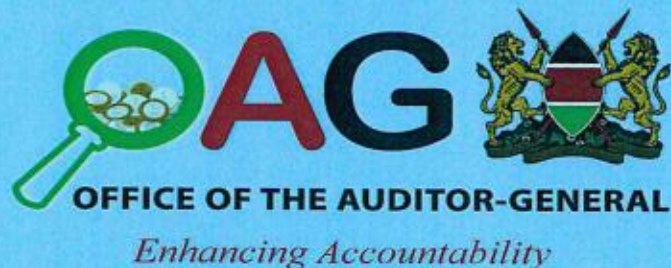


REPUBLIC OF KENYA



REPORT

OF

NATIONAL ASSEMBLY PAPERSTAD	
DATE: 22 FEB 2023	OAG.
TABLED	HON. OWEN BAYA, MP
OF	DEPUTY LEADER OF MAJORITY
CLERK AT THE TABLE	CHRISTINE NDIRITU

THE AUDITOR-GENERAL

ON

KENYA COAST NATIONAL POLYTECHNIC

**FOR THE YEAR ENDED
30 JUNE, 2021**

KENYA COAST NATIONAL POLYTECHNIC

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021



Kenya Coast National Polytechnic

Kisauni Road, P O Box 81220-80100 Mombasa, Telephone 0712725554, 0710389727

Email: info@kenyacoastpoly.ac.ke Website: www.kenyacoastpoly.ac.ke



ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2021**

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



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KEY ENTITY INFORMATION AND MANAGEMENT**(a) Background information**

Kenya Coast National Polytechnic (KCNP) is located in the coastal town of Mombasa. It was established in 1950 as a Technical High School. Upon the introduction of the 8-4-4 system of education, it was elevated to a middle level Technical College (Mombasa Technical Training Institute) in 1984 to provide technical training for the middle level workforce for both the private and public sectors of the economy. In 2016 the institution was officially up-graded to a National Polytechnic (Kenya Coast National Polytechnic) via the Legal Notice 88 of the Technical Vocational Education and Training (TVET) Act (No. 29 of 2013). The trainees in the Polytechnic are drawn from secondary school leavers, graduates from other tertiary institutions, employees on part-time release basis and the informal (Jua Kali) sector.

KCNP is managed by a Council whose members are appointed by the Government to represent the community, industrialists, professionals and various governmental departments. The Principal serves as the Secretary to the Council. The Institution operates under the Education Act, the TVET Act and other relevant laws. It offers Curriculum Developed by the Kenya Institute of Curriculum Development (KICD), the National Industrial Training Authority (NITA), KCNP, KASNEB, MMUST. It is mandated to offer courses at Artisan, Craft, Diploma, Higher National Diploma and Degree levels (in conjunction with recognised Universities), plus short-term certificate courses in the part-time programme. All the courses offered at Craft and Diploma levels incorporate Entrepreneurship Training and Industrial Attachment to prepare the trainees for formal and self-employment. The examining bodies are the Kenya National Examinations council (KNEC), NITA, Kenya Accountants and Secretaries National Examination Board (KASNEB), Masinde Muliro University of Science and Technology (MMUST), KCNP among others. KCNP is a member of the Kenya Association of Technical Training Institutions (KATTI) amongst others.

KCNP has seen tremendous growth in terms of courses offered and the student enrolment from an initial population of 23 students and 24 teaching staff in 1990 to the current 7,500 students and 290 teaching staff (PSC teachers 117 and Council teachers 173) respectively. The current number of non-teaching staff is 82. This has resulted in a strain on the training facilities whose expansion has unfortunately not matched this student growth. With the outbreak of Covid-19 pandemic has even made it worse. The demands from the market and the changes in curriculum and technology have not been fully matched by additional training facilities in terms of space, equipment and staff.

KCNP is all along has been taking full advantage of its staff enhanced capacity in terms of knowledge & skills, physical facilities, wide spectrum of courses, unique location close to Central Business District (CBD) of Mombasa, major industries, commercial organizations, existing transport infrastructure and housing.

Principal Activities

The principal activity of Kenya Coast National Polytechnic is to offer TVET programmes in line with industry or market needs both in long and short term basis.

KEY ENTITY INFORMATION AND MANAGEMENT (Continued)**Vision.**

A leading centre of excellence in training.

Mission

To produce highly competent graduates for the modern world of work.

