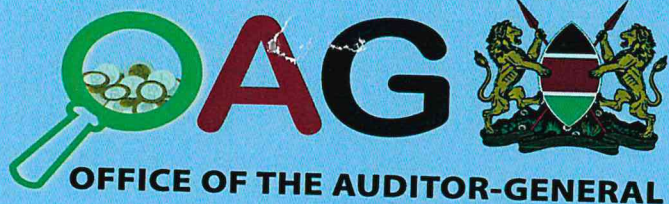


REPUBLIC OF KENYA



Enhancing Accountability

REPORT

THE NATIONAL ASSEMBLY PAPERS LAY	
DATE:	01 FEB 2022
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OF

THE AUDITOR-GENERAL

ON

KITALE NATIONAL POLYTECHNIC

**FOR THE YEAR ENDED
30 JUNE, 2018**



THEKITALE NATIONAL POLYTECHNIC

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2018**

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

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I. THE KITALE NATIONAL POLYTECHNIC INFORMATION AND MANAGEMENT

(a) Background information

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

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

In 2013, institution developed a strategic plan covering a five year period reviewed in 2016 with a focus on improving service delivery, enhancing operational efficiency and effectiveness as well as positioning the Polytechnic for global competitiveness in training and research.

(b) Principal Activities

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

(c) The Kitale National Polytechnic

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

(d) Entity Contacts

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

(e) Entity Bankers

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



(f) Independent Auditors

Auditor General
Kenya National Audit Office
Anniversary Towers, University Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

(g) Principal Legal Adviser

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

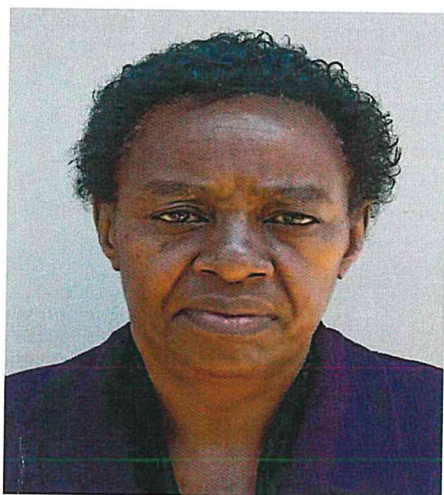
(h) Council Members

Director's	key qualifications and work experience
 <p data-bbox="284 931 644 992">Dr. Benson Ririmpoi Longaritom Chairman, Governing Council</p>	<p data-bbox="839 555 1525 891">Dr. Ririmpoi was born on 16th February, 1965. He is the Governing Council Chairman. He has a wealth of corporate and public administrative experience being the FGCK Development Projects Coordinator Mt. Elgon, West Pokot and Trans Nzoia Counties. He is also the Managing Director of PAVES Agrovet - West Pokot and Trans Nzoia County. He is also the Chairman Kapenguria Home Craft Centre, member of Police Recruitment Committee - West Pokot.), Bachelor of Veterinary Medicine from University of Nairobi and Project Management Committee, Seme TTI. He has MBA 2018 (Kisii University</p>
 <p data-bbox="197 1603 799 1697">Dr. Josephine D. Waudo, PhD Doctor of Philosophy degree in Education Management,</p>	<p data-bbox="831 1227 1517 1653">Dr. Josephine D. Waudo, PhD was born in 1955. She is the Chairperson of Education, Training and Research Committee.. She has a rich background and experience in Leadership having undergone training in Strategic Leadership Development Management (SLDP) at the Kenya Institute of Administration. She has been a Senior Assistant Director - Research in charge of Policy, Planning and Strategy Division in the Directorate of Research Management and Development in the Ministry of Education Science and Technology. She has also been Assistant Quality Assurance and Standards officer in the line of Teacher Education Management issues. She was the Senior Quality Assurance and Standards Officer. She has also been a Senior Inspector of Schools. Inspector of Schools and Graduate Teacher.</p>



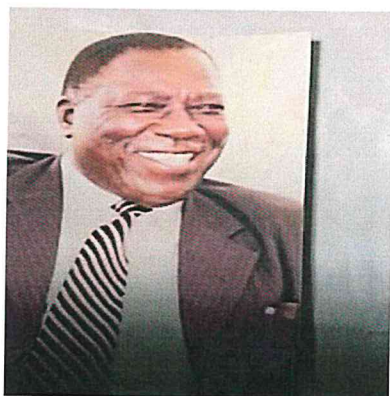
Stephen MachukiMwencha
MSC in Audit Management and Consultancy
(University of England)

Billy Stephen MachukiMwencha was born on 4th April 1952. He has MSC Audit Management and Consultancy (University of England), CPA K, Qualified Internal Auditor (CIA) Member of Institute of Certified Public Accountants of Kenya, Public Finance Management Executive Programme (J.F Kennedy Harvard University). He is the Chairman of Finance and Administration Committee and general purposes of committee of the Polytechnic Governing Council. He is a Lead Consultant at the Governance Optimized and Consultant at the Ongiti& Associates



Esther NjokiChege
LLB(Hons) Nairobi University

Esther was born on 8th August 1959. She is married and has three adult children. She holds an LLB Degree from the University of Nairobi and a Diploma in Law from the Kenya School of Law. Esther has worked as a Magistrate at Meru Law Courts and later resigned from the Judiciary and opened a Law firm in Kitale town under the name and style of Esther Chege and Company Advocates in 1988. This Law Firm has previously operated branched in Molo Town and Eldoret Town. She is a Commissioner for Oaths. Esther has also offered services as Chancellor for the Anglican Church of Kenya Kitale Diocese for 20 years. She has also served in several Secondary and Primary School Boards of Management and currently is the Chairperson of St. Mark Girls Secondary School - Cherangani. She is a member of Finance and Administration Committee, Education, Training and Research Committee and general purposes of committee of the Polytechnic Governing Council



Eng. Arthur AnamRateng'
Master Degree in Entrepreneurship, BED Tech
(Technical and Vocational) University of New Brunswick

EngRateng was born on 14th September 1953. He is a member of the Governing Council at the Kitale National Polytechnic, a Chairperson - Project Management Committee at Seme Technical Training Institute (under construction), He is member of the Synod, ACK Diocese of Maseno South, a member of the ACK Magwar Parish Council and former (retired) Director TVET, former Principal and lecturer in Technical areas.



