi.

This gave rise to a new legal entity/ institution with the mandate to provide training, conduct research and offer consultancy as per the Legal Notice No. 113 of 22nd August 2014. A Council is its governing body and responsible for providing leadership and strategic direction. The Polytechnic management is headed by a Chief Principal who reports directly to the Council.

The Kisumu National Polytechnic has 12 (Twelve) academic departments and 11 (Eleven) non-academic departments.

Mandate

The Polytechnic is mandated to offer courses at Certificate, Diploma and Higher Diploma levels in various disciplines. The Polytechnic mainly produces middle level human resources that are well equipped with technical and business skills required in industry, informal sector and service sectors. The institution produces technicians and technologists who are expected to play a major role towards the attainment of the Kenya's Vision 2030.

The current Strategic Plan (2020–2024) has envisaged the development and implementation of technology degrees that will be offered in collaboration with existing recognized Universities.

Vision

To be a world class polytechnic in the provision of technical, vocational, entrepreneurship training and research.

Mission

To provide high quality technical, vocational, entrepreneurship training, research and innovation in partnership with stakeholders to produce globally competitive graduates

Core Values

Teamwork

Integrity
Quality
Innovation
Environmental Stewardship
Motto
Industry Succeeds

Quality Policy

As an ISO certified institution, The Kisumu National Polytechnic is committed to providing affordable, accessible, sustainable and quality training by ensuring our services are effective and efficient and meet the customer needs and expectations. The Kisumu National Polytechnic is committed to complying with requirements of ISO 9001:2015 Quality Management Systems. To achieve this, the polytechnic has established Quality Objectives which shall be reviewed from time to time for continuous improvement.

The key Quality Objectives seek to: -

- i. Achieve and maintain a level of quality training which enhance the institutions' reputation with customers.
- ii. Ensure compliance with the TVET Act 2013 and other relevant statutory and safety requirements.
- iii. Endeavour to always maximize customer satisfaction with services provided by The Kisumu National Polytechnic.

(b) Principal Activities

The principal activities of the National Polytechnic shall be to:

- Provide directly, or in collaboration with other institutions of higher learning, facilities for technical trainers in technological, professional, scientific education;
- 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;
- Contribute to industrial and technological development of Kenya in collaboration with industry and other organizations through transfer of technology;
- Examine and make proposals for new diploma courses and subjects of study, institutes, departments, resource and research and innovation;
- Promote and establish a culture of innovation in engineering and technology, and technology transfer amongst staff and students;
- 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;

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- Provide a multi-level system of post-secondary school education and training programmes relevant to the needs of the community covering a wide range of fields and levels with provision for recognition of prior learning and flexibility of transition between programmes;
- Provide high quality educational, research, residential, commercial, cultural, social, recreational, sporting and other facilities;
- 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;
- Promote critical enquiry within the polytechnic and in the general community;
- Participate in commercial ventures and activities;
- Foster the general welfare of all staff and students;
- Provide opportunities for development and further training for staff of the National Polytechnic;
- Develop and provide educational, cultural, professional technical and vocational services to the community and in particular the fostering of corporate social responsibility;
- Provide programmes, products and services in ways that reflect the principles of equity and social justice;
- Facilitate student mobility between different programmes at different technical training institutions, and other National Polytechnics;
- Conduct examinations for and grant such academic awards as provided under this Order;
- Collaborate with recognized universities for the conduct and award of degree programmes in technology;
- 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.
- Subject to this Order, the National Polytechnic may award scholarships, bursaries and prizes and make other awards which may be provided for by the Academic Policy.

(c) Key Leadership and Management

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

- i. Governing Council
- ii. Accounting officer/Principal
- iii. Principal's Management Committee
- iv. Heads of Department

(d) Fiduciary Management

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

No.	Name	Designation
1.	Catherine K.Kelonye	Chief Principal
2.	William Opondo	Deputy Principal Administration
3	Rosemary Osewe	Deputy Principal Academics
4	Dr. Daniel Aoyi	Dean of Students
5	Rose Boke	Registrar Administration
6	Fellystas Ajwang	Registrar Academics
7	CPA Paul Maher	Finance Manager
8	Milton Obote Omollo	Supply Chain Manager
9	Maurice Ominde	Human Resource Manager
10	CPA Barrack Oluoch	Internal Auditor
11	Dr.Charles Nyangara Asaka	EASTRIP Centre Director

(e) Fiduciary Oversight Arrangements

Council Committees	Members	Position
Finance, Infrastructure and Procurement (FIP) Committee	Alex Kazongo	Committee Chair
	David Yatich Kipkemei	Member
	Rajeev Arora	Member
	Geoffrey Kibanda	Member
Audit, Risk and Compliance (ARC) Committee	Nelson Otieno Aloys	Committee Chair
	David Yatich Kipkemei	Member
	Roseline Odede	Member
	Geoffrey Kibanda	Member
Education, Research and Training Committee	Lilian Mainye	Committee Chair
	Roseline Odede	Member
	David Yatich Kipkemei	Member
Human Resource, ICT and Resource Mobilization	Roseline Odede	Committee Chair
	Alex Kazongo	Member
	Lilian Mainye	Member

Key Entity Information and Management (Continued)

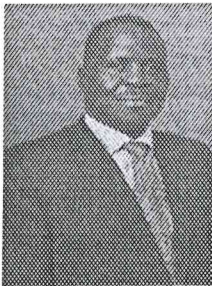
- (f) **Entity Headquarters**
P.O. Box 143-40100
Technology Road
Kisumu, KENYA
- (g) **Contacts**
Telephone :(+254) 0723446773
E-mail: info@kisumupoly.ac.ke
Website: www.kisumupoly.ac.ke
- (h) **Bankers**
- Co-operative Bank**
Kampala Street
P.O. Box 1511-40100
Kisumu, Kenya
- Absa Bank Kenya PLC**
Oginga Odinga Street
P. O. Box 831- 40100
Kisumu Kenya
- Equity Bank Limited**
Oginga Odinga Street
P. O. Box 1763- 40100
Kisumu Kenya
- KCB Limited**
P.O. Box 17 Kisumu
City/Town: Kisumu
Tel: +254-57-2023307/16, 23307/16
Email Address:info@kcbgroup.com
Website:ke.kcbgroup.com
- (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

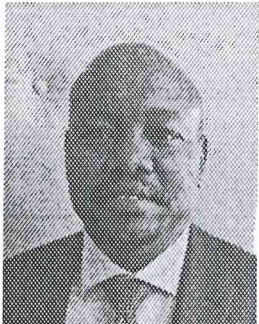
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Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

II. The Governing Council

No. Member Details

1.  Eng. Meshack Kidenda,
MBS, HSC, FIEK, RCE –
CHAIRMAN
Date of Birth: June, 1956

Engineer Kidenda is a highly experienced registered Consulting Engineer, a Fellow of the Institution of Engineers of Kenya and an Associate Member of the Chartered Institute of Arbitrators. He holds a BSc. degree in Civil Engineering from the University of Nairobi and a MSc. in Traffic Engineering from University of Birmingham. Eng. Kidenda's vast experience in Public Service spans well over 37 years where he has served in various capacities including as Chief Engineer (Roads), Director of Industrial Training and as the first Director General of the Kenya National Highways Authority – KeNHA. Eng. Kidenda also serves as a board member at the National Transport and Safety Authority(NTSA
2.  David Yatich Kipkemel
MEMBER
Date of Birth: November 1969

David Yatich Kipkemei is a long serving career civil servant with a vast experience of over 25 in public administration. He currently represents The Principal Secretary State Department for Vocational and Technical Training. He holds a Masters in Rural Sociology and Community Development.
3.  Geoffrey Kibanda
MEMBER
Date of Birth: 1967

Mr. Geoffrey Kibanda serves at the National Treasury, Pensions Departments and represents the Principal Secretary to the National Treasury. He has vast experience in personnel and HR issues and holds a Master of Business Administration (HR).



CPA Nelson Aloys
MEMBER
Retired on 24 May 2022
Date of birth: October, 1956

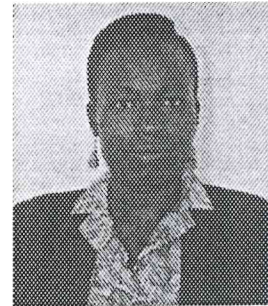
4.

Mr. Nelson O. Aloys is a CPA (K) with years of experience in the insurance and vast corporate sector. He holds a BSc in Business Administration, an MBA in Management Information Systems and an MSc, Development Finance. He is also a director at Waumini Insurance brokers. Nelson is actively involved in youth empowerment and development activities.

Lilian Mainye,
MEMBER
Date of birth: February, 1974

5.

Ms. Lilian Mainye is a seasoned HR professional with a Bachelor of Arts in Geography & Sociology (University of Nairobi), a Higher National Diploma In HRM, a Diploma HRM and she is an active Member of IHRM. She is HR professional with over 15 years' vast experience in the hospitality and telecommunication sector.



CPA Alex Kazongo,
MEMBER
Date of birth: April, 1965

6.

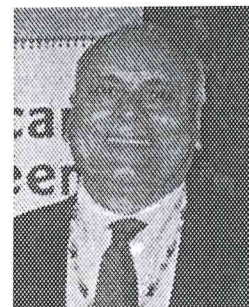
Mr. Alex Kazongo has a wealth of experience in public service, corporate governance and financial management having served as a board member in several high profile state corporations and listed companies for cumulative 20 years.

Alex holds Bachelor of Commerce (University of Nairobi), MBA (United States International University), CPA (K) and Management Development (University of Cape Town). Mr. Kazongo is a seasoned member of the Institute of Certified Public Accountants of Kenya (ICPAK) and the Institute of Directors (IOD) Alex also serves as Board Chairman of Mawego Technical Training Institute.

Rajeer Arora,
MEMBER
Date of Birth: October, 1951

7.

Mr. Rajeer Arora is a Specialist in Advocacy, Investment, Trade Promotion, Industrial Parks and Development cluster with a Hons in Agriculture and Economics. Mr. Arora is The



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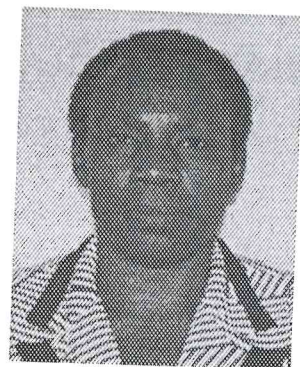
Technical Centre for Agricultural and Rural Cooperation's (CTA) Value Chain Advisor to the Cabinet Secretary and Ministry of Industry, Trade and Cooperative. He served as the Executive Director African Cotton & Textile Industries Federation (ACTIF). Mr. Arora has over 36 years of experience in managing 100 per cent export-oriented facilities, and overseeing vertically. He has experience consulting for 24 African countries as well as 4 Asian countries, including Bangladesh, Hong-Kong, India, Kenya, Tanzania, USA and Zambia in developing integrated manufacturing in apparels and working with government institutions for conducive policy development for investment and trade.



Roseline Odede
MCIARB, MIACP, LL.M., LLB.
MEMBER
Date of birth: March, 1967

8. Hon. Roseline Odede, the Chairperson of the Kenya National Commission on Human Rights (KNCHR) is an Advocate of the High Court of Kenya with over twenty five years' experience in private legal practice and strategic leadership in various professional organizations. She currently practices as a Certified Professional Mediator and an Independent Legal Consultant. Ms. Roseline is a member of the African Union Commission Panel of Experts, has been a Council member of Law Society of Kenya, East Africa Law Society and Commonwealth Lawyers Association. She has also served on the Council of Legal Education, as Vice Chairperson of the Judges and Magistrates Vetting Board Kenya, and is currently a Council Member of FIDA(K). She is also the Honorary Legal Counsel for the Kenya Medical Association Eldoret. Ms Odede holds a Master's degree in Law, from Witwatersrand University, South Africa, and a LLB degree from the University of Nairobi. She is a Member of the Chartered Institute of Arbitrators, and a certified mediator.

Prof. Eng. Bernadette Sabuni
MEMBER
Date of Birth: 1964



9. Prof. Sabuni holds a PhD in Disaster Preparedness and Engineering Management and BSc in Civil Engineering. She is Registered by Engineers Board of Kenya and a member of Institution of Engineers of Kenya. She is a member of the Association of Disaster Management and Conflict Resolution of Kenya and a member of Association of African Women in Science and Engineering (AWSE). She has vast experience of over ten years as a lecturer at Masinde Muliro University of Science and Technology (MMUST) and is currently serving as the Dean, School of Engineering

and Built Environment. Prof. Sabuni has also served Chairperson of Civil and Structural Engineering Department, Quality Assurance Director, Acting Deputy Vice Chancellor; Academic and Student Affairs at MMUST. She is a trained Lead Quality Auditor and continues to do monitoring and evaluation of processes at MMUST. She is serving her second term as Trustee member of the MMUST Staff Retirement Benefits Scheme.