Mandate

To train highly skilled workforce that is suitable for further professional development through quality inclusive and equitable TVET programs responsive to national and global competitiveness

Core Functions

- To implement training in TVET programs.
- To carry out research programs.
- To develop and transfer science, technology and innovation into products and services.
- To benchmark with other institutions and liaise with industry
- To adopt programs that address the needs of the local community

Core Values

KCNP's Core Values include the following among others: -

- Honesty, integrity and transparency
- Quality leadership, excellence, innovativeness and creativity.
- Consultative decision-making
- World-class programmes and standards
- Respect for human and gender rights
- Professionalism, team spirit and discipline

(b) Key Management

Daily management is carried out under the following key divisions:

- Administration, Finance, Registrar and Academic

(c) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2021 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Current Chief Principal	Mrs Anne M. Mbogo
2.	Deputy Principal-Adm.	Mr. Show Kalama
3.	Deputy Principal- Accad.	Ms Jane Kariuki
4.	Financial Controller	CPA Clerkson O. Bolo
5.	Senior Procurement Officer	Ms Dorothy Nyagitari
6.	Ag Registrar	Mr. Julius Kasuva
7.	Ag .Dean of Students	Mr Elphase Muge

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(d) Fiduciary Oversight Arrangements

- Finance and Human Resource and infrastructure Committee of the Council
- Audit and Risk Committee of the Council
- Education, Training and Research Committee of the Council
- Full Council
- Academic Board

(e) KCNP Headquarter

P.O. Box 81220- Code 80100
Kisauni Road- Tononoka
Mombasa, Kenya

(f) KCNP Contacts

Telephone: 0712725554, 0710389727

E-mail: info@kenyacoastpoly.ac.ke

Website: www.kenyacoastpoly.ac.ke

(g) KCNP Bankers

1. KCB Bank Kenya Ltd
Nkrumah Road
P.O. Box 902540
Treasury Square 4088
Mombasa, Kenya

(h) Independent Auditors


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

(i) Principal Legal Adviser

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

THE COUNCIL MEMBERS

<p>1.</p>  <p>Prof. James Felix Kanyua – Chairman D O B 09/09/1949 Id No 13308164</p>	<p>Prof. J F Kanyua is a holder of Doctor of Philosophy in Engineering, M Sc (Mechanical Engineering), B Sc (Mechanical Engineering), Postgraduate Diploma in Energy Technology, has a Certificate in Solar Energy Conversion and Desalination. He was a Senior lecturer at University of Nairobi from 1986 to 1992 during which he was appointed Associate Professor and performed various administrative duties. Currently he is a Professor Department of Mechanical and Automotive Engineering at Technical University of Mombasa.</p>
<p>2</p>  <p>Mr. Osman Varwani – Member D O B 08/12/1974 Id No 13358207</p>	<p>Mr. Osman has a B.S in Computer Science and Information Networking. He has wealth of experience in ICT since 1994 to date. At the moment he is the founder and Managing Director of Innovus Group- Kenya.</p>
<p>3</p>  <p>Dr. Gracie Mullei- Member D O B 18/6/54 Passport NO A1994926</p>	<p>Dr. Gracie is a holder of Bachelor of Education. She has a 5 years' experience in Corporate Governance to date since 2015, She has been engaged in Youth leadership training, Leadership training in various churches. She has been a lecturer in various Institutions, a Manager at world Vision International for 9 years, a Director at world Servant International for 10 years.</p>
<p>4</p>  <p>Mr. Sammy K. Akilimali- Member D O B 8/6/1963 Id No 0722876545</p>	<p>Mr. Sammy has Bachelors Degree in Business Administration (Entrepreneurship) , Ordinary Diploma in Institutional Management, Higher Diploma in Catering, Hotel and Institutional Management and Diploma Business Management. He has 35 years' work experience since 1984 to date.</p>
	<p>vi</p>

<p>5</p>  <p>Eng. Oliver Khabure- Member D O B 8/3/1968 Id No 10043933</p>	<p>Mr. Oliver is a holder of B.Sc in Civil Engineering and Masters in Business Administration. He is a registered consulting engineer and has been in the field for over 25 years.</p>
<p>6</p>  <p>Anne M. Mbogo Mrs- Chief Principal/Secretary D O B 10/10/972 Id No 11592985</p>	<p>Mrs Anne Mwendia Mbogo is the current chief Principal with effect from 23/9/2020. She is a holder of Post Graduate Diploma in Education Management and BED-Home Science and Technology. She has over 6 years' experience in management of TVET Institutions as a Principal.</p>
<p>7.</p>  <p>Mr Mwangi Peter - Member D O B 24/02/1966 Id No 7323021</p>	<p>Mr Mwangi Peter has a Master's Degree in Education Management and Bachelor's Degree in Education (Chemistry and Mathematics). He has experience in the Education Sector of over 30 years and currently is the County Director TVET for Mombasa Region.</p>
<p>9.</p>  <p>Mr. Julius N. Mwengei- Member D O B 26/4/1961 Id No 0315024</p>	<p>Mr Julius N. Mwengei is a holder of Masters in Business Administration (Entrepreneurship and Business Consulting), a professionally qualified Certified Public Accountant(CPA(K), a member of Institute of Certified Public Accountants(ICPAK), Institute of Certified Public Secretaries(ICPSK) and Institute of Credit Management(ICM). He has an audit firm where he is the in charge of day to day management affairs since 2009 to date</p>