Ms Martha Wekesa
Representative of the PS State Department of
Science and Technology

Martha Wekesa was born on 3rd June 1966. She is a career civil servant currently serving as the Trans-Nzoia County Director TVET and represents the Principal Secretary, State Department of Vocational and Technical Training in the Governing Council since 2015 to date. She has previously worked at the Ministry of Education headquarters from 2011 to 2015. She has Masters degree in Food Science and Technology, Strategic Leadership Development Project. She also has also trained in Senior Management Course. She has previously worked under TSC from 1997 to 2010. She also has PGDE from Maseno University, SDLP from Kenya School of Government, and SMC from Kenya School of Government.



Fanuel Onyango
MBA: (HRM) Kenyatta University
BCD: (Business Studies) Kenyatta University

Fanuel was born on 29th November, 1960. He is the Chief Executive Officer of the Polytechnic serving as the Principal and Secretary to the Governing Council. He has a wealth of experience in Education Management having served as Principal and Deputy Principal, in various institutions. He has been a Dean of Students, Head of Department, Teacher Trainer in a Diploma College, Lecturer and a teacher in High School. He has also been involved in curriculum development consultancy in small and medium size enterprises.




Eng. Andrew K. Ngeno
Bsc Mechanical Engineering Hons

BSC - Mechanical Engineering (Hons) University of Nairobi
Currently pursuing Masters Degree (Moi University) in Renewable Energy. Course work completed and at the Project Defense stage. He has been an asst. Factory Engineer - KCC Ltd, Shift Engineer - Chemeli Sugar Co. Ltd, Maintenance Manager - LONRHO AGIRI Business Engineering -EATEC, Factory Workshop Manager - Chemelil Sugar Co. Ltd, Head of Processing and Engineering - Kenya Seed Co. Ltd. He is also a Practicing Engineer with current Practicing License No. 2019/A2677/N117, Director - AGM Construction and Engineering Co. Ltd incorporated as a Limited Company in 2014 and a Professional Engineer with Engineers Board of Kenya - EBK - M2677

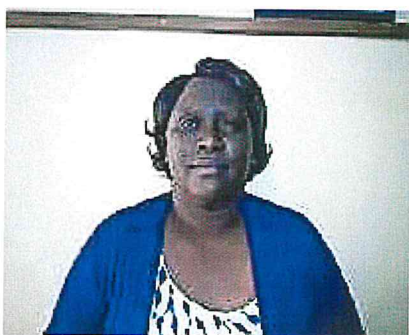
(i) **Council Committees**

Name of the Committee	Members
Finance and Administration Committee	1. Billy Stephen MachukiMwencha 2. Andrew K. Ng'eno 3. Esther NjokiChege 4. Martha Wekesa
Education, Training and Research Committee	1. Josephine Waudu 2. Arthur A. Rateng' 3. Esther Chege 4. Martha Wekesa 5. Andrew K. Ng'eno
Risk and Audit Committee	1. Arthur A. Rateng 2. Josephine Waudu 3. Martha Wekesa

(a) **Management Team**

Name of the Staff	Responsibility
 <p>Fanuel Onyango MBA: (HRM) Kenyatta University BCD: (Business Studies) Kenyatta University</p>	<p>Chief Executive Officer/Principal Fanuel Onyango was born on 29th November 1960. He is the Chief Executive Officer of the Polytechnic and Secretary to the Governing Council. He has a wealth of experience in Education Management has served as Principal and Deputy Principal, in various institutions. He has been a Dean of Students, Head of Department, Teacher Trainer in a Diploma College, Lecturer, and teacher in High School. He has also been involved in curriculum development consultancy in small and medium-sized enterprises.</p>

Sallie MossopLukuyu



Deputy Principal Administration

Sallie MossopLukuyu was born on 21st April 1970. She holds a Bachelor's Degree in Education (Home Economics), Certificates in Leadership and Management, Performance Management, Curriculum Development and Monitoring and Evaluation. She is a subject specialist in Nutrition, Food and Beverage Production and Service. She has been a Class Tutor, Head of Section, Deputy Head of Department, Head of Department, Registrar, Deputy Principal Academics and currently Deputy Principal Administration. She has been the Performance Contracting Coordinator from 2008 to 2017. An Internal Auditor and has been in various committees within the institution.

Omindi J. Okwaro



Registrar – Admissions, Records

Omindi J Okwaro born 21st November 1967. He holds MSC Environmental Science, B.ed Science in IT/MATH. He is attained lead Auditor ISO 9001:2015. He has served in various position, HOD IT, Examination Officer and currently the Registrar.

David Kurgat



Finance Officer

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

II. STATEMENT OF RESPONSIBILITIES

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

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

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

(a) Appropriation accounts, showing—

(i) The services for which the appropriated money was spent;

(ii) The actual amount spent on each service;

(iii) The status of each vote compared with the appropriation for the vote;

(iv) A statement explaining any variations between the actual expenditure and the Sums voted; and

(v) Any other information specified by the National Treasury;

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

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

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

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

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

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

The Public Finance Management Act, 2012, Section 95

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

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

(b) Publish and publicize the financial statements.

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

Approval of the annual financial statements

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



Council Chairman



Council Secretary

III. GOVERNING COUNCIL CHAIRMAN'S STATEMENT

I am delighted to present this report for the Financial Year ending 30th June 2018.

As a council, we undertake and commit ourselves to provide unparalleled leadership to this institution so that our vision to be a **Polytechnic of Excellence in Competency Based Education, Training and Research** can be attained. Being a dynamic and progressive institution, the Polytechnic needs a lot of financial and material support from the Government and other stakeholders, in order to realise its Academic and Physical Infrastructural Development.

With the support of the Ministry of Education, the Governing Council of The Kitale National Polytechnic has enhanced physical facilities to cater for the increasing number of student i.e. Constructed 16 additional lecture rooms, we purchased high capacity generator that have reduced power outage to reduced disruptions of learning programmes. We constructed a modern gate and put a perimeter wall to enhance security and improve the polytechnic image.

The Polytechnic has experienced an increase in enrolment following the introduction of subsidized TVET Education by the Government of Kenya. This has necessitated the Council to employ 49 additional council trainers to bridge the gap. We held our 1st graduation as a National Polytechnic in November 2017 where 951 trainees graduated.

To enable us meet our objectives, the Council has developed its second Strategic Plan to guide its activities for the next 5 years (**SP 2018/19 to 2022/23**). This strategic plan has involved all stakeholders of the Polytechnic including employees across the various cadres.

This Strategic Plan is aimed at improving service delivery and providing a platform for quality Training, Research and Development within the Polytechnic.

My council will strive to guide the Polytechnic to achieve its vision within the set period.