Catherine Kelonye,
CHIEF PRINCIPAL/COUNCIL SECRETARY
Date of birth: September 1966

10.

Mrs. Catherine K. Kelonye is the Secretary to the Council and the Chief Principal of The Kisumu National Polytechnic. She holds a Masters degree in Education - Curriculum and Instruction and Bachelor of Education Science (Applied Science & Mathematics). She is an educationist with vast experience as a trainer across basic and tertiary education sectors. She served at Sigalagala National Polytechnic from 2010 to September 2020 when she was deployed to The Kisumu National Polytechnic as the Chief Principal. She is a member of KENET board of trustees.

III. Management Team



**Catherine K. Kelonye
Chief Principal**



**William Opondo
Deputy Principal
Administration**



**Rosemary Osewe
Deputy Principal
Academics**



**Dr. Daniel Aoyi
Dean of Students**



**Rose Boke
Registrar Administration**



**Fellystas Ajwang
Registrar Academics**



**CPA Paul Maher
Finance Manager**



**Milton Obote Omollo
Supply Chain Manager**



**CPA Barrack Oluoch
Internal Auditor**



**Dr. Charles Nyangara Asaka
EASTRIP Centre Director**

IV. Chairman's Statement

On behalf of The Kisumu National Polytechnic Governing Council, I am pleased to present to you the Annual Report and Financial Statements for the Fiscal Year ended June 30, 2022

TKNP started out the Fiscal Year with a solid financial performance but, in common with organizations the world over, our performance was affected by post - COVID-19 challenges and its adverse impact on economies. Despite the pandemic, TKNP remained resilient, and continued with its operations.

The demand for middle level education continued to grow in Kenya in the year 2021/2022. The number of KCSE candidates who attained a mean grade of C and below eligible for enrolment in tertiary education stood at 852,159 in the year 2020 and 676,437 in the year 2021. This drop in students' population was attributed to COVID – 19 pandemic out-break.

The trend of more students sitting for KCSE is expected to continue rising with continued free primary education and free tuition for secondary schools by the Government. The Polytechnic remains committed to playing a vital role in tertiary education by providing high quality education as enshrined in her vision.

In response to this growing demand for TVET education, the Polytechnic adopted an online teaching and learning as a means of coping with large student population and to ensure continuity of learning even during the post Covid-19 pandemic challenges. Additionally, the council recruited one hundred and seven (107) Council Trainers to supplement the overstretched in post of 156 Public Service Commission Trainers.

The Polytechnic funded the improvement of infrastructure by laying of cabro works of 2,652 square metres on internal walk ways and pavements; completion of the painting and tiling of classrooms, the kitchen and dining hall, washrooms and the hostels. In addition, to address security concerns, CCTV cameras have been installed at strategic locations; construction of modern polytechnic gate and extension of the perimeter wall up to 80% completion level.

Additionally, there has been an ongoing capacity building sponsored by the governing council for both teaching and non-teaching staff. Today we boast of a more vibrant and cohesive staff whose total number stands at three ninety-five (395) staff members.

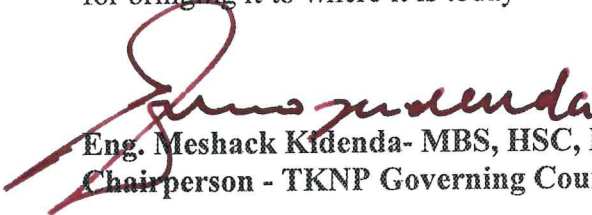
The Polytechnic has partnered with the World Bank through a five-year initiative East Africa Skills for Transformation and Regional Integration Project (EASTRIP) whose objective is to 'To increase access and improve the quality of TVET programs in selected TVET Centres of Excellence and to support regional integration', implemented across three East African countries of Kenya, Ethiopia, and Tanzania. The project is at its 4th year and the construction of tuition and administration block, learning factory and hostel are at 37.5% completion rate.

Finally, anticipated government capitation equivalent of KES 70,000,000 million was not received during the year under review. This impacted negatively on our income. Going forward, the

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polytechnic has established and operationalized Income Generating unit (IGU) which is expected to compliment reducing government capitation.

The Kisumu National Polytechnic community is eternally grateful to God, and all its benefactors for bringing it to where it is today


Eng. Meshack Kidenda- MBS, HSC, FIEK, RCE
Chairperson - TKNP Governing Council

V. Report of the Principal



It is my great pleasure to present to you the Kisumu National Polytechnic Annual Report and Financial Statements for the year ended 30th June 2022. The Kisumu National Polytechnic has once again registered another year of sound financial performance despite the challenges associated with reduction of government funding (capitation) which affected our operations to a great extent. That notwithstanding, the Polytechnic continues to offer great opportunities for the youth of Kenya towards the attainment of its vision to be a world class polytechnic in the provision of technical, vocational, entrepreneurial training and research.

The Kisumu National Polytechnic is a vibrant institution, with a total enrolment of ten thousand and forty-one (10,041) trainees of which six thousand and eighty-eight (6088) are male and three thousand nine hundred and fifty-three (3953) are female. The number of students enrolled in Science, Engineering and Technology (SET) Courses consist of eight thousand one hundred and fifty-six (8,156) of which two thousand nine hundred and sixty-two (2,962) are female and five thousand one hundred ninety-four (5,194) are male.

The in-post staff establishment of the Kisumu National Polytechnic is three ninety-five (395) consisting of one hundred and seven (107) council trainers, one hundred and fifty-four (154) public service commission trainers, ninety-eight (98) non-teaching staff, fourteen (14) contract staff and eighteen (18) interns. TKNP during the year undertook capacity building for its staff by sponsoring seventy-two (72) members of staff on diverse trainings, exchange programs and industrial attachments at a cost of twenty-two million three hundred and ninety-seven six hundred and five thousand shilling (KES 22,397,605). In these engagements, the various organizations and bodies included Kenya School of Government (KSG); Institute of Certified Public Accountants of Kenya (ICPAK); Eastern and Southern African Management Institute (ESAMI); Technical Training Institutions (KATTI); Institute of Human Resource Management (IHRM); National Council of People with Disabilities (NCPWDs); Kenya National Secretaries Association (KENASA); and The Kenya Education for Employment Program (KEFEP).

In order to address limited connectivity, the polytechnic increased access to wi-fi connectivity infrastructure to accommodate five thousand (5,000) users up from two thousand five hundred (2,500) users at a cost of KES 2.8 million. Additionally, TKNP continues to update its assets register in line with the treasury requirements.

To address security concerns, The TKNP Council constructed a modern Gate, enhanced internal road network and walkways and undertook institutional landscaping. Further, the polytechnic extended the construction of the perimeter wall by 200 metres to stand at 3,099 metres.

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TKNP established an Internal Quality Assurance office and carried out a successful QMS ISO 9001:2015 surveillance and internal audits for continual improvement of Polytechnic processes which guide in providing products that meet customer requirements and applicable regulatory requirements.

TKNP participates in the annual government performance contracting exercise which is a viable and important tool for improving institutional performance and a key element in the on-going public sector transformation strategy for achieving the Kenya's long-term development goals. Indeed, through the engagement in the performance contracting exercise, we have continued to gain significant strides in financial discipline and stewardship; core mandate of teaching, research and innovation; and cross cutting issues including disability mainstreaming, Gender mainstreaming, competence development among others. Other activities and projects undertaken during the financial year 2021 – 2022 are as tabulated below:

	Project	Total Expenditure	Percentage (%) Completion	Budget	Sources of Funds
1	TKNP Gate	4,363,257	100	4,600,000	A-in-A
2	Landscaping	4,937,010	100	5,000,000	A-in-A
3	Internal road network and walkways	18,530,759	100	19,000,000	A-in-A
4	Perimeter Wall	4,680,518.8	98	4,700,000	A-in-A
5	Access Road	14,718,138	100	16,000,00	A-in-A

In conclusion, I take this opportunity to express my sincere gratitude to our stakeholders; the Ministry of Education, The National Treasury and development partners for their role in helping TKNP achieve her mandate through policy and budgetary support. On behalf of the entire Management and staff, I wish to thank the Chairperson and the entire Governing Council, for their continued support, visionary leadership and guidance they provided to the management team throughout the year. I also wish to recognize the role played by our customers, parents and sponsors, who continue to support our various initiatives and take up our various product offerings. They remain a crucial stakeholder without whom TKNP would not have achieved her set objectives and financial goals.

On behalf of the Governing Council and Management of TKNP, I take this opportunity to congratulate TKNP staff for delivering this year's good results and enabling the polytechnic to remain on course in delivering quality services. It is through your tireless efforts and commitment that TKNP has been able to record this remarkable performance even in the face of the operational and administrative challenges brought about by COVID-19 and dwindling financial resource allocation. Now that this disease is still with us, I urge you to strictly observe the preventive guidelines from the Ministry of Health and WHO at all times to flatten the curve of this global

pandemic and operationalize the Income generating Unit to supplement reduced government capitation.

I look forward to your continued support as we move to make TKNP an institution that will positively transform the lives of our people.

Thank you and God Bless



Catherine K. Kelonye (Mrs.)
Chief Principal – The Kisumu National Polytechnic

VI. Statement of Performance against Predetermined Objectives

The Kisumu National Polytechnic has five strategic change objectives within current Strategic Plan for the FY 2020 - FY 2024. These strategic Change objectives are as follows:

Strategic Change Objective 1: To enhance access, flexibility, and responsiveness to quality TVET training to meet the changing training needs of the trainees and the community.

Strategic Change Objective 2: Strengthen mobilization and management of resources for financial sustainability

Strategic Change Objective 3: Provide the necessary human, financial, physical, and technological resources to position TKNP as a Centre of excellence

Strategic Change Objective 4: Foster partnerships with the local and global communities to promote quality in Research, innovations development and strategic partnerships

Strategic Change Objective 5: Promote an institutional culture that values gender inclusivity and environmental sustainability

The Kisumu National Polytechnic develops its annual work plans based on the above 5 strategic change objectives. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The polytechnic achieved its performance targets set for the FY 2021/22 period for its 5 strategic change objectives, as indicated in the diagram below:

Strategic Change Objective	Objective	Key Performance Indicators	Activities	Achievements
1. To enhance access, flexibility, and responsiveness to quality TVET training to meet the changing training needs of the trainees and the community.	1.1 Develop and implement market driven Competency Based Education and Training (CBET) Programmes	<ul style="list-style-type: none"> No of CBET Programmes developed/ adapted No of CBET Programmes launched. 	<ul style="list-style-type: none"> Conduct labour market information (LMI) survey. Develop/ Adapt Occupational standards and CBET curricula. 3.Implement CBET curricula 	<ul style="list-style-type: none"> One LMI survey conducted. 13 CBET programmes developed 13 Occupational standards developed 8 CBET programmes offered.
	1.2 Expand opportunities for electronic access to instructional delivery	<ul style="list-style-type: none"> No of students attending ODEL courses. No of ODEF courses offered 	<ul style="list-style-type: none"> Develop ODEL Policy. Develop e-learning platform Train staff on E Learning delivery. Offer ODEL Courses. 	<ul style="list-style-type: none"> eLearning platform in place 6 staff trained of ODEL 5 course units provided through ODEL

	1.3 Enhance customer satisfaction	<ul style="list-style-type: none"> • Time taken for registration by a trainee during term opening. • No of girls and PWD enrolled in STEM courses • No of peer counsellors 	<ul style="list-style-type: none"> • Install digital registration in the polytechnics MIS. • Launch a scholarship targeting girls and PWD in STEM courses. 3. Start a career office. • Train peer counselling • 5. Digitization of students records 	<ul style="list-style-type: none"> • Improved trainee registration turnaround time. • Career office in place. • Service Charter
	1.4 Advance trainee success through a focus on the achievement of learning outcomes.	<ul style="list-style-type: none"> • Trainee industrial attendance rates • Examination pass rate • Course completion rates. • Employment rates • Articulation rates 	<ul style="list-style-type: none"> • 1. Conduct Awareness and Mentorships for students. • 2. Engage industry for students' attachment programmes. • 3. Sign performance appraisals with staff 	<ul style="list-style-type: none"> • 1. improved attendance by 10% • 2. Mean syllabus coverage rate increased to 95%. • 3. Trainee Industrial Attachment • 4. Pass rates increased by 7%
2. Strengthen mobilization and management of resources for financial sustainability	2.1 Improve and diversify revenue base	<ul style="list-style-type: none"> • Revenue base • No of income sources. • Operational costs 	1. Conduct IGA 2. Strengthen revenue collection system. 3. Establish	1. 3 key IGA systems established 2. IGA policy in place
	2.2 Leverage technology to streamline administrative processes	<ul style="list-style-type: none"> • No of students attending ODEL courses. • No of ODEF courses offered 	1. Strength Management system 2. Improve system security	1. ABNO system installed.
3. Provide the necessary human, financial, physical, and technological resources	3.1 Strengthen staff capacity	<ul style="list-style-type: none"> • No of staff who have attended trainings. • No of courses staff have been trained in. • Operational Training plan 	<ul style="list-style-type: none"> • 1. Conduct Training Needs Assessment (TNA) survey. • 2. Conduct seminars and workshops for staff. • 3. Sponsor staff for training and conferences. 	<ul style="list-style-type: none"> • 1. One TNA conducted • 2. 10 seminars and workshops held • 3. 135 staff sponsored for professional