KENYA COAST NATIONAL POLYTECHNIC

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

MANAGEMENT TEAM

Anne M. Mbogo Mrs- Chief Principal/Secretary
D O B:10/10/1972 Id No: 11592985

Current Chief Principal/Secretary to the Council
The Accounting Officer with effect from 23rd
September, 2020



Mr. Show Kalama – Deputy Principal
Administration
D O B 30/8/1978 Id No 20883144.

Deputy Principal in charge of Administration



Ms Jane Kariuki – Deputy Principal- Academic DO
B 5/1/1971 Id No 10889552

Deputy Principal in charge of Academic. A holder
of M Ed



CPA Clerkson Onyango Bolo- Financial Controller
Reg. No. 5067
D O B 4/3/1968 Id No 9418429

Financial Controller in charge of Account /Finance
department. A holder of MBA

KENYA COAST NATIONAL POLYTECHNIC**ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Ms Elphase Muge –Ag Deans of Students.
D O B 28/08/1971 Id No 11605342

Dean of Students in charge of students' affairs. A holder of a degree in Supplies chain Management



Mr. Julius Kasuva – Ag Registrar.
D O B 20/10/1975 Id No 13522642

In Charge of students' admissions and career guidance. A holder of Masters in Instructional Design and Technology


CHAIRMAN'S STATEMENT

The Kenya Coast National Polytechnic (KCNP) has passed through four transitional levels. The various phases it has undergone so far reflect the Government of Kenya's concerted efforts in promoting education and training in line with the dynamic technological and industrial growth in Kenya and in Africa.

The transition of the Polytechnic has seen the growth of the Polytechnic programmes, the staff and student population, physical infrastructure and ICT. The increase of these resources without a balanced growth in financial support from the exchequer has however come with a number of challenges. It has been difficult to provide commensurate teaching resources with the growth in student numbers while the Polytechnic has also not been able to concentrate on the key areas of research and technology transfer as required.

While the mandate of the Polytechnic provides for training highly skilled workforce that is suitable for further professional development through quality inclusive and equitable TVET programs responsive to national and global competitiveness, there have been challenges related to the infrastructural developments as the government has not been providing the requisite capital expenditure. Covid-19 has also multiplied these challenges. The financial statements reflect the financial status of the Polytechnic. More personnel are required for both teaching and Non-teaching staff. Council Members have recruited some staff on part time contracts and sustaining the increase in personal emoluments will however be a challenge unless the Government bring back recurrent grant which in directly has been replaced by Government capitation. Government capitation is part of fee that was being paid by students.

The Polytechnic Council looks forward to supportive collaboration with the government to ensure continued development of the Kenya Coast National Polytechnic as provided.



Prof. J F Kanyua
Chairman of Council

REPORT OF THE PRINCIPAL

The Kenya Coast National Polytechnic, as part of its expansion strategy, has developed market driven programmes that address national priorities areas like the BIG Four in the fields of Business, Engineering, Science and Technology. Currently, the Polytechnic is offering one hundred and twenty-two (122) academic programs in diverse fields and continues to develop new programmes especially at higher diploma. KCNP is committed to the advancement of knowledge through responsible research and scholarship addressing important current scientific, social, and cultural questions. Our emphasis on research, innovation, linkages and collaboration with various stakeholders in the industry improves our visibility nationally.

To balance the development of new programmes and demand for Polytechnic education, the Polytechnic management, in consultation with the council, has continued to develop its human resource especially the teaching staff short training programmes.

The Polytechnic has developed and implemented work place policies to nurture holistic students and staff. Towards this end, KCNP has complied with gender and disability mainstreaming, alcohol and drug abuse prevention and intervention.