Dr. Benson Ririmpoi

Council Chairman

The Kitale National Polytechnic

IV. REPORT OF THE CHIEF EXECUTIVE OFFICER

As a Polytechnic, the institution is well placed to providing adequate and relevant knowledge to its graduates that will enable them to contribute towards the attainment of our country's **vision 2030** and the Big **FOUR** agenda. In furtherance of our mandate therefore, we have committed ourselves to consistently review, improve and consolidate our academic programmes in several ways that will ensure their competitiveness in terms of quality and relevance.

With the guidance of the Governing Council, we have set up structures to guide the institution in the right strategic direction and effectively utilize resources for optimum output. Despite the many challenges brought about by economic constraints, the Polytechnic nevertheless continues to discharge its mandate.

The Kitale National Polytechnic desires to enhance its visibility, performance and competitiveness in the Tertiary Education Sector by collaborating with different partners i.e. CICan, ASPNET, NYS, AfDB, and others. We have 19 CBET courses that have been approved which we are implementing. In line with the Polytechnic Vision, our trainees have embraced Research and Innovation and have actively participated in TVET Fairs, National Science Week and Agricultural shows where Our Modern Chicken Feeder was the best in the Country. The Polytechnic has also excelled in Co-curricular activities up to National Level in both Drama and Sports.

With rapid increase in enrolment, the Polytechnic is experiencing challenges in infrastructure and shortage of trainers.



Fanuel Onyango
Chief Principal
The Kitale National Polytechnic

V. CORPORATE GOVERNANCE STATEMENT

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

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

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

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

VI. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

The entity's operational and financial performance

Currently the Polytechnic's strategic objectives are in line with the Government Big **FOUR** Agenda. I.e. support value addition through innovation and research. The Polytechnic embraced research and innovation in the financial year 2017/2018 and this led to students' participation in innovation activities at both regional and national levels.

SECTION B

Entity's compliance with statutory requirements

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

SECTION C

2017/2018 Key Achievements

1. Increased classroom space by constructing additional 16 lecture rooms in the Building and Civil Engineering Block.
2. Constructed a modern gate and phase 1 of the perimeter wall to enhance security.
3. Purchased a 250KVA generator with a bigger capacity to reduce power outage.
4. Successfully held the 1st graduation ceremony as a Polytechnic where a total of 951 trainees graduated.
5. Established collaborations with various partners i.e. Kenya Education for Employment Program (KEFEP) in partnership with CICan (Colleges & Institutes Canada), ASPNET, NYS, AfDB among others.

SECTION D

Major risks facing the entity

The following are the major risks

1. Failure by contractors to complete projects work on time
2. Negative media coverage
3. Encroachment of the Polytechnic land approximately 47 acres.
4. Failure to comply with the timelines of the Polytechnic Strategic Plan

SECTION E

Material arrears in statutory/financial obligations

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

SECTION F

The entity's financial probity and serious governance issues

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

The Polytechnic is currently audited by Kenya National Audits Office (KENAO).

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The Kitale National Polytechnic's strategy for social responsibility includes a commitment to pursue change across the following priority areas:

- **Research with impact**

Research activities is making a positive difference to society, addressing the major challenges of the 21st century. Trainees have innovated a modern chicken coop which occupies minimal space. We also have a number of innovations which have been presented in exhibitions.

- **Socially responsible graduates**

Graduates have been trained in good leadership aspects and are learning to exercise ethical, social and environmental responsibility.

- **Engaging our communities**

The Polytechnic graduates carries out a Cleanup exercises through ASPNET in partnership with the County Government of Trans Nzoia and NEMA. We also do tree planting and in the financial year we planted trees at Endebess Technical Training Institute and within our compound where we established a KEFEP corner.

VIII. STATEMENT OF RESPONSIBILITY OF GOVERNING COUNCIL

The Technical and Vocational Education & Training Act, 2013, requires The Governing Council be responsible for the preparation and presentation of the *Kitale National Polytechnic's* financial statements, which give a true and fair view of the state of affairs of the *entity* for and as at the end of the financial year (period) ended on June 30, 2018. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the *Kitale National Polytechnic's*; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Governing Council accepts responsibility for the *Kitale National Polytechnic's* financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by **the Public Finance Management Act, 2012** and **the State Corporations Act 2012[2010]**. The Governing Council is of the opinion that the *Kitale National Polytechnic's* financial statements give a true and fair view of the state of *Kitale National Polytechnic's* transactions during the financial year ended June 30, 2018, and of the *Kitale National Polytechnic's* financial position as at that date. The Governing Council further confirm the completeness of the accounting records maintained for the *Kitale National Polytechnic*, which have been relied upon in the preparation of the *Kitale National Polytechnic's* financial statements as well as the adequacy of the systems of internal financial control.

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

Auditors

The Auditor General is responsible for the statutory audit of the *Kitale National Polytechnic* in accordance with **Article 229 Of The Constitution Of Kenya 2010** and **The Public Audit Act 2015** nominated by the Auditor General to carry out the audit of the entity for the year/period ended **June 30, 2018** in accordance to **Section 23** of the **Public Audit Act, 2015**

Approval of the annual financial statements

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



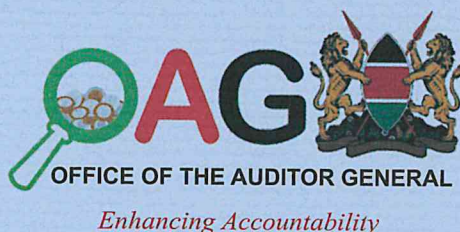
Council Chairman



Council Secretary

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 KITALE NATIONAL POLYTECHNIC FOR THE YEAR ENDED 30 JUNE, 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kitale National Polytechnic set out on pages 1 to 26, which comprise the statement of financial position as at 30 June, 2018, 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 Kitale National Polytechnic as at 30 June, 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training (TVET) Act, 2013, and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1.0 Presentation of the Financial Statements - Comparative Balances for 2016/2017

The financial statements submitted for audit reflect comparative balances in respect of the financial year 2016/2017. The Polytechnic previously reported using the International Public Sector Accounting Standards (Cash Basis) but adopted the International Public Sector Accounting Standards (Accrual Basis) during the year under review. However, the management has not provided a basis of the comparative figures as required under Paragraph 137 of International Public Sector Accounting Standards (IPSAS) 1 which requires an entity to disclose in the summary of significant accounting policies or other notes the judgements management has made in the process of applying the entity's

accounting policies that has the most significant effect on the amounts recognized in the financial statements.

Consequently, the accuracy, completeness and fair statement of the financial statement could not be confirmed.