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Annual Report and Financial Statements for the year ended 30th June 2022

to position TKNP as a Centre of excellence		<ul style="list-style-type: none"> • Training Needs Assessment report 		trainings and conferences
	3.2 Improve work environment	<ul style="list-style-type: none"> • Review Human Resource (HR) Management Policies and Procedures. • Conduct job evaluation and job reviews • Conduct employee satisfaction surveys 	<ul style="list-style-type: none"> • 1. Human Resource Management Policies and Procedures. • 2. Conduct job evaluation and job reviews • 3. Conduct employee satisfaction surveys 	<ul style="list-style-type: none"> • HR Policies and procedures reviewed • Employee satisfaction survey • 9 staff offices furnished
	3.3 Expand existing ICT Infrastructure to address e-learning requirements	<ul style="list-style-type: none"> • % of ICT infrastructure coverage • Surveillance levels 	<ul style="list-style-type: none"> • 1. Develop ICT infrastructure development & maintenance plan • 2. Expand ICT infrastructure by 10% 	<ul style="list-style-type: none"> • 1 Wifi coverage increased by 4000 users. • CCTV coverage increased by 20%
	3.4 Enhance Physical and Technology Infrastructure	<ul style="list-style-type: none"> • Power supply efficiency. • Quality of drive and walkways • Security levels 	<ul style="list-style-type: none"> • Upgrade electricity supply. • 2. Construct walkways. • 3. Construct perimeter wall. • 4. Renovate driveway and gate 	<ul style="list-style-type: none"> • Main gate renovated and gate 2 erected • Driveway and walkways constructed • Construction of perimeter wall in progress • RFTITT construction in progress
	3.5 Facilitate regional integration initiatives	<ul style="list-style-type: none"> • No of MOUs with regional partners. • No of staff who participate in Exchange visits. • No of students who participate in Exchange visits. 	<ul style="list-style-type: none"> • 1. Engage regional partners • 2. Send students and staff for exchange programmes • 3 Receive students and staff on exchange programmes 	<ul style="list-style-type: none"> • 1. 3 MoU signed with regional institutions • 2. Four staff participated in exchange visits in another country. • 3. 57 students participated in

				exchange visits in another country.
4. Foster partnerships with the local and global communities to promote quality in Research, innovations development and strategic partnerships	4.1 Promote and develop innovations capacity, culture and advocacy	<ul style="list-style-type: none"> • Policies and procedures • Level of participation in research • No of innovations commercialized. 	<ul style="list-style-type: none"> • 1. Develop • 2. Develop/ Adapt Occupational standards and CBET curricula. • 3. Implement CBET curricula 	<ul style="list-style-type: none"> • 1. One LMI survey conducted. • 13 CBET programmes developed • 15 CBET programmes offered.
	4.2 Strengthen Collaboration and partnerships both locally and internationally with industries, research institutions and Universities	<ul style="list-style-type: none"> • No of Joint research • Research publications 	<ul style="list-style-type: none"> • Engage potential Industry and institutions • Develop joint work plan. • Engage in joint research and other activities 	<ul style="list-style-type: none"> • 10 MOUs with partners • 7mous with industry
	4.3 Promote dissemination, technology transfer and information sharing	<ul style="list-style-type: none"> • No of innovations. • Commercialization effort 	<ul style="list-style-type: none"> • Establish TISC centre • Identify Innovations for commercialization • Develop commercialization plan 	<ul style="list-style-type: none"> • TISC centre in place
5. Promote an institutional culture that values gender inclusivity and environmental sustainability.	5.1. Strengthen gender responsive training and learning environment	<ul style="list-style-type: none"> • WITED enrolment • Gender responsiveness • Gender Awareness 	<ol style="list-style-type: none"> 1. Develop WITED Policy 2. Sensitize staff on WITED issues 3. Open a Lactorium 	<ol style="list-style-type: none"> 1. WITED policy in Place 2. WITED Association Launched 3.
	5.2. Promote a culture of environmental consciousness	<ul style="list-style-type: none"> • Environmental consciousness • Environmental status 	<ol style="list-style-type: none"> 1. Conduct environmental audit. 2. Install smart taps 3. Conduct tree planting days 	<ol style="list-style-type: none"> 1. Environmental policy developed 2. Smart taps developed. 3.3000 trees planted
	5.3 Advance trainee success through a focus	<ul style="list-style-type: none"> • Class attendance rate 	<ol style="list-style-type: none"> 1. Conduct Awareness and Mentorships for students. 	<ol style="list-style-type: none"> 1. improved attendance by 10%

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	on the achievement of learning outcomes.	<ul style="list-style-type: none">• Syllabus coverage• Trainee industrial attendance rates• Examination pass rate• Course completion rates	<ol style="list-style-type: none">2. Engage industry for students' attachment programmes.3. Sign performance appraisals with staff	<ol style="list-style-type: none">2. Mean syllabus coverage rate increased to 95%.3. Trainee Industrial Attachment
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VII. Corporate Governance Statement

Good Corporate Governance is maintaining high standards in its systems, processes, and operations in order to safeguard the interests of all stakeholders. This ensures Council and Management accountability and helps build public trust in our Institution.

Roles and functions of the council

The Kisumu National Polytechnic governing council is responsible for overseeing the effective management and control of the Institution. Transparency and Disclosure is a key focus area of the council as demonstrated in our Financial Statements for the year under review. (As per Mwongozo January 2015 and Legal notice 113 of 2014). The governing council has implemented a risk assessment tool where risks are identified, monitored, and controlled.

In implementing the Corporate Governance tenets, the Council seeks to add value through constructive dialogue and engagement with stakeholders as well as management with a strong focus on the Institutions' strategic agenda (strategic plan) which is in line with the medium-term Goals (MDGs), vision 2030 and the Governments big four Agenda. (Legal notice 113 of 2014)

The council embraces and recognizes the benefits of diversity in skills and experience in its compositions and the effective discharge of the Councils' strategic oversight function.(TVET Act 2013)

Composition of the Council

The council is made of nine (9) members comprising of Chairman, The principal Secretary Treasury, the Principal Secretary State department of Vocational and Technical Training, The chief Principal as the secretary to the Governing council and five (5) members from various areas of specialization appointed by the cabinet secretary. (As per Mwongozo 2015 and TVET Act 2013) .The year under review saw one new member being brought on board and one member was retired after the expiry of his term.

All council members are subject to reappointment in accordance with the TVET Act 2013 and the Ministry of Education guidelines.

The Governing council has established four standing Committees with specific terms of reference to exercise delegated responsibilities.

The Committees are; Audit Risk and Compliance, Finance Infrastructure and Procurement Human Resource, ICT, and Resource Mobilization, Education Research and Training

Council Meetings

The council meetings are held in accordance with the annual almanac, the Board Charter and guidelines from the legal notice 113 of 2014 for the respective Committees and the full governing council meetings, in exceptions where special meetings are held as per TVET act 2013, when critical business matters arise.

Induction and Continuous Professional Development

During the year under review new council member received induction training as per the legal requirements. Key areas were highlighted during the induction. The induction included specific sessions with the relevant personnel across units especially on finance and infrastructure, procurement procedures, human resource related issues, corporate governance, and regulatory bodies under which the organization operates.

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Annual Report and Financial Statements for the year ended 30th June 2022

In the year 2021/2022 council members were trained by various professional bodies and government institutions. These are; Institute of Certified Public Accountants Kenya (ICPAK), Institute of Human Resource Management (IHRM), Institute of Engineers, Corporate Governance Training by Centre for Corporate Governance and Government Agencies.

Notification and Conflict of Interest

The Council members are required to bring to the attention of the chairman during both the committee meetings and full council meeting any circumstances that might lead to a conflict of interest, whether real or potential. At each council or committee meeting council members declare any conflict of interest and such is appropriately recorded in a register. During the year there was no conflict of interest registered.

Governance Audit

During the year under review the Governing council of The Kisumu National Polytechnic was the following governance audit.

- Council operations and control
- Rights of shareholders
- Stakeholder relations
- Ethics and social responsibility
- Accountability, risk management and internal control

Remuneration

The Kisumu National Polytechnic Council is paid sitting allowance, subsistence and transport as per Salaries and Remuneration Commissions rates, which is done through a circular by head of Public Service.

Council Meetings for the Year 2021/2022

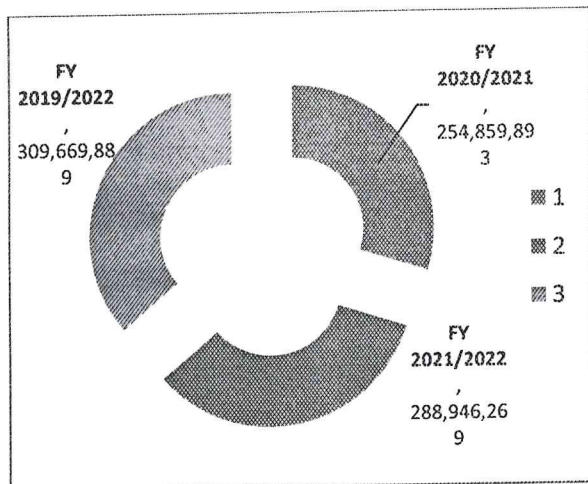
MEETING	NO. OF MEETINGS	REQUIRED NUMBER TO ATTEND	TOTAL NUMBER EXPECTED DIVIDE BY ACTUAL	AVERAGE % OF ATTENDANCE
Full Council	7	8	49/56 X 100	88%
Finance, Infrastructure and Procurement Committee	7	4	23/28 X 100	82%
Audit Risk Compliance committee	9	4	32/33 X 100	97%
Education Research and Training	4	3	10/12 X 100	84%
Human Resource, ICT and Resource Mobilization	4	3	12/12 X 100	100%
Special Council	8	8	56/64 X 100	88%
Ad Hoc Meetings	18	21	378/378 x 100	100%
Capacity Building	10	18	180/180 x 100	100%

The Ad hoc meetings include; Graduation, KINAPOSA elections, EASTRIP, Shortlisting, Interviews, Disciplinary and Performance contract. All these meetings have different number of committee members.

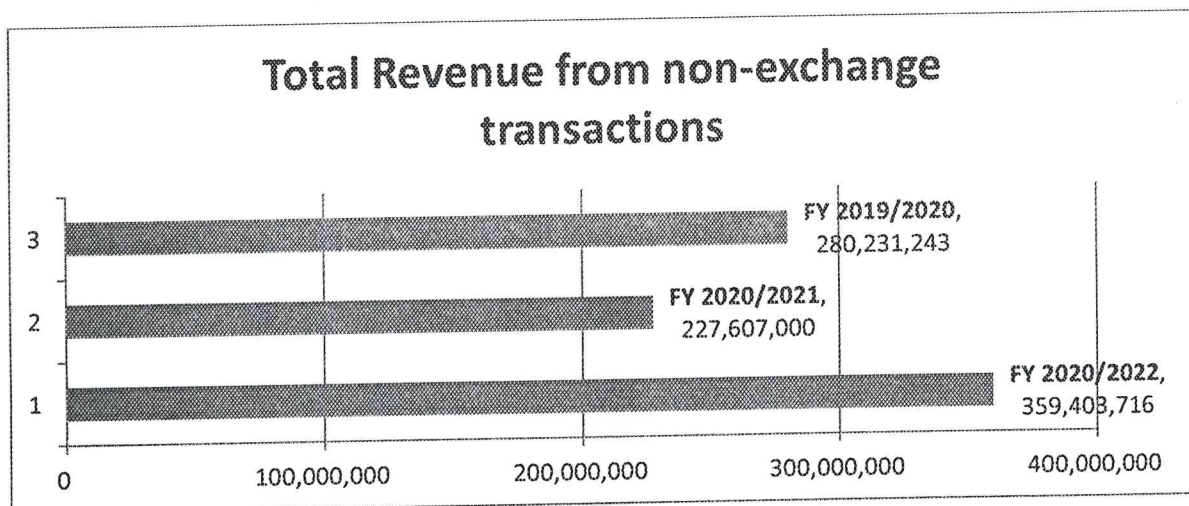
VIII. Management Discussion and Analysis