Valuation of Non-Current Assets

The process to value fixed assets is still on going and as now assets tagging is complete to pave way for asset valuations continuity. However, values reported are deemed costs, for the old assets, gathered by experts from building and finance department from old records based on reasonable estimates and added together with the actual costs of the currently acquired once. Therefore, by the time of preparation of these accounts, The Polytechnic could not be able to find the exact value of its fixed assets. Once valuation is done then the exact values shall be incorporated into the subsequent books of account.

Variances

The Council observed that unfavourable variances on revenue were due to Covid-19 pandemic that made the learning Institutions to close during the first and second quarter of the Financial year 2020/2021. Positive variances on expenditure especially on general, operating, use of goods expenses, and repairs were due to the outbreak of Covid-19 that made most of the activities scaled down. But for employment cost, the Polytechnic establishment for employees is yet to be met. Despite these variations, the council members noted that the general performance had a positive variance which is an indication that the council did not commit funds beyond its revenue limit.

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Sundry Creditors

By the end of the fiscal period, the Polytechnic had unpaid supplies amounting to ksh. 31,357,991. This was due to prolonged processing of documents to facilitate payments by the accounts department and also goods and services acquired at the end of the fiscal period. Hence, the Polytechnic does not have any pending bill.

Upgrade of Accounting Software

The council members noted that for accounting staff to prepare on time financial reports, the accounting software in use must be upgraded and the process of upgrading started in September, 2019 and is still on going. This will assist the accounts staff to work faster and produce more accurate and timely reports as required.

Development Projects

The Polytechnic received a total of ksh. 1,589,400 from the Government as a recurrent grant that was to be used to pay officers who were conducting mentoring and evaluation. The Polytechnic collected a total of ksh. 4,255,218 as development funds internally. During The FY 2020/2021 Polytechnic managed to: Construct stormy water drainage, expand ground floor of Cafeteria block, purchased furniture for students and staff, acquired equipment, acquired computers, construction of swimming pool block, toilet block fenced Kwale land for EASTRIP and acquired generator.

Mrs. Anne M. Mbogo
Chief Principal/Council Secretary

CORPORATE GOVERNANCE STATEMENT

The Kenya Coast 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 council provides leadership through oversight, review and guidance whilst setting the strategic direction. It is the primary decision-making body for all matters considered as material to the service. The council is composed of skilled and experienced persons and carry out their functions effectively. Full council meetings are held quarterly while council committees are held frequently as needs may arise.

General Responsibilities

The council has a duty to the people of Kenya to ensure that the Kenya Coast National Polytechnic achieves its objectives efficiently and effectively and in compliance with PFM Act 2012, TVET Act 2013 and Polytechnic order 2016. Some of the statutory powers of the polytechnic are:

- To ensure that proper management structure is in place and the management maintain the corporate integrity, reputation and responsibility.
- To monitor and evaluate the implementation of strategies, policies and management plans of the polytechnic.
- To consistently review the viability and financial sustainability of the polytechnic.
- To ensure that The Polytechnic complies with all the relevant laws.

Council Remuneration

The council members are paid a sitting allowance and travelling expenses for meeting attended.

Risk Management and Internal Controls

The council has overall responsibility for the establishment and oversight of The Polytechnics risk management frameworks. The risk management policies are established to identify and analyse the risk faced by The Polytechnic and to set appropriate risk limits and controls to monitor adherence to these limits. Risk management policies and systems are reviewed regularly to reflect changes in operating conditions, legislations and services offered. The polytechnic identifies and manage risk through in-house risk review enhanced by compliance, internal and external audits.

Conflict of Interest

All council members are under a duty to avoid conflict of interest. This entails not engaging, directly or indirectly in any business that competes or conflicts with The Polytechnic business transactions.

Compliance

The council confirms that it is satisfied that The Polytechnic has adequate resources to continue operating for the foreseeable future. Because of this, The Polytechnic continues to adopt the Going Concern basis when preparing the financial statements.

The council is satisfied that The Polytechnic has to the best of their knowledge, comply with all relevant laws and conduct its business affairs in accordance with the law in particular to the PFM Act 2012, TVET Act 2013 and Polytechnic order 2016.

CORPORATE SOCIAL RESPONSIBILITY

KCNP support and mentor nearby institutions through capacity building of faculty and sharing of resources. This is being done through MOU. The institutions selected that are being supported and mentored are: Ahmed shahame Mwidani TVC, Likoni TVC, Lungalunga TVC, Kaloleni TVC, Weru TVC, Lamu East TVC and Ukunda youth polytechnic among others. Plans are underway to develop the partnership agreements and work plan.