2.0 Inaccuracies in Cash and Cash Equivalents

The statement of financial position and as disclosed in Note 13 to the financial statements reflects cash and cash equivalents balance of Kshs.109,971,395 comprising bank balance of Kshs.108,961,407 held in five (5) bank accounts and cash on hand balance of Kshs.1,009,988. Review of the bank reconciliation statements revealed that payments of bank charges were accumulated instead of being expensed in the cash book. Further, the cash on hand balance of Kshs.1,009,987 was not supported with a board of survey report. In addition, a list of the cheques amounting to Kshs.95,725 were not availed for audit review.

In the circumstances, it was not possible to ascertain the accuracy and existence of the cash and cash equivalents balance of balance of Kshs.109,971,395as at 30 June, 2018.

3.0 Inaccuracies in Property, Plant and Equipment

The statement of financial position reflects property, plant, and equipment balance of Kshs.1,330,776,853 as at 30 June, 2018. However, valuation reports in respect of various assets owned by the institution availed for audit review indicated that the valuation was done by a member of staff and not a registered valuer. However, the Management did not provide for audit review documents and records relating to the acquisitions.

Consequently, the accuracy, completeness and ownership of the property, plant, and equipment balance of Kshs.1,330,776,853 as at 30 June, 2018 could not be confirmed.

4.0 Trade and Other Payables from Exchange Transactions

The statement of financial position reflects trade and other payables from exchange transactions balance of Kshs.5,713,650 as at 30 June, 2018. However, the creditor's ledger and supporting schedules together with the aging analysis were not provided for audit review.

Consequently, the accuracy and completeness of the trade and other payables from exchange transactions balance of Kshs.5,713,650 as at 30 June, 2018 could not be confirmed.

5.0 Refundable Deposits from Customers-Caution Money

The statement of financial position reflects refundable deposits from customers (caution money) balance of Kshs.2,621,370 as at 30 June, 2018. However, the deposits ledger

reflected a balance of Kshs.630,860 resulting to a variance of Kshs.1,990,510 which has not been explained or reconciled.

In the circumstances, the accuracy and completeness of the refundable deposits from customers (caution money) balance of Kshs.2,621,370 as at 30 June, 2018 could not be confirmed.

6.0 Fees and Other Related Income

The statement of financial performance reflects fees and other related income figure of Kshs.157,895,312 in respect of rendering of services for the year under review. However, the supporting revenue records provided for audit reflected a figure of Kshs.163,873,320, resulting to a variance of Kshs.5,978,008 which has not been explained or reconciled.

Consequently, the accuracy and completeness of the fees and other related income figure of Kshs.157,895,312 for the year ended 30 June, 2018 could not be confirmed.

7.0 Expenditure on Employee Costs

The employee costs figure of Kshs.27,580,947 includes basic salary and wages totalling Kshs.20,528,693 whereas the records maintained supported a figure of Kshs.16,131,379, resulting to a variance of Kshs.4,397,314 which has not been explained or reconciled.

Consequently, the accuracy and completeness of the employee costs figure of Kshs.27,580,947 for the year ended 30 June, 2018 could not be confirmed.

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

Key Audit Matters

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

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

1.0 Non-Compliance with Law on Ethnic Composition

During the year under review, the Polytechnic had eighty-three (83) permanent employees out of whom forty (40) or 48% were from the dominant ethnic community. This was contrary to Section 7 of the National Cohesion and Integration Act, 2008 which provides that all public establishments shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment shall have more than one third of its staff from the same community.

Consequently, the Management breached the Law.

2.0 Non-Compliance with the One Third of Basic Salary Rule

Analysis of the payroll for the year ended 30 June, 2018 showed that some staff earned net salaries that were less than a third of their respective basic salaries. This was contrary to Section 19(3) of the Employment Act, 2007 which provides that the total amount of all deductions that may be made by any employer from the wages of his employee at any one time shall not exceed two thirds of such wages or such additional or other amount as may be prescribed by the Minister:

Consequently, the Management breached the law.

3.0 Signing of Cheques by Council Members

During the audit it was noted that the Council Members were the designated signatories for the Polytechnic bank accounts. This was based on the Polytechnic's Finance manual. However, this is contrary to Regulation 85(1) of the Public Finance Management (National Government) Regulations, 2015 which states that all signatories in respect of cheques or electronic payments and transfer of funds shall be designated by the Accounting Officer.

Consequently, the Management breached the Law.

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 procedures performed, except for the matter described in the 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 believe that internal controls, risk management and overall governance were not effective.

Basis for Conclusion

Lack of IT Policies

Audit review revealed that Kitale National Polytechnic did not have IT strategic committee at the board level to offer guidance on issues relating to ICT. There was also no approved IT security policy, business continuity plan and disaster recovery plans. Further, the server room was cluttered and not well ventilated to offer conducive environment to host the IT equipment.

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

Responsibilities of Management and those Charged with Governance

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

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 the 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.

Those charged with governance are responsible for overseeing the Polytechnic's financial reporting process, reviewing the effectiveness of how the Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective

processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

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

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

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

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

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

23 December, 2021

IX. STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2017-2018	2016-2017
		Kshs	Kshs
Revenue from non-exchange transactions			
Recurrent grants	1	50,250,000.00	77,816,263.00
Revenue from exchange transactions			
Fees and other related income	2	157,895,312.00	188,235,274.00
Rental revenue from facilities and equipment	3	5,242,276.00	8,589,761.00
Other income -farm produce	4	721,100.00	210,150.00
Total revenue		214,108,688.00	274,851,448.00
Expenses			
Tuition and other related expenses	5	82,052,817.00	63,084,835.00
Employee costs	6	27,580,947.00	15,180,486.00
Remuneration of Governing Council	7	7,419,683.00	1,085,000.00
Depreciation for the year	8	27,212,423.00	21,160,972.00
Repairs and maintenance	9	11,446,828.00	10,630,621.00
Contracted services (security guards)	10	2,707,166.00	1,826,760.00
Grants and subsidies	11	41,209,261.00	20,592,754.00
Other expenses	12	4,892,415.00	7,308,267.00
Total expenses		204,521,540.00	140,869,695.00
Other gains/(losses)			
Gain on sale of assets		-	-
Gain on foreign exchange transactions		-	-
Unrealized gain on fair value of investments		-	-
Impairment loss		-	-
Surplus before tax		9,587,148.00	133,981,753.00
Taxation		-	-
Surplus/(deficit) for the period/year		9,587,148.00	133,981,753.00
Remission to National Treasury		-	-
Net Surplus for the year		9,587,148.00	133,981,753.00

The notes set out on pages 35 to 37 form an integral part of these Financial Statements

THEKITALE NATIONAL POLYTECHNIC
Annual Reports and Financial Statements
For the year ended June 30, 2018

X. STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Notes	2017-2018	2016-2017
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	13	109,971,395.00	104,132,888.00
Receivables from exchange transactions	14	58,516,993.00	49,660,078.00
Receivables from non-exchange transactions		-	-
Inventories	15	2,500,000.00	1,400,000.0
Total Current Assets		170,988,388.00	155,192,966.00
Non-current assets			
Property, plant and equipment	16	1,330,776,853.00	1,326,689,999.00
Investments		-	-
Intangible assets	17	8,651,630.00	4,189,880.00
Investment property		-	-
Long-term receivables from exchange transactions			
Total non-current assets		1,339,428,483.00	1,330,879,879.00
Total assets		1,510,416,871.00	1,486,072,845.00
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	18	5,713,650.00	2,252,623.00
Refundable deposits from customers (CAUTION)	19	2,621,370.00	1,990,510.00
Total liabilities		8,335,020.00	4,243,133.00
Net assets		1,502,081,851.00	1,481,829,712.00
Financed by			
Donations/Government equity		1,230,446,687.00	1,270,031,696.00
Accumulated surplus		143,568,901.00	133,981,753.00
Capital Fund grants		128,066,263.00	77,816,263.00
		1,502,081,851.00	1,481,829,712.00

The Financial Statements set out on pages 38 to 41 were signed on behalf of the Board of Governing Council by:



SECRETARY GOVERNING COUNCIL
NAME: FANUEL OPONDO
DATE:08/04/2019



CHAIRMAN GOVERNING COUNCIL
NAME: BENSON RIRIMPOI
DATE:08/04/2019

XI. STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2018

	GOVERNMENT EQUITY/ donations	Fair value adjustme nt reserve	Retained earnings	Capital/ Development Grants/Fund	Total
At July 1, 2017 bal b/d	1,270,031,696.00		133,981,753.00	77,816,263.00	1,481,829,712.00
Grants for the year				50,250,000.00	50,250,000.00
Surplus for the year	-	-	9,587,148.00	-	9,587,148.00
Increase/decrease in government equity	(39,585,009.00)	-	-	-	(39,585,009.00)
Balance as at 30th June 2018	1,230,446,687.00	-	143,568,901.00	128,066,263.00	1,502,081,851.00

XII. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2018

		2017-2018	2016-2017
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Cash and cash equivalents at 1 JULY		104,132,888.00	0
Government grants and subsidies		50,250,000.00	77,816,263.00
Rendering of services-fee and other related income		157,895,312.00	188,235,274.00
Rental revenue from facilities and equipment		5,242,276.00	8,589,761.00
Other income-farm		721,100.00	210,150.00
Total Receipts		214,108,688.00	274,851,448.00
Payments			
Tuition and other related expenses		82,052,817.00	63,084,833.00
Employee costs		27,580,947.00	15,180,486.00
Remuneration of Governing Council		7,419,683.00	1,085,000.00
Repairs and maintenance		11,446,828.00	15,065,023.00
Contracted services		2,707,166.00	1,826,760.00
Grants and subsidies		41,209,261.00	20,592,754.00
Other expenses		4,892,415.00	7,308,267.00
Total Payments		177,309,117.00	124,143,123.00
Net cash flows from operating activities		36,799,571.00	150,708,325.00
Cash flow from investing activities			
Purchase of property, plant, and equipment		(31,299,277.00)	-
Proceeds from sale of property, plant and equipment		0	-
Intangible assets		(4,461,750.00)	(4,189,880.00)
Increase/Decrease in current receivables		(8,856,915.00)	(47,360,119.00)
Increase/decrease in inventories		(1,100,000.00)	(1,400,000.00)
Trade and other payables from exchange transactions		3,461,027.00	2,252,623.00
Refundable deposits from customers(CAUTION)		630,860.00	1,990,510.00
Net cash flows used in investing activities		(41,626,055.00)	(1,375,396,865.00)
Cash flows from financing activities			
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Increase in deposits		-	-
Net cash flows used in financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		5,838,507.00	1,122,688,545.00
Cash and cash equivalent as at 30 JUNE		109,971,395.00	104,132,888.00

**XIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE YEAR ENDED 30 JUNE 2018**
NOTE 15

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018						
NO	VOTEHEAD & ACCOUNTS REVENUE EXPENDITURE	ORIGINAL BUDGET 2017/2018	ADJUSTMENT 2017/2018	FINAL BUDGET 2017/2018	ACTUAL COMPARABLE BASIS 2017/2018	PERFORMANCE DIFFERENCE 2017/2018
A	REVENUE					
1	REVENUE RESERVES (2016/2017/2017/2018)	59,362,964.00		59,362,964.00	59,362,964.00	0.00
2	FEES	139,085,500.00	1,151,577.00	140,237,077.00	157,895,311.00	17,658,234.00
3	RENT FROM STAFF ANNUALS	1,000,000.00		1,000,000.00	723,924.00	(276,076.00)
4	GRANTS- IN- AID -M.O.E.S.T - RECURRENT	50,250,000.00		50,250,000.00	50,250,000.00	0.00
5	GRANTS - DEVELOPMENT	10,000,000.00	5,000,000.00	15,000,000.00	7,500,000.00	(7,500,000.00)
6	HIRE OF FACILITIES, WORKSHOPS &SEMINARS	10,000,000.00		10,000,000.00	4,518,352.00	(5,481,648.00)
7	INSTITUTE FARM	750,000.00		750,000.00	721,100.00	(28,900.00)
	GROSS REVENUE	270,448,464.00	6,151,577.00	276,600,041.00	280,971,651.00	4,371,610.00
B	EXPENDITURES					
	OPERATIONAL ESTIMATES					
1	PERSONAL EMOLUMENTS	28,607,620.00	100,000.00	28,707,620.00	27,580,947.00	1,126,673.00
2	BOARDING AND STORES EXPENSES	13,200,000.00		13,200,000.00	13,113,033.00	86,967.00
	PAYE	5,800,000.00	1,000,000.00	6,800,000.00	12,412,074.00	(5,612,074.00)
3	TUITION EQUIPMENT AND STORES.	38,948,840.00	(6,114,368.00)	32,834,472.00	25,100,693.00	7,733,779.00
4	LOCAL TRANSPORT AND TRAVELLING	9,500,000.00		9,500,000.00	8,390,034.00	1,109,966.00
5	ELECTRICITY, WATER & CONSERVANCY	11,800,000.00		11,800,000.00	7,673,344.67	4,126,655.33
6	CONTINGENCIESADMINISTRATIVE EXPENSE	4,942,000.00		4,942,000.00	3,212,393.00	1,729,607.00
	REMUNERATION OF GOVERNING COUNCIL	6,000,000.00	2,000,000.00	8,000,000.00	7,419,683.00	580,317.00
7	REPAIR, MAINTAINANCE AND IMPROVEMENT	5,990,000.00	1,000,000.00	6,990,000.00	9,056,056.00	(2,066,056.00)
8	ATTACHMENT/MEDICAL/INSURANCE	4,191,000.00	700,000.00	4,891,000.00	4,067,085.00	823,915.00
9	TENDERING	120,000.00		120,000.00		120,000.00
11	KENYA ASSOCIATION OF TECHNICAL INST (K.A.T.T.I)	1,500,000.00		1,500,000.00		1,500,000.00