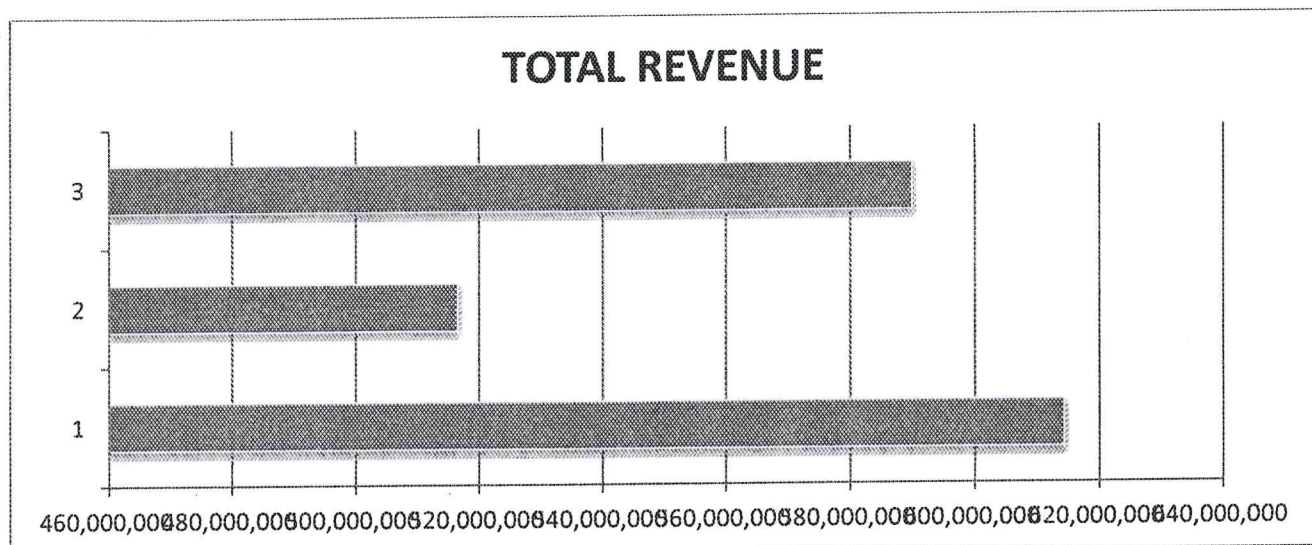
This discussion and analysis provide an overview of the financial position and results of activities of The Kisumu National Polytechnic for the year ended 30th June 2022 and the comparative information for the year ended 30th June 2022. This overview has been prepared by management and should be read in conjunction with the financial statements and the foot notes.

FINANCIAL HIGHLIGHTS



Revenue from exchange transactions





TOTAL REVENUE

Revenue

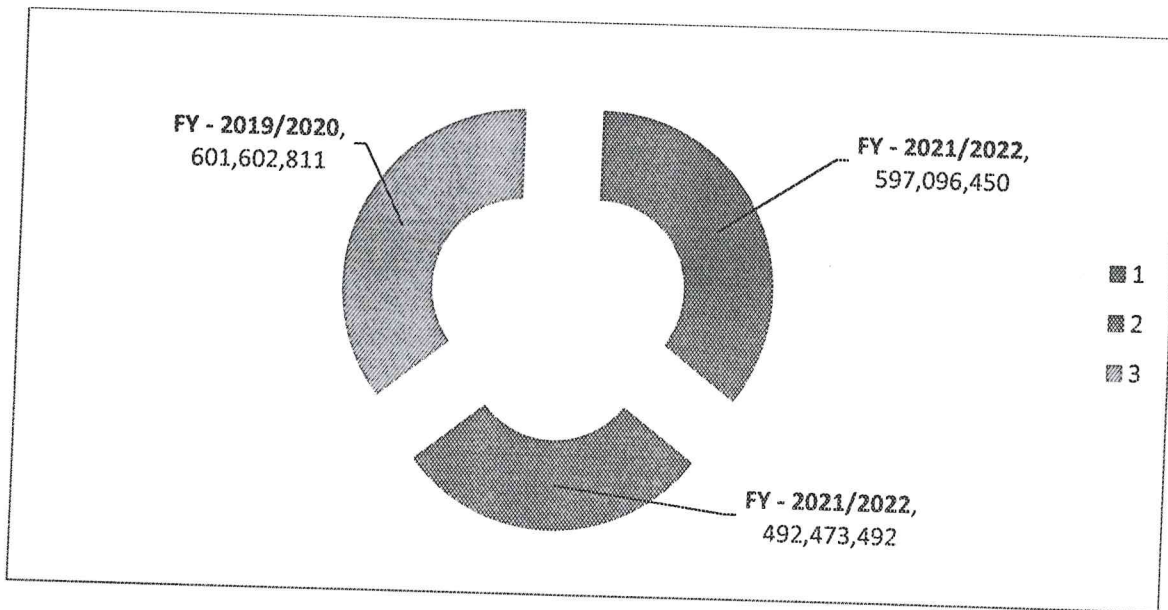
TKNP’s revenue has shown steady increase over the years. This has been attributed to a steady increase in student numbers and Government capitation. The enrolment has increased as a result of increased financing to TVET education over the years, the government input has boosted the enrolment and as a consequence the revenue base.

The total revenue for FY 2021/2022 recorded an increment of 19% compared to 2020/2021 (from KES 516M to KES 614M). This was largely as a result of grants and donations (in kind contribution) from development partners in the form of building equipment, computers and furniture from the Ministry of Education of KES 145M. TKNP did not receive quarter four capitation equivalent to 70M.

Other Income

Other income increased by 145% from 6.6M in the FY 2020/2021 to 16.3M in 2021/2022. This was largely as a result of increased Non Academic Production Unit and the Pay as You Eat System for NYS students received during the year

Expenses



Total expenses increased by 21% from KES 492 M in 2020/2021 to KES 597M in 2021/2022. Major expenditure areas with include use of goods, repairs and maintenance (development expense) and general expense. Employment costs reduced by 5% as a result of staff medical cover and pension scheme deferred to the next financial year

Financial Position

TKNPs total Non-current Assets increased by 3% in the FY 20201/2022 largely as a result of in-kind donations of assets (Furniture and fittings 20,646,644.45, Computers 19,195,194, Library Books 280,314 and Equipment 105,629,063). Total Current Liabilities also increased by 36% as a result of provisions on employee benefit obligations (gratuity) as a result of change from gratuity to pension fund and a provision for liability not recognised in prior year relating to retention monies

Cash flows

The cash and bank balances reduced from KES 143M to KES 138M, attributable to cash generated from operations and working capital movements because of improved cash collections, increased payment to contractors and suppliers.

Compliance with Statutory Requirements

By the end of the year, the Kisumu National Polytechnic had paid all its statutory requirements (NSSF, NHIF, PAYE and all withholding taxes). The Polytechnic as KRA agent is mandated to withhold taxes on all payments made to contractors and remitting the same to KRA as stipulated by law. The Polytechnic operates under legal frame works necessary under public sector requirement such as;

- The Constitution of Kenya, 2010
- The Kisumu National Polytechnic order, 2014
- TVET Act, 2013

- PFM Act, 2012
- Public Procurement and Assets Disposal act, 2015 and regulations of 2020.
- IPSAS standards.

All other relevant laws in its operation (regular circulars from the Treasury and Ministry of Education)

The Polytechnic has its internal policies it uses to guide its operation. These policies are in line with all the relevant laws stated above and only direct the specific operations on how tasks are handled.

These policies are; TKNP Finance Policy, TKNP Procurement Policy, TKNP Academic Policy and TKNP Human Resource Policy

Major Risks faced by The Kisumu National Polytechnic.

The Polytechnic faces competition for students, staff and financial resources from the other TVET institutions. This has been aggravated by the steady growth in the number of TVET institutions.

The Polytechnic financial assets are trade receivables as well as cash and short-term deposits which arise directly from its operations. The Polytechnic has financial liabilities comprising trade and other payables.

The Polytechnic has exposure to the following risks:

- Liquidity risks
- Credit risks

The Council has overall responsibility for the establishment and oversight of the Polytechnic's risk management framework. The Polytechnic's risk management policies are established to identify and analyse the risks faced by the Polytechnic, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in economic conditions and the organization's activities. The Principal oversees how management monitors compliance with the Polytechnic's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Polytechnic.

Liquidity Risk

Liquidity risk is the risk that the Polytechnic will not be able to meet its financial obligations as they fall due. The Polytechnic's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Polytechnic's reputation. Typically, the Polytechnic ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters and political violence. All liquidity policies and procedures are subject to review and approval by the Council. All capital investments are funded by the Government.

The Polytechnic faces a liquidity risk of non-receipt of capitation grants.

Credit Risk

Credit risk is the risk of financial loss to the Polytechnic if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the organization's receivables from customers. The Polytechnic receives fees from students which minimizes the credit risk exposure.

The Polytechnic has a Finance Policy on fees payment which defines how and when fees are supposed to be paid hence minimal credit risk. On average more than 80% of the Polytechnic's receivables are fully performing.

IX. Environmental and Sustainability Reporting Statement

Sustainability strategy and profile

The Kisumu National Polytechnic is cognizant to the need to comply with international standards, legislation and societal norms to secure its business against the possible consequences of environmental and social misconduct, including penalties, protests, campaigns and sanctions. In view of this, there is increasing pressure from customers, clients, government and the public to put sustainable strategies.

TKNP is practicing sustainable procurement to meet their needs for goods, services, utilities and works not on a private cost-benefit analysis, but with a view to maximizing net benefits for themselves and the wider world. In so doing we incorporate extrinsic cost considerations into decisions alongside the conventional procurement criteria of price and quality. These considerations are typically divided thus: Environmental, Economic and Social also referred to as the triple bottom line.

Environmental performance

The Kisumu National Polytechnic is guided by the 'Environmental stewardship Policy' which is based on the Environmental Management and Coordination Act (EMCA) amended 2015 and the National Constitution. TKNP is committed to running its business in a responsible, environmentally sound and sustainable manner. The polytechnic undertook two environment social impact assessments for two of the new projects, the output being the Environmental and Social Management Plan (ESMP), which approved by NEMA, the regulatory authority. The plan stipulates the measures to be undertaken to environmental sustainability and is incorporated in contract agreement. Over three thousand trees and grass were planted in the campus as part of the greening strategy and erosion control. A green corner is in the process of established. The institution has moved away from use of firewood to Liquid Petroleum Gas (LPG) which emits less carbon and therefore more efficient. The landscape of the institution has been landscaped for not only aesthetic value but also to purify the air and control erosion. All new building designs take consideration of airflow, natural lighting and rainwater harvesting.

Employee welfare

The Kisumu National Polytechnic appreciates that Human Capital is the foundation of our success and that it is vital in the optimisation of other resources for maximum productivity. TKNP is an equal opportunity employer and is committed in acquiring and retaining staff with the right talent and skills to effectively and efficiently perform their duties to achieve the Polytechnic's vision, mission and strategic objectives. The recruitment, selection, terms and conditions of employment and retention strategies of staff is done competitively through an open and transparent process as per the Kenya Constitution, 2010, Employment Act, 2007, Labour Relations Act, Occupation Safety and Health Act, and TKNP Human Resource Policies and Procedures Manual.

The policy also provides for affirmative action such as gender, age, persons living with disabilities, regional balancing of national values and principles of governance as espoused in Chapter Ten of the Constitution and all potential employees are expected to comply with Chapter Six of the Constitution. The polytechnic has embraced gender equity and has developed a policy for administration and made deliberate efforts to meet the 1/3 gender legal requirement which stands at 61% male and 39 % female.

Employee performance is evaluated through the staff performance appraisal process that provides feedback, reviews progress, reward, develop and inform on employee job fit depending on the skill set possessed.

The polytechnic has developed Career Progression guidelines which defines recruitment, retention, development, training and promotion on the basis of merit, competence and ability; and eventual improvement of service delivery at The Kisumu National Polytechnic. It addresses the skills gap, skills growth and general career development. In view of this the Polytechnic has also greatly invested in capacity building of its employees with both academic and non-academic staff totalling 145 to attending various seminars, workshops and trainings.

The Kisumu National Polytechnic understands that effective workplace safety and health programmes significantly contribute towards reduction of accidents and hazards, thereby enhancing service delivery to its clientele. It is in this regard that The Kisumu National Polytechnic has a functional Occupational Safety and Health committee in compliance with Occupational Safety and Health Act of 2007, (OSHA).

Market place practices-

Responsible competition practice:-

The Kisumu National Polytechnic strives to develop a competitive, sustainable supply chain with an emphasis on maintaining or improving the competitive market. The polytechnic prefers open tendering process and use of standard procurement documents which embed ethical requirements.