The Mandate of KCNP is to train a highly skilled workforce that is suitable for further professional development through quality, inclusive and equitable TVET programs responsible to national and global competitiveness. To fulfil that the council occasionally award bursary to some needy students.

It is KCNP responsibility to provide the required leadership in designing suitable plans and strategies that will contribute to high and sustainable socio-economic development. It is our undertaking to ensure that KCNP has a credible strategic plan and performance contract that will deliver the desired goals. To fulfil this responsibility, the Management offer short term training and development to its staff.

KENYA COAST NATIONAL POLYTECHNIC

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

REPORT OF THE GOVERNING COUNCIL

The Governing Council submit their report together with the audited financial statements for Period ended June 30, 2021 which show the state of The Kenya Coast National Polytechnic's affairs.

Principal activities

The principal activity of the Polytechnic is training

Results

The results of the entity for the year ended 30th June, 2021 are set out on page 1.

COUNCIL OF GOVERNORS

The members of the Council who served during the year are shown on page. VI to VII

Auditors

The Auditor General is responsible for the statutory audit of The Polytechnic in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Mrs. Anne M. Mbogo
Chief Principal/Council Secretary

Date: 8/8/2022

STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

Section 81 (1) of the Public Finance Management Act, 2012 and Section 14 and 15 (1) of the State Corporations Act, require Council members to prepare financial statements in respect of the Polytechnic, which give a true and fair view of the state of affairs of the Polytechnic at the end of the financial year and the operating results of the Polytechnic for that period. The Council are also required to ensure that the Polytechnic keeps proper accounting records which disclose with reasonable accuracy the financial position of the Polytechnic. The Council is also responsible for safeguarding the assets of the Polytechnic.

The Council is responsible for the preparation and presentation of the Polytechnic financial statements, which give a true and fair view of the state of affairs of the Polytechnic for and as at the end of the financial year ended on 30 June, 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 entity; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

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

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

Approval of the financial statements

The Polytechnic financial statements were approved by the Council on 8/8/2022 and signed on its behalf by:


Prof. J F Kanyua
Council Chairman


Mrs. Anne M. Mbogo
Chief Principal/Council Secretary

STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The statement is based on East Africa Skills for Transformation and Regional Integration Project (EASTRIP). The EASTRIP predetermined key objective is to increase the access and improve the quality of TVET programs in the Polytechnic and to support regional integration in East Africa. The Polytechnic Industrial Advisory board was established to assist improvement of the quality of the programmes offered and also to enhance recruitment of both local and regional students. Members of the project implementation unit were appointed by the Project Manager. Achieved objectives of the project as per the program plan are as follows:

Strengthening Governance & Management

- Strategic development plan developed and approved
- Project Implementation unit established
- Training for Council and top Management was done (corporate governance)
- Strategic plan revised, Sustainability plan developed
- Policy on Scholarship developed
- Guidelines for Staff attachment and foreign exchanges developed.
- Project office established and furnished
- Benchmarking was done with (RTI Kisumu, Egerton University, Carribean Maritime University, NIT Tanzania, Arab Academy for Science Technology and Maritime Transport.

1. Institutionalizing Industry Linkages

- Six stakeholder forums were conducted
- Industrial Advisory Board was established with 86% representation from the industry
- Eight Memorandum of Understandings (MOUs) were signed
- Thirty members of Staff underwent for staff attachment
- Student attachment is continuously being conducted
- Tracer studies was conducted and representatives from all departments were trained

2. Development of Market Relevant CBET Curriculum

- Labour Market Survey was Conducted
- Seven curriculums have been developed, 3 Short term and 4 long term.
- Six other curriculums have been developed and awaiting approval
- E learning platform was established and piloting of two courses per department

3. Training School Managers and Trainers

- Training Needs assessment for Staff has been done
- Ten Heads of sections were trained on supervisory skills development.
- Nineteen Members of Staff were trained on Project Management PMP (PIU & 6 others)
- Six Staff members were trained on Public Relations & Customer care
- Four staff members were trained on sign language course.

4. Upgrade of Key Training Facilities and Infrastructure

- Project Bus procured and delivered
- Contract for supply of equipment has been signed.
- Designs for Buildings Complete including ESIA
- Evaluation for construction complete and a waiting signing of contract.
- Grievance Redress Committee established and trained

5. Outreach to Non Project National TVET

- Terms of Reference for Marketing Consultant has been made and approved
- Needs for support has been received from Ukunda Youth
- Fifteen Institutions have been trained and allowed to use our Labour Market Survey

MANAGEMENT DISCUSSION AND ANALYSIS

The Management noted that the Polytechnic did not perform well due to the outbreak of Covid-19 which had negative effect whole over the world. This lead to the realization of a surplus of 7.3%, only, 58% absorption of the budgetary allocation and 55% realization of the budgeted revenue. Despite all these, the Management also noted that the Polytechnic liquidity ratio still strong and is currently stands at 2.21 as well as acid test ratio at 1.63.