12	STUDENTS ASSOCIATION	300,000.00		300,000.00				
13	ACTIVITY (SPORTS)	5,337,550.00		5,337,550.00		6,712,172.00		300,000.00 (1,374,622.00)
14	STUDENTS UNION	1,000,000.00		1,000,000.00		12,870.00		987,130.00
NO	VOTEHEAD & ACCOUNTS REVENUE EXPENDITURE							PERFORMANCE DIFFERENCE 2017/2018
15	APPLICATION EXPENSE	200,000.00		200,000.00				200,000.00
17	LIBRARY	2,141,400.00		2,141,400.00		697,658.00		1,443,742.00
18	PERFORMANCE CONTRACT	1,000,000.00		1,000,000.00		1,137,900.00		(137,900.00)
19	I.S.O RE-CERTIFICATION	1,500,000.00		1,500,000.00		1,171,880.00		328,120.00
20	VEHICLE COVER INSURANCE	584,505.00		584,505.00		481,626.00		102,879.00
21	HOSTEL PARTITIONING	828,537.00		828,537.00				828,537.00
22	REGISTRATION EXPENSE	200,000.00		200,000.00				200,000.00
23	COMMONWEALTH ASSOCIATION OF POLYTECHNICS IN AFRICA(CAPA)	1,503,960.00		1,503,960.00		1,309,486.00		194,474.00
24	PARTICIPATION IN SEMINARS AND WORKSHOPS	474,000.00		474,000.00		284,200.00		189,800.00
25	TRAINING OF STAFF/CAPACITY BUILDING	3,085,091.00		3,085,091.00		2,970,000.00		115,091.00
26	ADVERTISEMENT	2,499,676.00	1,800,000.00	4,299,676.00		5,515,500.00		(1,215,824.00)
27	INSTITUTE MATTRESSES	11,049.00		11,049.00				11,049.00
28	SECURITY AGENCY ENHANCEMENT	2,000,000.00		2,000,000.00		2,707,166.00		(707,166.00)
29	INSTITUTE FARM	750,000.00		750,000.00		588,254.00		161,746.00
30	PARTICIPATION IN SHOWS AND EXHIBITIONS	1,500,000.00		1,500,000.00		1,710,400.00		(210,400.00)
31	OFFICE HOSPITALITY	300,000.00		300,000.00				300,000.00
32	GRADUATION CEREMONY	3,485,464.00	1,151,577.00	4,637,041.00		3,242,091.00		1,394,950.00
33	HIRE OF FACILITIES	8,700,000.00		8,700,000.00		4,251,961.00		4,448,039.00
	DEVELOPMENT PROJECTS-CAPITAL ESTIMATES							
1	MIN-BUS - 33 SEATER	4,980,000.00		4,980,000.00		4,980,000.00		0.00
2	P.T.A -DEVELOPMENT	3,000,000.00		3,000,000.00				3,000,000.00
3	FIRE EQUIPMENT	736,280.00		736,280.00				736,280.00
4	PURCHASE OF BOOKS	1,000,000.00		1,000,000.00		431,756.00		568,244.00
5	RENOVATION	17,980,750.00		17,980,750.00		8,549,399.00		9,431,351.00
6	PURCHASE OF FURNITURE	2,000,000.00		2,000,000.00		1,998,150.00		1,850.00

7	IMPROVEMENT AND FURNISHING OF STAFF HOUSES	2,000,000.00			2,000,000.00				
9	RESEARCH AND INNOVATION	500,000.00			500,000.00			52,200.00	1,947,800.00
10	INCOPORATION OF I.C.T	20,675,823.00			20,675,823.00			589,825.00	(89,825.00)
11	LED (STREET LIGHTING)	934,990.00			934,990.00			14,900,507.00	5,775,316.00
12	PAINTING OF THE ENTIRE POLYTECHNIC PREMISES	2,479,025.00			2,479,025.00			1,019,970.00	0.00
NO	VOTEHEAD & ACCOUNTS REVENUE EXPENDITURE							2,390,772.00	88,253.00
13	CONSTRUCTION OF MAIN GATE & FRONT WALL FENCE	10,000,000.00			10,000,000.00			9,488,430.00	0.00
16	PURCHASE OF STANDBY GENERATOR -250 KVA	5,000,000.00			5,000,000.00			4,463,625.00	0.00
17	HOSPITALITY DEPARTMENT EQUIPMENTS-(SAVINGS HIRE OF FACILITIES)	1,747,890.00			1,747,890.00				1,747,890.00
18	PAVILLION GROUND	1,000,000.00			1,000,000.00			477,333.00	0.00
19	DRIVING SCHOOL ENHANCEMENT EQUIPMENT	2,000,000.00			2,000,000.00				2,000,000.00
20	PHARMACY PROGRAM	2,000,000.00			2,000,000.00			1,100,150.00	899,850.00
21	ICDL - PROGRAM INTERNATIONAL	1,000,000.00			1,000,000.00				1,000,000.00
22	DRAFTING MACHINE BUILDING DEPARTMENT	275,040.00			275,040.00				275,040.00
23	CARPETING ADMINISTRATION BLOCK OFFICES	1,000,000.00			1,000,000.00				1,000,000.00
24	CANADIANS COLABORATION (KEFFEP)	2,000,000.00			2,000,000.00			1,967,080.00	32,920.00
25	PREPARATION AND COMMISSIONING OF STRATEGIC PLAN	1,000,000.00			1,000,000.00			1,375,900.00	624,100.00
26	TUTION BLOCK (FOOD & BEVERAGE)	16,637,974.00			16,637,974.00				16,637,974.00
27	CONSRUCTION OF BUS PARK	2,000,000.00			2,000,000.00				2,000,000.00
29	CONSTRUCTION OF FOOD & BEVERAGE WORKSHOP								5,000,000.00
30	ROBOTICS	500,000.00			500,000.00			664,300.00	(164,300.00)
	TOTAL EXPENDITURE								
	SUPLUS/DEFICIT							75,703,747.00	
	TOTAL	270,448,464.00	6,151,577.00		276,600,041.00			280,971,651.00	