TKNP maintains a professional and collaborative relationship with its suppliers. This is done through making prompt payments and the suppliers are assisted in obtaining credit from various financial institutions at their request.

TKNP ensures that all sectors of the community are given a fair chance to participate in its supply chain. During the financial year under review, sensitization workshop on available procurement opportunities was held where persons with disability, women and youth attended. More than 50% of the procurement budget was awarded to this special group.

TKNP believes that it is its duty to market its products, services and brands in a responsible and transparent manner. In practice the polytechnic comply with international principles. This includes but are not limited to:

- Advertising must be truthful and shall not include misleading facts or statements.
- Marketing must not exploit the inexperience or credulity of young people.
- Parents (and other legal guardians) must not be undermined.

As part of good product steward, TKNP ensures that all the goods and services offered are of reasonable quality. This is achieved by taking all products through a rigorous quality assurance system of the polytechnic.

Corporate Social Responsibility / Community Engagements

Corporate Social responsibility (CSR) is a global practice employed by organisations to integrate, social, economic and environmental concerns into their value, culture, decision making, strategy and operations in a transparent and accountable manner. CSR enables organisations to establish best commercial practice as well as improve society. This helps improve institutional reputation and operational efficiency and reduce risk exposure while encouraging loyalty.

In reference to our mission statement, TKNP is committed to maintain the highest standards of CSR in its operations in order to safeguard the interests of all stakeholders. This ensures accountability of council and management hence builds public trust in the institution.

Our institution initiates and supports community investments and educational programs. Its volunteering and philanthropy is driven through in an internal team called the Governing Council. The council is tasked with identifying organizations, volunteer events and day of service activities, donations and philanthropic funding candidates to support, and organizing all of these activities is part of an internal community effort inside the institution in order to provide greater focus for all.

Through these programs (internal and external) we proactively improve our community and promote a culture of responsibility and giving across our institution. TKNP volunteer events throughout community but also hosts events on behalf of other organizations. During the financial year 2021/2022 TKNP was able to conduct two main activities as outlined below:

- Visiting Agape children's home in Kibuye
- Mentoring and disability outreach in Joyland special school



X. Report of the Governing Council

The Council members submit their report together with the audited financial statements for the year ended June 30, 2022, which show the state of the *entity's* affairs.

Principal activities

The principal activities of the entity continue to be

1. Provide directly, or in collaboration with other institutions of higher learning, facilities for technical trainers in technological, professional, scientific education;
2. Participate in technological innovation 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;
3. Contribute to industrial and technological development of Kenya in collaboration with industry and other organizations through transfer of technology;
4. Examine and make proposals for new diploma courses and subjects of study, institutes, departments, resource and research and innovation;
5. Promote and establish a culture of innovation in engineering and technology, and technology transfer amongst staff and students;
6. 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;
7. Provide a multi-level system of post-secondary school education and training programmes relevant to the needs of the community covering a wide range of fields and levels with provision for recognition of prior learning and flexibility of transition between programmes;
8. Provide high quality educational, research, residential, commercial, cultural, social, recreational, sporting and other facilities;
 - 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;
 - Promote critical enquiry within the polytechnic and in the general community;
 - Participate in commercial ventures and activities;
 - Foster the general welfare of all staff and students;
9. Provide opportunities for development and further training for staff of the National Polytechnic;
10. Develop and provide educational, cultural, professional technical and vocational services to the community and in particular the fostering of corporate social responsibility;
11. Provide programmes, products and services in ways that reflect the principles of equity and social justice;
12. Facilitate student mobility between different programmes at different technical training institutions, and other National Polytechnics;
13. Conduct examinations for and grant such academic awards as provided under this Order;
14. Collaborate with recognized universities for the conduct and award of degree programmes in technology;

15. 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. Subject to this 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 entity for the year ended June 30 are set out on page 1

Council of Governors

The members of the Council who served during the year are shown on page v. During the year CPA Nelson Otieno Aloys retired and Prof. Eng. Bernadette Waswa Sabuni was appointed with effect from 12 May 2022.

Auditors

The Auditor General is responsible for the statutory audit of The Kisumu National Polytechnic in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 to carry out the audit of the Kisumu National Polytechnic for the year ended June 30, 2022

By Order of the Council



.....
The Kisumu National Polytechnic
Chief Principal /Council Secretary

Kisumu

Date:.....14/03/2023

XI. Statement of Governing Council's Responsibilities

Section 81 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 - require the council members to prepare financial statements in respect of The Kisumu National Polytechnic, which give a true and fair view of the state of affairs of the Kisumu National Polytechnic at the end of the financial year and the operating results of the Kisumu National Polytechnic for that year/period. The council members are also required to ensure that the Kisumu National Polytechnic keeps proper accounting records which disclose with reasonable accuracy the financial position of the Kisumu National Polytechnic. The council members are also responsible for safeguarding the assets of the Kisumu National Polytechnic

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

The council members accept responsibility for The Kisumu National Polytechnic's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgement and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the TVET Act. The council members are of the opinion that The Kisumu National Polytechnic's financial statements give a true and fair view of the transactions during the financial year ended June 30, 2021, and the financial position as at that date. The council members further confirm the completeness of the accounting records maintained, which have been relied upon in the preparation of the financial statements as well as the adequacy of the systems of internal financial control.

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

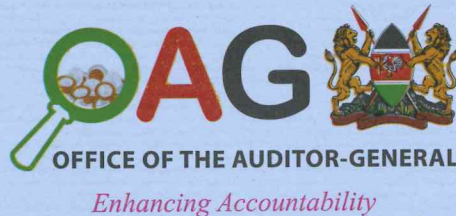
Financial statements were approved by the Council on 14/03/2023 and signed on its behalf by:

Name MESHAK KIDENDA
Signature 
Chairperson of the Council

Name CATHERINE KILONYE
Signature 
Accounting officer/Chief Principal

REPUBLIC OF KENYA

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



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

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

PREAMBLE

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

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements.
- B. Report on Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure Government achieves value for money and that such funds are applied for the intended purpose.
- C. Report on 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 Kisumu National Polytechnic set out on pages 1 to 36, which comprise of the financial position as at 30 June, 2022, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual 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 Kisumu National Polytechnic as at 30 June, 2022, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, and the Technical and Vocational Education and Training Act, 2013.

Basis for Qualified Opinion

1. Inaccuracies in the Financial Statements

The financial statements includes errors and inconsistencies as detailed below;

- (i) The statement of financial position and as disclosed in Note 22 to the financial statements reflects cash and cash equivalents balance of Kshs.132,335,852. However, the bank reconciliation statements reflected unrepresented and stale cheques amounting to Kshs.17,040,736. No reason was given for failure to replace or reverse them in the cash book. Further, the bank reconciliation statements reflected unidentified and unexplained credits in the bank statements not recorded in the cash book amounting to Kshs.5,732,966.
- (ii) The statement of cash flows reflects increase in long-term receivables amount of Kshs.6,837,452. However, the change in long-term receivables amounted to Kshs.18,620,314. Management has not explained how the amount of Kshs.6,837,452 was arrived at.
- (iii) The statement of financial position reflects property, plant and equipment balance of Kshs.2,504,966,629. However, the referred Note is Note 29 instead of the actual disclosure Note 31 to the financial statements.
- (iv) The statement of financial position reflects Kshs.161,991,755 in respect of refundable deposits from customers and students and refers to Note 26 which relates to trade and other payables from exchange transactions.
- (v) The statement of financial position reflects current provisions of Kshs.42,043,417 and refers to Note 28 which relates to amounts held for third parties instead on the relevant disclosure Note 29.
- (vi) The statement of financial position reflects Kshs.84,143,323 in respect of receivables from exchange transactions which varies with the amount reflected in the disclosure Note 23 balance of Kshs.151,668,615.

In the circumstances, the accuracy of financial statements could not be confirmed.

2. Unsupported Adjustments in the Statement of Changes in Net Assets

The statement of changes in net assets reflects a deficit balance of Kshs.407,465,414 in retained earnings. However, the balance includes unsupported adjustments on inventories and reversal of adjustments in the prior year of Kshs.3,399,396 and Kshs.46,969,428 respectively.

In the circumstances, the accuracy of the statement of changes in net assets could not be confirmed.

3. Unsupported Variances between the Statement of Financial Position and Supporting Ledgers

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.89,496,662 which, as disclosed in Note 26 to the financial statements, includes Kshs.80,117,002 in respect of fees prepayments. However, the amount differs with the ledger balance of Kshs.80,436,917 resulting to unreconciled and unexplained variance of Kshs.319,915. Further, the trade and other payables balance of Kshs.89,496,662 includes a negative balance of Kshs.32,639 relating to Kenya Nutritionists & Dieticians Institute (KNDI) Registration. The payable was offset against trade payables contrary to paragraph 48 of International Public Sector Accounting Standards (IPSAS)1 which states that assets and liabilities, and revenue and expenses, shall not be offset unless required or permitted by an IPSAS.

In the circumstances, the accuracy of the trade and other payables from exchange transactions balance of Kshs.89,496,662 could not be confirmed.

4. Unsupported Domestic and Subsistence Expenditure

The statement of financial performance reflects Kshs.58,269,794 in respect of general expenses which, as disclosed in Note 21 to the financial statements includes Kshs.6,088,581 incurred on domestic travel and subsistence out of which an expenditure of Kshs.1,642,000 and Kshs.372,570 was in respect of per diems and provision of air tickets respectively by a travel firm to Ministry of Education Officials, Council Members and Polytechnic staff. However, the expenses were not supported with Management approval, deliverables or activity reports and attendance registers.

In the circumstances, the completeness of domestic travel and subsistence allowance expenditure totaling to Kshs.2,014,570 could not be confirmed.

5. Unsupported additions in Property, Plant and Equipment

The statement of financial position and as disclosed in Note 31 to the financial statements reflects property, plant and equipment of Kshs.2,504,966,629 which includes additions to buildings amounting to Kshs.191,766,953. However, the additions relate to transfers from capital work in progress report in the financial statements from the previous year and which were not supported by a detailed schedule of the transferred items.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs.191,766,953 in respect of transfers from work in progress could not be confirmed.

6. Unsupported Refundable Deposits to Students

The statement of financial position and Note 27 to the financial statements reflects refundable deposits from customers and students amounting to Kshs.161,991,755 which includes miscellaneous receipts of Kshs.19,199,146, Examination Fees of Kshs.90,504,455 and Students Union dues of Kshs.13,666,900 whose details of, who is owed and when the service/payments rendered, were not provided for audit verification.

In the circumstances, the accuracy and completeness of refundable deposits of Kshs.161,991,755 could not be confirmed.

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final budgeted transfers from the National Government of Kshs.280,000,000 against actual receipts of Kshs.213,652,500 resulting to an under-funding of Kshs.66,347,500 or 23.7% of the budget.

Similarly, the statement reflects total expenditure budget of Kshs.546,000,000 against actual budget of Kshs.448,459,814 resulting to an under absorption of Kshs.97,540,186 or 17.8%.

The under-funding and under-expenditure affected the planned activities and may have impacted negatively on delivery of services to the intended recipients.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Irregular Procurement of Cabro Paving and Drainage System

The statement of financial performance reflects Kshs.87,032,722 in respect to repairs and maintenance which, as disclosed in Note 19 to the financial statements includes Kshs.55,767,591 in respect to development expenses which includes Kshs.26,197,397 paid to various contractors in respect of cabro paving within the Polytechnic. However, analysis of the tenders revealed that similar works amounting to Kshs.8,885,342 were

sourced through different quotations and a further award of contracts to two firms for cabro works and drainage systems within the Polytechnic amounting to Kshs.7,383,071. Although Management explained that they had invoked Regulation 154 of the Public Procurement and Asset Disposal Regulations, 2020, which states 'that a procuring entity may for the purpose of ensuring maximum participation of citizen contractors, disadvantaged groups, small, micro and medium enterprises in public procurement, unbundle a category of goods, works and services in practicable quantities', the Access to Government Procurement Opportunities (AGPO) certificates to confirm the actual status of the firms had not been provided for audit review.

In the circumstances, the propriety of the expenditure of Kshs.16,268,413 incurred on the contracts could not be confirmed.

2. Non-Provision for Retention Fees

The statement of financial position reflects current provisions of Kshs.42,043,417 which, as disclosed in Note 29 and 30(a) and (b) to the financial statements, includes Kshs.8,427,557 in respect to retention monies held on behalf of a contractor for the construction of a multipurpose hall. Information provided by Management indicated that the project was completed in 2018 and that the provision relates to a dispute with the contractor over pending works which had not been recorded in the books of the Polytechnic. However, no satisfactory explanation was provided for failure to deduct Kshs.8,427,557 in respect of retention fees and deposit it in a separate and specific bank account. This was contrary to Regulation 139 of the Public Procurement and Asset Disposal Regulations, 2020, which states that a contractor shall satisfactorily perform its contractual obligations prior to any payment by a procuring entity and that a procuring entity shall make prompt and timely payments to a contractor that meets its contractual obligations.