REPORTS ON PROJECTS IMPLEMENTED AND INTER-ENTITY TRANSFERS

The Management of Kenya Coast National Polytechnic since 2014 was tasked to mentor nine (9) Technical Training Institutions. These institutions are: Ahmed Shahame TVC, Kaloleni TVC, Likoni TVC, Lungalunga TVC, Weru TVC, Lamu East TVC, Lamu West (Mpeketoni) TVC, Godoma TVC and Kilifi North TVC. Ahmed Shahame TVC, Kaloleni TVC, Likoni TVC, Lungalunga TVC, Weru TVC and Godoma TVC have all been completed and the Ministry has already posted Principals to manage them. Lamu West (Mpeketoni) TVC and Lamu East TVC are about 87% complete. Lau East TVC already has a Principal. Kilifi North TVC is about 60% complete.

REPORT ON ENVIRONMENTAL AND SUSTAINABILITY

Kenya Coast National Polytechnic Management has designated an area to temporarily store garbage from the kitchen and Food & Beverage Department, that is collected within two days by a licensed NEMA waste handler for disposal at a registered dumping site

The Polytechnic has outsourced gardening contractor responsible for watering & plant trees, pruning, naming trees and propagating endangered species of trees. The polytechnic is keen to increase forestry, gardens, grass and avoiding cutting of trees.

The polytechnic is served by municipal water though ground water is the main source of water supply. We have one borehole at the centre of the Polytechnic meeting our water demands. We also collect rain water in underground & surface tanks combined at Building & Civil Engineering block, administration block, applied science block and Chandaria hall. An effort to allow ground water to recharge and avoid depletion.

The polytechnic is not sewered. we have septic tanks for management of sewage. Much waste water is generated from hostels, kitchens and toilets. We have upgraded our system to include battle tanks for effective waste disposal from septic tanks to soak pits to meet water quality regulations. We have no water treatment plant. We are working closely with sewage companies to exhaust any overflows.

We are served by Kenya Power lines. We have a standby generator to meet the power supply demands within the facility. We are wishing on moving to blue economy to utilize solar energy in future to conserve on use of petroleum fuel backups

Key sustainability strategic themes

Sustainability strategic themes refers to the key elements for sustainability that lead to the achievement of the goals of Kenya Coast National Polytechnic –EASTRIP project sustainability. It includes the fundamental forces that will propel the Kenya Coast National Polytechnic –EASTRIP project towards its intended objectives, vision, mission, strategies, and core values, all developed from situational analysis of the organization. The result of situational analysis yields strategies and integrated activities, which are allocated scarce resources within the institutional environment so as to meet the present objectives. It is with this background, that Kenya Coast National Polytechnic –EASTRIP project leadership team will propel all the elements of the sustainability strategic themes to generate synergy and positive morale in Kenya Coast National Polytechnic –EASTRIP project wellbeing and sustainable growth. 4.2 EASTRIP Sustainability Strategic Theme

KENYA COAST NATIONAL POLYTECHNIC

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

**REPORT OF THE INDEPENDENT AUDITOR FOR THE FINANCIAL STATEMENTS OF
KENYA COAST NATIONAL POLYTECHNIC**

REPUBLIC OF KENYA

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REPORT OF THE AUDITOR-GENERAL ON KENYA COAST NATIONAL POLYTECHNIC FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Kenya Coast National Polytechnic set out on pages 1 to 23, which comprise the statement of financial position as at 30 June, 2021, 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 effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Kenya Coast National Polytechnic as at 30 June, 2021, and its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with The Technical and Vocational Education and Training Act No.29 of 2013 and Public Finance Management Act, 2021.

Basis for Qualified Opinion

Receivables from Exchange Transactions

The statement of financial position reflects receivables from exchange transactions balance of Kshs.230,403,530 also as disclosed in Note 18 to the financial statements. As previously reported, the receivables from exchange transactions includes an amount of Kshs.4,159,310 in respect of a staff debtor. Information provided for audit indicated that the debt relates to alleged fraud by an employee of the Polytechnic and was a subject of a court case which was determined in favour of the employee. However, it was not explained why the debt has not been written-off considering the Management did not appeal against the judgement.