Budget notespage 26

I. NOTES TO THE FINANCIAL STATEMENTS

1. Statement of compliance and basis of preparation – IPSAS 1

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

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

2. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Fees, taxes and fines

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

Transfers from other government entities

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

ii) Revenue from exchange transactions – IPSAS 9

Rendering of services

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

II. NOTES TO THE FINANCIAL STATEMENTS

Interest income

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

Rental income

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

b) Budget information – IPSAS 24

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

c) Taxes – IAS 12

Current income tax

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

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

Sales tax

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

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

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

III. NOTES TO THE FINANCIAL STATEMENTS

d) Investment property – IPSAS 16

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

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

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

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

e) Property, plant and equipment – IPSAS 17

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

g) Intangible assets – IPSAS 31

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

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

i) Research and development costs

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

IV. NOTES TO THE FINANCIAL STATEMENTS

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

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

h) Financial instruments – IPSAS 29

Financial assets

Initial recognition and measurement

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

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

The Kitale National Polytechnic assesses at each reporting date whether there is objective evidence that a financial asset or a Polytechnic off financial assets is impaired. A financial asset

V. NOTES TO THE FINANCIAL STATEMENTS

or a Polytechnic 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 cashflows of the financial asset or Polytechnic financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

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

ii) Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

IPSAS 29.65

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

i) Inventories – IPSAS 12

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

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

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

VI. NOTES TO THE FINANCIAL STATEMENTS

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

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

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

j) Provisions – IPSAS 19

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

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

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

Contingent liabilities

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

Contingent assets

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

VII. NOTES TO THE FINANCIAL STATEMENTS

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates – IPSAS 3

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

m) Employee benefits – IPSAS 25

Retirement benefit plans

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

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

n) Foreign currency transactions – IPSAS 4

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

o) Borrowing costs – IPSAS 5

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

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

VIII. NOTES TO THE FINANCIAL STATEMENTS

p) Related parties – IPSAS 20

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

q) Service concession arrangements – IPSAS 32

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

r) Cash and cash equivalents

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

s) Comparative figures

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

t) Significant judgments and sources of estimation uncertainty – IPSAS 1

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

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

IX. NOTES TO THE FINANCIAL STATEMENTS

Estimates and assumptions

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

Useful lives and residual values

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

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

Provisions

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

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

Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are rehabilitated over years and the assumption was made that the areas stay the same in size for a number of years.

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

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

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

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

X. NOTES TO THE FINANCIAL STATEMENTS

u) Subsequent events – IPSAS 14

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, 2018.

v) Fixed assets and depreciation –IPSAS 17

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

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

<u>Assets</u>	<u>Rate (p.a)</u>
Buildings	2%
Furniture, plant and equipment	12.5%
Motor vehicles	12 %
Computers	20 %

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

v) Agriculture – IPSAS 27

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

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XI. NOTES TO THE FINANCIAL STATEMENTS

NOTE 1						
		GOVERNMENT GRANTS RECEIVED 2017-2018FY				
DATE	STUDENT NO.	NAME	RECEIPT NO	AMOUNT	ACCOUNT	PAY MODE
19 Dec 2017	1ST Quarter grants	M.O.E.S.T	80822	12,562,500.00	Grants	Kenya Commercial Bank
19 Dec 2017	2nd Quarter grants	M.O.E.S.T	80826	12,562,500.00	Grants	Kenya Commercial Bank
22 May 2018	3rd Quarter grants	M.O.E.S.T	89116	12,562,500.00	Grants	Kenya Commercial Bank
22 May 2018	4th Quarter grants	M.O.E.S.T	89117	12,562,500.00	Grants	Kenya Commercial Bank
	TOTAL			50,250,000.00		

Note 2		
Exchange transaction	2017/2018	2016/2017
Personal emolument	17,306,238.00	31,298,836.00
Tuition equipment and stores	77,046,561.00	56,332,039.00
Boarding equipment and stores	9,863,868.00	18,991,669.00
Local transport and travelling	5,668,571.00	12,440,107.00
Electricity water and conservancy	7,725,197.00	12,270,850.00
Repairs, maintenance and improvements	3,278,625.00	28,242,105.00
Activity fees	11,220,802.00	12,977,136.00
Medical/Attachment/Insurance	3,751,827.00	5,521,373.00
Library	2,000,294.00	3,047,569.00
Student union	644,237.00	1,422,700.00
Administration costs	3,050,360.00	5,373,590.00
Computer	83,700.00	88,360.00
Registration	707,500.00	127,730.00
Student id	316,650.00	61,310.00
Pay as you eat	9,449,035.00	-
Graduation	1,674,712.00	-
Center fee	163,220.00	-
Development fund	2,886,000.00	-
Students association	264,400.00	39,900.00
Application fee	747,515.00	-
Tendering	46,000.00	-
	157,895,312.00	188,235,274.00

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Note 3	2017/2018	2016/2017
Rent Revenues From Facilities And Equipments		
Rent From Staff Houses	723,924.00	499,518.00
Hire Of Facilities	4,518,352.00	8,090,243.00
	5,242,276.00	8,589,761.00

Note4	2017/2018	2016/2017
Other Income		
Income From Farm Produce Proceeds	721,100.00	210,150.00
	721,100.00	210,150.00

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XII. NOTES TO THE FINANCIAL STATEMENTS

Note 5	2017/2018	2016/2017
Tuition And Other Related Expenses		
Tuition Expenses	25,100,693.00	26,393,172.00
Local Transport And Travels	8,390,034.00	4,484,323.00
Electricity Water And Conservancy	7,673,345.00	5,583,595.00
Activity Fees	6,712,172.00	4,155,030.00
Attachment/Medical/Insurance	4,067,085.00	241,564.00
Library	697,658.00	113,410.00
Student Union	12,870.00	710,490.00
Administration Cost	3,212,393.20	4,965,550.00
Boarding Equipment As Stores	13,113,033.00	16,212,341.00
Pay As You Eat	12,412,074.00	-
Graduation	661,460.00	-
Computer		225,360.00
	82,052,817.00	63,084,835.00

Note 6	2017/2018	2016/2017
Employees Cost		
Basic Salary and Wages	20,528,693.00	12,350,000.00
House Allowance	3,714,580.00	2,251,486.00
Medical Allowance	649,525.00	99,000.00
NSSF	734,865.00	480,000.00
Arrears	1,494,184.00	-
Leave Allowance	91,000.00	-
Risk Allowance	20,000.00	-
Responsibility Allowance	300,000.00	-
Service Gratuity	48,100.00	
	27,580,947.00	15,180,486.00