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

3. Non-Compliance with Law on Ethnic Composition

During the year under review, the total number of employees in the Polytechnic was two hundred and sixty (260) out of which one hundred and sixty-four (164) or 63% were members of the dominant ethnic community in the county. This was contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community.

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

4. Long Outstanding Imprests

The statement of financial position reflects Kshs.84,143,323 in respect to receivables from exchange transactions which, as disclosed in Note 23a to the financial statements includes outstanding staff imprests totaling to Kshs.771,869 which had not been surrendered at the end of the financial year. This was contrary to regulation 93(5) of the Public Finance Management (National Government) Regulations, 2015 which states that

holder of a temporary imprest shall account or surrender the imprest within 7 working days after returning to duty station.

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 of Conclusion

1. Lack of Annual Recruitment Plan

During the year under review, the Polytechnic recruited twelve (12) new members of staff. However, no annual recruitment plan and approval by the Council were provided for audit to support the recruitment. Further, minutes from the Human Resource, ICT and Resource Mobilization Committee were not provided for audit review

In the circumstances, the propriety of the selection and recruitment process as required by Section 2.9.2 of the Kisumu National Polytechnic Human Resource Policies and Procedures Manual, 2019 could not be confirmed.

2. Staff Under-Establishment

Examination of payroll records revealed that the Polytechnic had an approved staff establishment of one thousand and thirty-nine (1039) staff, comprising of six hundred ninety-four (694) posts for Curriculum Based Establishment and three hundred forty-five (345) posts for non-teaching staff establishment. However, the Polytechnic had a total of two hundred sixty (260) staff in post comprising of one hundred sixty-one (161) technical staff and ninety-nine (99) non-teaching staff resulting in an overall under establishment of seven hundred seventy-nine (779) or 75.6%.

Failure to recruit or retain the required number of staffs may result in poor service delivery and may negatively impact on the realization of the Polytechnic's goals.

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance

were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Governing Council

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In addition to the audit of the financial statements, a compliance audit is planned and performed to express a conclusion about whether, in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in

an effective way, in accordance with the provisions of Article 229(6) of the Constitution and submit the audit report in compliance with Article 229(7) of the Constitution.

Further, in planning and performing the audit of the financial statements and audit of compliance, I consider internal 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 control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

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

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

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

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



CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 June, 2023



XIII. Statement of Financial Performance for the year ended 30 June 2022

	Note	2021/2022 Kshs	2020/2021 Kshs
Revenue from non-exchange transactions			
Transfers from Government Entities	11	213,652,500	227,607,000
Grants from donors and development partners	12	145,751,216	
Total Revenue from non-exchange transactions		359,403,716	227,607,000
Revenue from exchange transactions			
Rendering of Services	13	238,490,949	282,255,318
Other Income	14	17,113,863	6,690,951
Total Revenue from exchange transactions		255,604,812	288,946,269
Total revenue		615,008,527	516,553,269
Expenses			
Use of goods and services	15	182,679,968	151,741,248
Compensation of employees	16	90,441,059	94,753,221
Council expenses	17	12,622,800	11,243,608
Depreciation and amortization	18	100,149,305	70,575,460
Repairs and Maintenance	19	87,032,722	24,600,219
Contracted Services	20	17,413,470	9,600,009
General Expenses	21	58,269,794	15,357,460
Provisions for the year	28	42,043,417	0
Increase in Provision for doubtful debts		35,580,666	114,602,268
Total Expenses		626,233,201	492,473,492
SURPLUS		(11,224,674)	24,079,777

The Financial Statements set out on pages 1 to 29 were signed by:



 Chairperson of Council



 Finance Manager
 ICPAK No: 19908



 Chief Principal

Date 14/03/2023

Date 14/03/2023

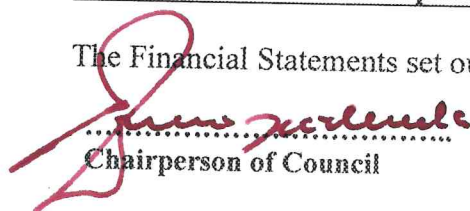
Date 14/03/2023.

THE KISUMU NATIONAL POLYTECHNIC
Annual Report and Financial Statements for the year ended 30th June 2022

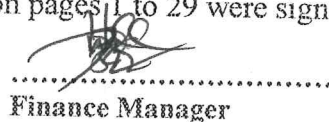
XIV. Statement of Financial Position as at 30th June 2022

Assets	Note	2021/2022 Kshs	2020/2021 Kshs
Current assets			
Cash and Cash equivalents	22	132,335,852	143,178,816
Receivables from exchange transactions	23(a)	84,143,323	117,992,196
Inventories	24	0	3,399,396
Total current assets		216,479,175	264,570,480
Non-current assets			
Long term receivables from exchange transactions	23(b)	31,904,577	50,524,891
Intangible Assets	27	14,266,625	19,022,166
Property, Plant and Equipment	29	2,504,966,629	2,429,806,167
Total non - current assets		2,551,137,831	2,499,353,224
Total assets		2,767,617,006	2,763,923,632
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	25	89,496,662	88,297,149
Refundable deposits from customers	26	161,991,755	120,924,634
Amounts Held For Third Parties		18,003,488	7,026,667
Current Provisions		42,043,417	0
Total current liabilities		311,535,322	216,248,450
Non-current liabilities			
Capital and Reserves			
Retained earnings		(407,465,414)	(345,871,916)
Revaluation Reserve		131,972,968	131,972,968
Capital/Development Grants/ Fund		2,731,574,130	2,731,574,130
Capital Fund		0	30,000,000
Total Capital Reserve		2,456,081,684	2,547,675,182
Total Liabilities and Capital & Reserves		2,767,617,006	2,763,923,632

The Financial Statements set out on pages 1 to 29 were signed by:


 Chairperson of Council

Date 14/03/2023


 Finance Manager

ICPAK No: 19908

Date 14/03/2023


 Chief Principal

Date 14/03/2023

XV. Statement of Changes in Net Asset for the year ended 30 June 2022

	Revaluation reserve	Retained earnings	Capital/Development Grants/Fund	Capital Fund Mentored TTI	Total
Balance b/f at July 1, 2021	131,972,968	(345,871,916)	2,731,574,130	30,000,000	2,547,675,182
Transfer to amounts held by third parties					
Adjustment on Inventories		(3,399,396)		(30,000,000)	(30,000,000)
Reversal of adjustments in prior year FY 2020/2021		(46,969,428)			(3,399,396)
Total comprehensive income		(11,224,674)			(46,969,428)
Balance c/d as at June 30, 2022	131,972,968	(407,465,414)	2,731,574,130	0	(11,224,674)
Balance b/f as at July 1, 2020	131,972,968	(410,505,059)	2,731,574,130	30,000,000	2,483,042,039
Prior Year adjustments	0	40,553,366		0	40,553,366
Total comprehensive income		24,079,777			24,079,777
Balance c/d as at June 30, 2021	131,972,968	(345,871,916)	2,731,574,130	30,000,000	2,547,675,182

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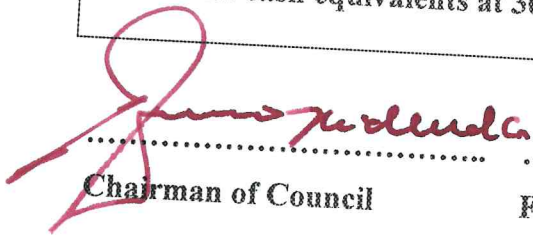
- Inventories consisting stationary, cleaning materials, and dry goods (catering) initially recognised in the balance sheet have been adjusted since they form part of the consumables and are charged to the statement of financial performance as expenses. TKNP however, continues to conduct quarterly inventories to monitor consumption and planning for the termly

XVI. Statement of Cash Flows for the year ended 30 June 2022

STATEMENT OF CASHFLOWS	Note	2021/2022	2020/2021
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from other Government entities/Govt. grants	11	213,652,500	227,607,000
Grants from donors and government ministries	12	145,751,216	0
Rendering of services- Fees from students	13	238,490,949	282,255,318
Other income	14	17,113,863	6,690,951
Total Receipts		615,008,527	516,553,269
Payments			
Compensation of employees	16	90,441,059	94,753,221
Use of goods and services		182,679,968	151,741,248
Council expenses		12,622,800	11,243,608
Repairs and Maintenance		87,032,722	24,600,219
Contracted Services		17,413,470	9,600,009
Administration and General Expenses		58,269,794	15,357,460
Total Payments		448,459,814	307,295,764
Net cash flows from operating activities		166,548,714	209,257,505
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(24,803,010)	(25,549,121)
Grants from donors and government ministries		(145,751,216)	0
Write off of capitation receivables			(109,612,647)
Decrease in long term receivables		(6,837,452)	0
Net cash flows used in investing activities		(177,391,678)	(135,161,768)

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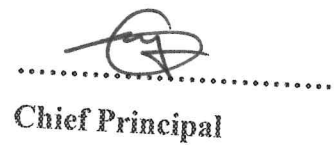
Net (decrease)increase in cash and cash equivalents			74,095,737
Cash and cash equivalents at 1 JULY		(10,842,964)	
		143,178,817	69,083,080
Cash and cash equivalents at 30 JUNE		132,335,852	143,178,817


 Chairman of Council

Date 14/03/2023


 Finance Manager
 ICPAK No: 19908

Date 14/03/2023


 Chief Principal

Date 14/03/2023

XVII. Statement of Comparison of Budget & Actual amounts for the year ended 30 June 2022

	Original Annual Budget	Adjustments	Final Budget	Actual cumulative to date	% utilization
Revenue					
Transfers from National Government Ministries	100,000,000	180,000,000	280,000,000	213,652,500	76%
Grants from donors and development partners				145,751,216	
Students Fees	251,000,000	0	251,000,000	238,490,949	95%
Other Income	15,000,000	0	15,000,000	17,113,863	114%
Total revenue	366,000,000	180,000,000	546,000,000	615,008,528	113%
Expenses					
Use of Goods and Services	120,439,800	65,172,229	185,612,029	182,679,968	98%
Compensation of Employees	92,058,200	46,106,911	138,165,111	90,441,059	65%
Governing Council Expenses	11,960,000	1,000,000	12,960,000	12,622,800	97%
Repairs and Maintenance	56,042,000	42,000,000	98,042,000	87,032,722	89%
Contracted Services	26,200,000	1,000,000	27,200,000	17,413,470	64%
General Expenses	59,300,000	24,720,860	84,020,860	58,269,794	69%
Total Expenses	366,000,000	180,000,000	546,000,000	448,459,814	82%
Balance for the year		0	0	166,548,714	

1. Explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14

- a) Transfers from National Government- The National government did not transfer Q4 capitation amounting to approximately 71M
- b) Student fees - During the financial year 2021/2022, TKNP admitted students once as opposed to the budgeted 2 intakes, this was occasioned by change in the KNEC examination time table

- c) *Other Income- There has been increased emphasis on internally generated income by the management as directed by the Ministry of Education on sustainability*
 - d) *Compensation of employees - This was occasioned by the delays in the procurement process of the medical provider for staff and pension scheme. The two contracts were concluded after the end of the financial year 2021/2022*
 - e) *Contracted Services - TKNP employed the services of the state council for all their legal cases*
 - f) *Administration and General Expenses- Austerity measures have been put in place by management to monitor costs relating to administration and general expenses*
2. *Explanation of changes between original and final budget indicating whether the difference is due to reallocations or other causes. (IPSSAS 24.29)*
- a) *TKNP revised their budget based on projected number of students within the year. Capitation is based on the number of students and the initial approved budget was revised to capture the registered number of students within the year*
 - b) *Budgets relating to Capital expenditure have been recognised in the Property plant and equipment and forms part of the financial statements. The total amount for PPE in the FY2021/2022 is Kes 19,043,010*
 - c) *Contracts relating to construction accrue retention which could not be paid in the financial year before the defect liability period. In the FY 2021/2022. The total amount for retention is Kes 6,612,474.*

XVIII. Notes to the Financial Statements

1. GENERAL INFORMATION

In exercise of the powers conferred by section 26 (2) of the Technical and Vocational Education and Training Act, (No. 29 of 2013), the Cabinet Secretary for Education Science and Technology made the following Order through legal Notice No. 113 of 22nd August, 2014 cited as The Kisumu National Polytechnic Order, 2014. There is established a National Polytechnic known as the Kisumu National Polytechnic; body corporate with perpetual succession and a common seal and in its name, be capable of suing and being sued; taking, purchasing or otherwise acquiring, holding, charging or disposing of both movable and immovable property; borrowing money; charging for services offered, with the approval of the Cabinet Secretary; and entering into contracts.