In the circumstances, the accuracy, completeness and fair presentation of receivables from exchange transactions balance of Kshs.230,403,530 could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects revenue budget and actual amount on comparable basis of Kshs.554,955,000 and Kshs.305,894,649

respectively, resulting in a shortfall of Kshs.249,060,351 or 45% of the budget. Similarly, the Polytechnic spent an amount of Kshs.303,577,787 against an approved budget of Kshs.523,224,800, resulting in an under-expenditure of Kshs.219,647,013 or 42% of the budget.

The shortfall in receipts and under-expenditure affected the Polytechnic's planned activities and impacted negatively on service delivery to the public.

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. Failure to Prepare and Submit Assets Reconciliation Reports

The statement of financial position reflects a balance of Kshs.1,713,956,192 in respect of property, plant and equipment and as disclosed in Note 20 to the financial statements. However, assets reconciliation reports and registers were not prepared and sent to the National Treasury contrary to the National Treasury Circular Number 23/2020 which required all Accounting Officers to include in the registers information on all assets owned or under the entity's possession and to submit the same to the National Treasury not later than 31 October, 2020.

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

2. Intangible Assets - Upgrade of Management Information Systems

The statement of financial position reflects intangible assets balance of Kshs.25,202,088 and as disclosed under in Note 21 to the financial statements. Included in the balance is an amount of Kshs.4,307,040 being additions in the year in relation to upgrade of ABNO Software, the Polytechnic's Management Information System. Records provided for audit in respect of the upgrade of Management Information System indicated that the contract sum was Kshs.17,545,000 while the procurement plan provided for a budget of Kshs.10,000,000, resulting in an unapproved expenditure of Kshs.7,545,000.

In addition, Local Service Order, signed minutes of inspection and acceptance committee, payment certificates, completion and handing over certificates were also not provided for audit review.

Further, system implementation report produced for audit indicated that bank integration with expenses was to be conducted by 30 June, 2021 but the process had not been concluded as of February, 2022. Although the Management has indicated that the process of bank integration with expenses is complex, there was no evidence of request for project period extension by the service provider.

In the circumstances, the regularity and value for money of the contract for upgrade of Management Information System at a sum of Kshs.17,545,000 could not be confirmed.

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed. I confirm that, nothing has come to my attention to cause me to believe that Internal Controls, Risk Management and Governance were not effective.

Basis for Conclusion

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

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

In preparing the financial statements, Management is responsible for assessing the Polytechnic's ability to continue to sustain its services, disclosing, as applicable, 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 Council is responsible for overseeing the Polytechnic's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal 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

08 September, 2022

IV. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from the National Government–Capitation	5	134,257,500	98,190,000
Revenue from exchange transactions			
Rendering of services- Fees from students	6	126,484,619	185,956,273
Other Services Rendered	7	28,888,836	31,808,085
Rental revenue from facilities and equipment	8	379,020	1,268,500
Other income	9	15,884,674	5,958,540
Total Revenue from exchange transactions		171,637,149	224,991,398
Total revenue		305,894,649	323,181,398
Expenses			
Employee costs	10	59,587,358	51,417,799
Remuneration of Council Members	11	6,509,364	5,690,565
Depreciation	12	46,666,818	37,674,193
Repairs and maintenance	13	33,762,157	28,625,154
General Expenses	14	82,989,826	77,163,256
Operating Expenses	15	61,434,880	77,342,810
Use of Goods and Services	16	12,627,384	15,858,371
Total expenses		303,577,787	293,772,148
Net Surplus for the year		2,316,862	29,409,250

The notes set out on pages 6 to 20 form an integral part of the Annual Financial Statements.

V. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Notes	2020-2021 Kshs	2019-2020 Kshs
Assets			
Current assets			
Cash and cash equivalents	17	652,823,244	491,302,864
Receivables from exchange transactions	18	230,403,530	97,144,290
Inventory	19	3,728,199	5,740,608
Total current assets		886,954,973	594,187,762
Non-current assets			
Property, plant and equipment	20	1,713,956,192	1,691,269,095
Intangible assets	21	25,202,088	21,350,795
Mentored Institutions Projects/works	22	350,734,402	337,130,116
Total Non-current assets		2,089,892,682	2,049,750,006
Total assets		2,976,847,655	2,643,937,768
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	23	400,822,673	226,241,832
Non-current liabilities			
Total liabilities		400,822,673	226,241,832
Net assets		2,576,024,982	2,417,695,936
Mentored Institutions Grants	24	382,220,743	351,053,177
Reserves	25	40,764,257	32,509,039
Accumulated surplus	26	209,689,795	207,372,933
Capital Fund	27	1,628,350,187	1,626,760,787
World Bank- EASTRIP	28	315,000,000	200,000,000
Total net assets and liabilities		2,576,024,982	2,417,695,936