NOTE 7	2017/2018	2016/2017
RENUMERATION OF DIRECTORS		
DIRECTOR EMOLUMENT	420,000.00	-
OTHER ALLOWANCES	6,999,683.00	1,085,000.00
TOTAL	7,419,683.00	1,085,000.00

NOTE 8	2017/2018	2016/2017
DEPRECIATION AND AMORTIZATION EXPENSES		
PROPERTY PLANT & EQUIPMENT	27,212,423.00	21,160,972.00
TOTAL	27,212,423.00	21,160,172.00

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NOTE 9	2017/2018	2016/2017
REPAIR AND MAINTANCE		
GENERAL REPAIR S	9,056,056.00	5,824,192.00
PAINTING POLYTECHNIC	2,390,772.00	
RENOVATION OF BUILDING	-	4,806,429.00
TOTAL	11,446,828.00	10,630,621.00

NOTE 10	2017/2018	2016/2017
CONTRACTED SERVICES		
Contracted Security Services	2,707,166.00	1,826,760.00
TOTAL	2,707,166.00	1,826,760.00

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XIII. NOTES TO THE FINANCIAL STATEMENTS

Note 11		
Government Subsidies And Grants	2017/2018	2016/2017
Advertisement	5,515,500.00	4,823,694.00
Performance Contract	1,137,900.00	560,000.00
Capacity Building	2,970,000.00	2,727,550.00
Furniture	1,998,150.00	4,872,081.00
Books	431,756.00	-
Vehicle Cover Insurance	481,626.00	315,493.00
ISO	1,171,880.00	967,255.00
ICT	14,900,507.00	3,254,760.00
CAPA/KATTI	1,309,486.00	2,911,631.00
Chapareria Administration	-	160,290.00
Shows &Exhibition	1,710,400.00	-
Graduation	2,580,631.00	-
KEFEP	1,967,080.00	-
Pharmacy	1,100,150.00	-
Strategic Plan	1,375,900.00	-
Street Lighting Expense	1,019,970.00	-
Research And Innovation	589,825.00	-
Seminars And Workshops	284,200.00	-
Robot Contest	664,300.00	-
	41,209,261.00	20,592,754.00

NOTE 12		
OTHER EXPENSES	2017/2018	2016/2017
RENT AND OTHER EXPENSE	52,200.00	0
HIRE OF FACILITIES	4,251,961.00	6,281,940.00
FARM EXPENSE	588,254.00	1,026,327.00
TOTAL	4,892,415.00	7,308,267.00

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NOTE 13		
CASH AND BANK BALANCE	2017/2018	2016/2017
	Kshs	Kshs
Cash On Hand	1,009,988.00	1,182,918.00
Bank	108,961,407.00	102,949,970.11
Total Cash And Cash Equivalents	<u>109,971,395.00</u>	<u>104,132,888.00</u>
Detailed Analysis Of The Cash And Cash Equivalents		
13a		
Name Of The Bank		
Barclays Bank-Kitale Branch	76,381,137.00	45,424,052.00
Kenya Commercial Bank-Kitale College Account	20,842,172.00	55,308,047.00
Kenya Commercial Bank-Kapenguria	6,966,623.00	914,684.00
Co-Operative Bank-Kitale-Farm Account	481,863.00	369,417.00
Co-Operative Bank-Kitale-Development	4,289,612.00	933,770.30
Total	<u>108,961,407.00</u>	<u>102,949,970.00</u>
13b		
Cash On Hand And On Transit	2017/2018	2016/2017
	KSHS	KSHS
Form Of Cash Holding E.g. Liquid Cash ,Mpesa Etc		
Hard Cash	50,000.00	100,000.00
Cheques	95,725.00	525,229.00
Imprests Holders	864,263.00	557,689.00
Mpesa Pay bill No(277758)	-	-
Total	<u>1,009,988.00</u>	<u>1,182,918.00</u>

NOTE. 14		
Receivable from exchange transaction.	2017/2018	2016/2017
Fee Sundry Debtors	56,417,034.00	47,360,119.00
Rent Arrears	2,099,959.00	2,299,959.00
	58,516,993.00	49,660,078.00

NOTE 15		
	2017/2018	2016/2017
Consumables	2,500,000.00	1,400,000.00
Total	2,500,000.00	1,400,000.00

XV. NOTES TO THE FINANCIAL STATEMENTS

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XVI. NOTES TO THE FINANCIAL STATEMENTS

NOTE 17		
INTANGIBLE ASSETS-SOFTWARE	2017-2018	2016-2017
	Kshs	Kshs
Cost		
At beginning of the year	4,189,880.00	4,189,880.00
Additions	4,461,750.00	
At end of the year	8,651,630.00	4,189,880.00
Additions–internal development		
At end of the year	8,651,630.00	4,189,880.00
Amortization and impairment		
At beginning of the year	8,651,630.00	4,189,880.00
Amortization		
At end of the year		
Impairment loss		
At end of the year		
NBV	8,651,630.00	4,189,880.00

NOTE 18		
PAYABLES AS AT 30TH JUNE	2017/2018	2016/2017
CREDITORS	4,400,104.00	1,592,650.00
HELB RECEIVED IN ADVANCE	1,313,546.00	659,973.00
Total	5,713,650.00	2,252,623.00

NOTE 19		
REFUNDABLE DEPOSIT AS AT 30TH JUNE	2017/2018	2016/2017
CAUTION MONEY	2,621,370.00	1,990,510.00
Total	2,621,370.00	1,990,510.00

XVII. NOTES TO BUDGET COMPARISON

Revenue

a) Fees

The excess fee of ksh.17, 685,237.00 was due to change of institution status that attracted many students to study in the institution.

b) Rent

Mostly tutors are occupants of the institute premises the uncollected Kshs 276,076.00 was attributed by transfers of teachers.

c) Hire of facilities

The government didn't roll out the expected programmes as planned i.e. primary laptop programmes hence less revenue was achieved.

Expenses

a) Personal emolument

There was under spending in this vote head because the CBA had not been implemented fully.

b) PAYE

The program was in piloting stage equipment was brought in order for the program to start.

c) Tuition

The unspent of Kshs 7.7 was due to programmes that were never implemented in time.

d) Electricity, water & conservancy

The unspent amount was due to lower bills than expected. The institute had implemented measures to cushion on more bills.

e) Repair & maintenance improvement

The over expenditure resulted from unforeseen repairs that were not scheduled.

f) Activity

The over expenditure was attributed with institute's programmes on sports after being upgraded to a national polytechnic.

g) ICT

The unspent fund of Kshs 5,775,316.00 was attributed with delay of ICT programme.