The Kisumu National Polytechnic is the successor to the Kisumu Polytechnic existing immediately before the commencement of the Order. All rights, liabilities and assets held by anybody on behalf of the Kisumu Polytechnic existing at the commencement of this order, were automatically and fully transferred to the National Polytechnic.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the TKNP's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in the notes.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the *TKNP*.

The financial statements have been prepared in accordance with the PFM Act 2012, the State Corporations Act chapter 446 Revised edition of 2012 (2010), the TVET Act 2013, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. ADOPTION OF NEW AND REVISED STANDARDS

- i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2022

During the financial year ended 30th June 2022, the Kisumu national polytechnic did not adopt any new/or revised standards.

- ii. Early adoption of standards

The Kisumu National Polytechnic did not early – adopt any new or amended standards in year 2022.

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 realised 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.

a) Revenue recognition

ii) Revenue from exchange transactions

Rental income

Rental income arising from monthly rental charge on The Kisumu National Polytechnic's staff houses is accounted for on accrual basis and included in revenue.

b) Budget information

The original budget for FY 2021/2022 was approved by the Council on 12th January 2021. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of 14 December 2021 on the FY 2021/2022 budget following the Council's approval.

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 accrued 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 actual as per the statement of financial performance has been presented under section of Statement of Comparison of budget and actual performance of these financial statements.

c) Taxes

Current Income Tax

The Kisumu National Polytechnic is exempt from paying taxes as per Income Tax Act 2013 amendment of 2016.

d) Property, plant and equipment

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

The Kisumu National Polytechnic uses reducing balance method of depreciation as per KRA tax rates and our finance policy;

Buildings	2.5%
Motor vehicle	25%
Furniture & Fittings	12.5%
Computers	33.3%
Library books	5%
Plant & Equipment	20%
Intangible assets	20%

e) Intangible assets

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

f) Research and development costs

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

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

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use. It is amortized over the period of expected future benefit.

During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

g) Inventories

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Entity.

h) Financial instruments

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognized in the surplus or deficit.

Held-to-maturity

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

Impairment of financial assets

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

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

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Entity determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and borrowing

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

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

i) Provisions

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

The Kisumu National Polytechnic uses 25% as provision for doubtful debts.

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

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

Contingent liabilities

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

Contingent assets

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

i) Nature and purpose of reserves

The Kisumu National Polytechnic creates and maintains reserves in terms of revenue and capital reserves as reflected in the statement of changes in net assets and equity.

j) Changes in accounting policies and estimates

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

k) Employee benefits

Retirement benefit plans

The Entity provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund

obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

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

The Kisumu National Polytechnic maintains Service Gratuity account from where it pays retirement benefits for its employees.

l) 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.

m) Related parties

The Kisumu National Polytechnic regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the council, the CEO/Principal and senior managers.

n) Service Concession Arrangements

TKNP 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 Entity 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 Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

i) Cash and Cash Equivalentents

Cash and cash equivalentents comprise cash on hand and cash at bank, Bank account balances include amounts held at various commercial banks at the end of the financial year.

j) Comparative Figures

Comparative figures for the previous financial year have been provided to conform to the reporting requirements.

k) Subsequent Events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

l) Legal Issues

Reference	Description	LEGAL FEES/ PAYMENTS DUE	Status
Fred Jonah Ochanda Vs. Kisumu Polytechnic Case No 561 of 2013	Nairobi Employment and Labour Relations Court Cause No. 561 of 2013 – Corruption related case by EACC	4,531,959	Acquitted Closed in the FY 2022/2023
Monica Akinyi Otieno Vs. TKNP Case no E024 of 2020	Unfair and wrongful termination/Contempt of Court	1,727,848	Mediation completed in the FY 2022/2023
TKNP vs Paul Otieno	The staff was suspended on 5/3/2021 on criminal case being handled by the court prosecutor	178,750	Acquitted in the FY 2022/2023 KES 178,750 as lump sum of half salary while on suspension
Oscar Jonyo vs TKNP Case No 23 OF 2021	Civil case in LER Court (matter with state council)	330,000	Awarded 10 months' salary and 1 month's claim of 30,000.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of The Kisumu 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 Entity 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 Entity. Such changes are reflected in the assumptions when they occur. IPSAS 14

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 Entity
- 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.

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.

The provisions that are applicable to The Kisumu National Polytechnic are provisions for bad and doubtful debts, provision for depreciation, provision for gratuity and other provisions as may be relevant.

6. FINANCIAL RISK MANAGEMENT

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

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

(i) Credit risk

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

The Management assesses the credit rating 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 institution's management based on prior experience and their assessment of the current economic environment.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Governing council, 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.

(iii) Market risk

The board has put in place an internal audit function to assist it in assessing the risk faced by the Kisumu National Polytechnic on an on-going 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 Kisumu Polytechnic's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

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

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

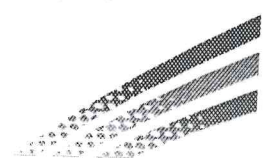
a) Foreign currency risk

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

7. RELATED PARTY BALANCES

Nature of related party relationships

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



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

Government of Kenya

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

- i) The National Government;
- ii) The Ministry of Education;
- iii) Key Management Personnel;
- iv) Governing Council Members;

8. EVENTS AFTER THE REPORTING PERIOD

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

9. ULTIMATE AND HOLDING ENTITY

The entity is a State Corporation under the Ministry of Education. Its ultimate parent is the Government of Kenya.

10. CURRENCY

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

11	Transfers from other National Government entities	JUNE	JUNE
		2021/2022	2020/2021
	Unconditional Grants		
	Capitation Grants	213,652,500	227,607,000
	Total Government grants and subsidies	213,652,500	227,607,000

12	Grants from Donors and Development Partners	JUNE	JUNE
		2021/2022	2020/2021
	In Kind Donations	145,751,216	0
		145,751,216	0

In Kind donations relates to building equipment donated by the Ministry Education

13	Rendering of Services	JUNE	JUNE
		2021/2022	2020/2021
	Research	90,000	0
	Activity fees	17,705,108	19,908,791
	Library fees	12,702,361	14,203,500
	Registration fees	2,632,300	3,039,300
	Student union	12,700,710	8,600,202
	ICT	12,696,361	14,178,310
	Industrial Attachment	11,796,870	16,345,800
	Contingencies	15,279,207	17,181,950
	Production Unit	2,089,693	2,130,994
	Repairs and maintenance	5,068,780	5,676,160
	EW&C	7,611,800	8,523,680
	Practicals	45,802	169,390
	Student ID	4,346,440	5,364,983
	LT&T	7,606,030	8,513,550
	Medical	8,118,160	10,138,100
	Personal Emoluments	79,281,615	88,680,923
	Boarding Fees	4,230,862	5,839,070
	Development	24,177,690	30,337,800
	KUCCPS	4,855,500	7,657,500
	Tuition fees	5,455,660	15,765,315
	Total Rendering of Services	238,490,949	282,255,318

There was a single student admission In the FY 2021/2022

14	Other income	JUNE	JUNE
		2021/2022	2020/2021
	Rent	820,500	1,080,000
	Tender Application	2,000	61,500
	Garment making	3,460	33,080
	Application	2,749,510	2,412,890
	Non-Academic PU	2,987,155	1,463,117
	Pay As You Eat System	6,834,500	525,520

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Disposal of assets	742,018	195,497
Graduation	1,790,000	14,000
Driving Lessons	0	147,750
S.E.S (Centre fee)	172,000	669,357
Logbook	400	500
Supplementary exams	16,400	7,980
Bursary	0	15,000
KCB PEPEA	275,920	64,760
KMLTTB	720,000	-
Total other income	17,113,863	6,690,951

The Pay As You Eat income relates to NYS students meals during the year

15

Use of Goods and Services		Restated
Practical's - Examination	18,254,833	5,406,999
Learning Materials and Training	109,130,195	92,180,641
School Equipment and Supplies	0	17,390,437
Production Unit Academic	0	1,851,829
Boarding Related expenses	3,332,237	5,092,377
Contingencies (Hospitality Services)	6,663,762	7,399,760
Consumable drugs and medical clinic	637,789	2,749,524
Identity cards and registration	1,988,849	162,820
Registration related expenses	2,337,500	1,786,900
Library Expenses	0	563,420
Activity Expenses- Sports	6,598,313	2,800,385
Student Union	14,701,075	7,216,440
Industrial attachment	8,500,000	3,114,366
ICT Expenses	10,535,415	522,850
KUCCPs expense	0	3,502,500
Total goods and services	182,679,968	151,741,248

Internet connectivity expenses have been reclassified from school equipment and learning materials in 2020/2021. Washroom services were initially posted under boarding expenses. Cleaning services were outsourced in the FY 2021/2022

16

Employee Costs		
Basic salaries/Salaries & Wages	64,973,291	70,232,449
Travel/commuter allowances	4,808,000	4,982,000
Responsibility Allowance	7,896,779	5,619,110
Medical Allowance	1,250,590	1,291,283
Leave allowance	390,000	182,000
Extraneous Allowance	144,000	144,000
Housing benefits and allowances	8,135,290	8,774,291
Service Gratuity	442,964	2,425,544
Social contributions	2,400,146	1,102,544
Total Employee costs	90,441,059	94,753,221

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17	Council Expenses		
	Chairman's Honoraria	960,000	960,000
	Transport and subsistence allowances	11,662,800	10,283,608
	Total director emoluments	12,622,800	11,243,608
18	Depreciation and Amortization		
	Property, plant and equipment	95,393,763	65,819,918
	Intangible assets	4,755,542	4,755,542
	Total depreciation and amortization	100,149,305	70,575,460
19	Repairs and Maintenance		
	Repairs and Maintenance - Motor Vehicles	2,815,881	1,074,865
	Repairs and Maintenance - Buildings	20,188,514	(27,120)
	Repairs and Maintenance - Others	6,438,848	1,261,251
	Development expenses	55,767,591	22,291,223
	Repairs and maintenance - Computers and office equipment	1,821,889	0
	Total Repairs and Maintenance	87,032,722	24,600,219
20	Contracted Services		Restated
	Security Services	6,786,500	3,130,000
	Cleaning Services	4,759,200	
	Washroom Services	1,186,918	
	Internet Connectivity	4,680,852	3,112,143
	Legal fees	0	3,357,866
	Total Contracted Services	17,413,470	9,600,009
<i>Internet connectivity expenses have been reclassified from school equipment and learning materials in 2020/2021. Washroom services were initially posted under boarding expenses. Cleaning services were outsourced in the FY 2021/2022</i>			
21	Administration and General Expenses		
	Application	0.00	(225,900)
	Garment making	1,500	437,565
	Other operating expenses	4,857,401	2,057,513
	Office Stationary and Printing, Postages	1,754,680	0
	Domestic Travel and Subsistence	6,088,581	0
	Catering Expenses	9,454,305	792,500
	Research Expenses	4,890,590	0
	Graduation Expenses	7,174,366	0
	Utility Supplies	16,806,160	6,758,924
	Training Expenses	0	3,000
	Local Transport and Travelling	2,377,801	3,550,491
	Supplementary (Exam Materials for Re-sits)	0	30,000
	Bank Charges	2,197,850	1,725,331
	Production Unit - Non Academic	2,666,560	228,036
	Total	58,269,794	15,357,460

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Due to covid19 the polytechnic did not spend on International conferences and TVET fair

22	Cash and Cash Equivalents		
	KCB	74,153,491	124,248,677
	Co-operative Bank 0112912042200	35,579,251	11,650,024
	ABSA bank Rarieda TTI	21,483,846	7,124,862
	Equity Bank	1,101,264	155,254
	Total cash and cash equivalents	132,335,852	143,178,816

23(a) Current Receivables from Exchange transactions

Description	2021-2022	2020-2021
	Ksh	Ksh
Current Receivables		
Student Debtors	110,443,270	113,742,187
Sundry Debtors	6,304,936	1,223,256
Salary Advance	272,356	556,408
Staff Imprests	771,869	2,470,345
Less: Impairment Allowance	(33,649,108)	0
Total Current Receivables	84,143,323	117,992,196

Sundry debtors include rental income, production unit non-academic and accommodation charged to NYS students

23(b) Long- term Receivables from Exchange transactions

Description	2021-2022	2020-2021
	Ksh	Ksh
Non-Current Receivables		
Student fees	54,395,359	71,084,115
Sundry debtors	0	0
Salary advance	0	0
Less: Impairment Allowance	(22,490,782)	(20,559,224)
Total Non-Current Receivables	31,904,577	50,524,891
Total Receivables	116,047,900	168,517,087

23 (c) Reconciliation for impairment Allowance on Receivables from Exchange Transactions

Description	2021-2022	2020-2021
	Kshs	Kshs
At the beginning of the year	(20,559,224)	(14,721,956)
Provisions during the year	(35,580,666)	(5,837,268)
Recovered during the year	0	0
Write offs during the year	0	0
At the end of the year	(56,139,890)	(20,559,224)

*Analysis of the provision for doubtful debts is as follows;
 241-360 days (8-12 months)25% - 134,596,432 impairment 33,649,108
 Over one year - 50% - 5,783,383 impairment 2,891,692
 Over 2 years -80% -24,498,863 impairment 19,599,090
 Over 3 years -100% NIL*

Provision for bad debts has been provided as per TKNP policy, 2-3 years (80%) and 1- 2years (50%)

24	Inventories		
	Cleaning materials	0	399,833
	Medical Supplies	0	335,984
	Stationery	0	2,062,545
	Catering(dry food stuffs)	0	601,034
	Total Inventories	0	3,399,396

TKNP reviewed her policy on inventories through a council memo dated 30 January 2023. All inventories have therefore been expensed during the year since they are consumables, a record of inventory is however maintained for issuing to the departments on a monthly basis to guide the procurement in the replenishment of consumables. Catering department was also outsourced during the year 2022/2023

25	Intangible Assets		
	Balance b/f	23,777,708	17,035,000
	Additions	0	6,742,708
		23,777,708	23,777,708
	Amortization b/f	4,755,542	0
	Amortization charge for the year	4,755,542	4,755,542
		9,511,083	4,755,542
	Total	14,266,625	19,022,166

26	Trade and other Payables from Exchange Transactions		
	Accounts Payables	1,884,740	8,299,392
	Fees Prepayments	80,117,002	70,470,910
	Retention Fees	6,612,474	4,710,726
	VAT	168,634	3,424,647
	KND Registration	(32,639)	40,000
	Withholding VAT	746,451	1,351,474
	KMLTTB		0
	Total trade and other payables	89,496,662	88,297,149

27	Refundable deposits from customers/students		
	Bursary	29,962,088	15,687,308

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Miscellaneous	19,199,146	19,243,646
HELB Loan/HELB Bursary	8,659,066	10,537,622
Examination fees	90,504,555	61,790,658
Students Union	13,666,900	13,665,400
	161,991,755	120,924,634

Bursary of Kes 29,962,088 relates to NGAF -CDF and other sponsoring organizations, HELB Loan/HELB bursary includes Kes 7,322,166 for HELB loans and 1,336,900 for HELB bursary

28

Amounts Held For Third Parties		
Capitation Grants – TVCs	0	3,560,000
Recurrent Grants (Rarieda TVC)	18,003,488	3,466,667
	18,003,488	7,026,667

Amounts Held for third parties relate to monies received for mentored Institutions – Rarieda TVC. These amounts are paid to the contractor once the works have been certified by the Public works and certificate issued

29

Provision during the year		
Specific	0	108,765,000
General Provisions	42,043,417	5,837,268
	42,043,417	114,602,268

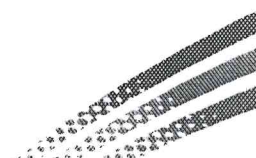
30(a)

EMPLOYEE BENEFIT OBLIGATIONS		
Gratuity		
Balance at the beginning of the year	0	0
Additional Provisions	33,615,860	0
Total provisions at end of the period	33,615,860	0

In the FY 2021/2022 TKNP contracted CPF to provide pension and converted the gratuity which was being paid to staff. The accrued amount to staff as at the time of conversion was estimated at Kes 33,615,860. The total amount accrued will be transferred to the pension fund over a period of two years

30(b)

PROVISIONS		
Vaghjiyani Enterprises	8,427,557	0
	8,427,557	0



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Notes to the Financial Statements (Continued)

31. Property, Plant and Equipment

	Land		Buildings		Motor Vehicles		Furniture and fittings		Computers		Library/Books		Plant and Equipment		Capital Work in Progress		Total		
	S/hs		S/hs		S/hs		S/hs		S/hs		S/hs		S/hs		S/hs		S/hs		
Cost																			
At 1st July 2021	1,128,500,000		994,002,490		31,727,931		35,011,526		45,403,408		23,982,684		159,629,100		191,766,953				2,610,024,091
Transfer from WIP			191,766,953												(191,766,953)				0
Grants from donors and development partners																			
Additions			5,046,030		0		20,646,644		19,195,194		280,314		105,629,063						145,751,216
At 30 June 2022	1,128,500,000		1,190,815,473		31,727,931		69,936,550		70,077,202		24,262,998		265,258,163		0				24,803,010
Depreciation																			
At 1st July 2021	0		49,078,873		13,880,970		7,609,578		22,462,376		4,487,906		82,698,222		0				2,780,578,317
Depreciation for the year			29,770,387		4,461,740		7,790,871.56		15,870,021.61		988,755		36,511,988		0				180,217,925
At 30th June 2022	0		78,849,260		18,342,710		15,400,450		38,332,398		5,476,661		119,210,210		0				95,393,763
NVB June 2022	1,128,500,000		1,111,966,213		13,385,221		54,536,101		31,744,805		18,786,338		146,047,953		0				2,504,966,629
At 1st July 2020	1,128,500,000		994,002,490		31,727,931		29,560,108		33,013,758		23,982,684		158,663,755		191,766,953				2,591,217,679
Additions	-		0		0		5,451,418		12,389,650		0		965,345		0				18,806,413

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At 30 th June 2021	1,128,500,000	994,002,490	31,727,931	35,011,526	45,403,408	23,982,684	159,629,100	191,766,953	2,610,024,092
Depreciation									
At 1st July 2020	-	24,850,062	7,931,983	3,695,014	10,993,581	3,461,865	63,465,502	-	114,398,007
Depreciation for the year	0	24,228,811	5,948,987	3,914,564	11,468,795	1,026,041	19,232,720	0	65,819,918
At 30 th June 2021	0	49,078,873	13,880,970	7,609,578	22,462,376	4,487,906	82,698,222	0	180,217,925
NVB June 2021	1,128,500,000	944,923,617	17,846,961	27,401,948	22,941,032	19,494,778	76,930,878	191,766,953	2,429,806,167
Depreciation rates	0%	2.50%	25%	12.50%	33.33%	5%	20%	0%	

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I. Appendices
Appendix 1: Implementation Status of Auditor-General Recommendations

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1	<p>Comparative Balances The statement of financial position as at 30 June 2021 reflects opening balances of Kshs 2,082,680 in respect to the amounts held for third parties. However, the corresponding closing balances of the audited statements reflects a nil balance. Further, the statement of financial performance for the year ended 30 June</p>	<p>The financial statements provided show a comparative figure of KES 7,026,667 (FY 2021) and KES 2,082,680 (FY 2020) see statement of financial position- Current Liabilities (Amounts held for third parties) and Note 27 respectively Revaluation Loss of Kshs 131,972,968 has been shown separately in the comparative statement of Changes in Net Assets and forms the opening balance for the year under audit</p>	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>2020 in the audited financial statements reflects a revaluation loss of Kshs 432,328,382 which has not been carried forward in the year under review and no explanation has been provided to support that change</p> <p>The management should ensure that the correct figures are in the financial statements</p>			
2	<p>The statement of financial performance as disclosed under Note 11(a) to the</p>	<p>Letters of transfer and receipts from National government was provided to the auditors and shown in the financial statements</p>	resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>financial statements reflect transfers from National Government of Kshs 227,607,000. However, the entity's bank statement reflects Kshs 240,702,000 resulting to a variance of Kshs. 13,095,000. Although Management has explained that part of the money is in respect of amounts held for third parties, no documentary evidence was provided to support this explanation</p>			
2.	Misstatement of expenses	The ledgers were provided to the auditors and agreed to the financial statements	resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>The statement of financial performance as disclosed under Note 14, 18 and 20 to the financial statements reflects use of goods and services, repairs and maintenance and general expenses of Kshs 184,372,895 , Kshs 2,326,038 and Kshs 5,048,048 respectively. However, audit review revealed that these figures had variances when compared with the ledger amounts as indicated below which have not been explained or reconciled</p>			

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved/Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
3.	Un reconciled Bank statements - The statement of financial position as at 30 June 2021 as disclosed under Note 22 to the financial statements reflects cash and cash equivalents balance of Kshs 143,178,816 which includes Kshs 124,248,677 held at the Kenya Commercial Bank. However, the bank reconciliation statements reflect bank balances totalling Kshs 125,373,358 resulting to a variance of	All the bank statements were reconciled and a list of un-presented cheques shared with the auditors with their subsequent clearance. The differences arising from the system errors have also been reconciled with the software provider	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	Kshs 1,124,681 which has not been explained or reconciled as below			
4.	Un reconciled Inventories	Management have discussed the treatment of inventories with the software provider and the OAG and agreed that stationery, cleaning materials and catering (dry food stuff) are consumables are already expensed when purchased. As such no inventories should be shown at the end of the financial year	Resolved	FY2022/2023
5.	Unsupported Capital Work In Progress - The statement of financial position as disclosed under note 28 to the financial statements reflects a balance of Kshs 2,429,806,167 in respect of Property, plant and	We have attached all the certificates for the works carried out under WIP for verification The building under WIP (Resource centre) has now been completed and will be handed over in the financial year 2021/2022. The costs will be transferred to Buildings account in the		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	<p>equipment as at 30 June 2021 which includes Kshs 191,766,953 in respect to work in progress whose details were provided for audit verification</p> <p>Consequently, the completeness and accuracy of the work in progress balance of Kshs 191,766,953 as at 30 June 2021 could not be confirmed.</p> <p>The management should avail supporting documents for the work in progress balance and ensure that the financial</p>	<p>next financial year. The final certificate has been paid in the financial year 2021/2022</p>		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	statements reflect a true and fair view of the financial position of the entity			
6.	Failure to maintain Fixed Asset Register- The financial statements for the year under review reflects assets with a total cost of Kshs.2,429,806,167, however no assets register to confirm the nature and validity of the assets held by the Polytechnic was availed for audit review. In the circumstances the accuracy and validity of	The Fixed Asset Register has now been fully updated in the FY 2021-2022, with all the assets donated valued and added to the listing	Resolved	

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
	the balance Kshs.2, 429,806,167 reflected in the statement of financial position could not be confirmed. The management should ensure that a fixed assets register is maintained as required by the laid down regulations			

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Catherine Kelonye
 Accounting Officer/Chief Principal

Date 14/03/2023

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Appendix II: Projects Implemented by (The Entity)

Projects

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

Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1	63340	World Bank	5 YEARS	1.08Million	Yes	No

Status of Projects completion

Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1. TKNP Gate	4,363,257	4,363,257	100%	4,600,000	4,363,257	A in A
2. Landscaping	4,937,010	4,937,010	100%	5,000,000	4,937,010	A in A
3. Internal road network and walkways	18,530,759	18,530,759	100%	19,000,000	18,530,759	A in A
4. Perimeter Wall	4,680,518.8	4,680,518.8	98%	4,700,000	4,680,518.8	A in A
5. Access Road	14,718,138	14,718,138	100%	16,000,000	14,718,138	A in A
6. RARIEDA TVC	56,890,755.00	45,447,847	88.9%	56,890,755.00	56,890,755.00	Development (GoK)

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Appendix III- Inter-Entity Confirmation Letter

The Kisumu National Polytechnic

The MINISTRY OF EDUCATION wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Reference Number	Date Disbursed	Amounts Disbursed by [SC/SAGA/Fund] (Kshs) as at 30 th June 2022				Inter-Ministerial (C)	Total (D)=(A+B+C)	Amount Received by [beneficiary Entity] (Kshs) as at 30 th June 2021 (E)	Differences (Kshs) (F)=(D-E)
		Recurrent (A)	Development (B)	Total					
MOE/DTE/8/73(19)	07/10/2021	0	6,829,088	0	6,829,088	6,829,088	6,829,088	NIL	
3/7/2021	2/11/2021		500,000		500,000	500,000	500,000	NIL	
STI18/11/2021	23/11/2021	71,415,000			71,415,000	71,415,000	71,415,000	NIL	
2/3/2022	02/03/2022	71,415,000			71,415,000	71,415,000	71,415,000	NIL	
17/03/2022	09/05/2022		10,828,040		10,828,040	10,828,040	10,828,040	NIL	
23/05/2022	13/06/2022	70,822,500			70,822,500	70,822,500	70,822,500	NIL	
Total		213,652,500	18,157,128		231,809,628	231,809,628	231,809,628	NIL	

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

Head of Accountants department of beneficiary Entity:

Name CDA PAUL MATTER Sign [Signature] Date 14/03/2023