The Financial Statements set out on pages 1 to 5 were signed on behalf of The Polytechnic Council by



Chairman of Council



Financial Controller



Chief Principal/Council Secretary

ICPAK No 5067

Date 8/8/2022

Date 8/8/2022

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VI. STATEMENT OF CHANGES IN NET ASSET FOR THE YEAR END 30 JUNE
2021

	Mentored TTI Fund	Fair value adjustment reserve	Retained earnings	Capital/ Development Grants/Fund	Total
At 30 June, 2019	326,705,216	19,453,255	173,674,755	1,617,668,537	2,137,501,763
Development grants for Furniture W.I.P	12,500,000	-----	-----	-----	12,500,000
Development grants	11,847,961	-----	-----	9,092,250	20,940,211
Surplus for the year	-----	-----	29,409,250	-----	29,409,250
Reserve for the year	-----	13,055,784	-----	-----	13,055,784
Inventory Adjustment	-----	-----	4,288,928	-----	4,288,928
At 30 June, 2020	351,053,177	32,509,039	207,372,933	1,626,760,787	2,217,695,936
Development grant	20,000,000				20,000,000
Mentored Institution Grant Adjustment	11,167,566				11,167,566
Grant- Monitor & Evaluation				1,589,400	1,589,400
Reserve for the year		8,255,218			8,255,218
Surplus for the year			2,316,862		2,316,862
At 30 June, 2021	382,220,743	40,764,257	209,689,795	1,628,350,187	2,261,024,982

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VII. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Notes	2020-2021	2019-2020
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Government grants	5	1,589,400	20,940,211
Government Capitation	5	134,257,500	98,190,000
Government grant for Furniture- Mentored Institution	5	-----	12,500,000
Rendering of services- Fees from students	6	126,484,619	185,956,273
Other Services Rendered	7	28,888,836	31,808,085
Rental revenue from facilities and equipment	8	379,020	1,268,500
Other income	9	15,884,674	5,958,548
Mentored Institution grants	22	20,000,000	-----
Decrease/increase in payables	23	174,580,841	65,374,759
Mentored Institution Grant Adjustment	24	11,167,566	-----
Internal Development Fund/Reserve	25	8,255,218	13,055,784
Inventory Adjustment	26	-----	4,288,928
World Bank- EASTRIP	28	115,000,000	200,000,000
Total Receipts		636,487,674	639,341,088
Payments			
Compensation of employees	10	59,587,358	51,417,799
Remuneration of Council Members	11	6,509,364	5,690,565
Repairs and maintenance	13	33,762,157	28,625,154
General Expenses	14	82,989,826	77,163,256
Operating Expenses	15	61,434,880	77,342,820
Use of Goods and Services	16	12,627,384	15,858,371
Increase/Decrease in receivable	18	133,259,240	(60,120,492)
Decrease in Inventory	19	(2,012,409)	4,288,928
Work in Progress	20	-----	-----
Mentored Institution projects/works	22	13,604,286	-----
Total Payments		401,762,086	200,266,401
Net cash flows from operating activities		234,725,588	439,074,687
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(73,205,208)	(57,065,630)
Work in Progress	20		(28,331,051)
Net increase/(decrease)in cash and cash equivalents		161,520,380	353,678,006
Cash and cash equivalents at 1 JULY 2020	17	491,302,864	137,624,858
Cash and cash equivalents at 30 JUNE 2021	17	652,823,244	491,302,864

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VIII. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2021

	Original budget	Adjustment	Final budget	Actual on comparable basis	%Performance difference
	2020-2021	2020-2021	2020-2021	2020-2021	2020-2021
Revenue	Kshs		Kshs		Kshs
Government recurrent grants	120,000,000	-----	120,000,000		0
Government grants/Capitation	195,000,000	-----	195,000,000	134,257,500	69
Rendering of services- Fees from students	191,495,000	-----	191,495,000	126,484,619	66
Other Incomes	48,460,000	-----	48,460,000	45,152,530	93
Total income	554,955,000	-----	554,955,000	305,894,649	55
Expenses					
Compensation of employees	103,224,000	-----	103,224,000	59,587,358	58
Council Members allowances	7,467,000	-----	7,467,000	6,509,364	87
General, Operating and Use of Goods Expenses	319,914,200	-----	319,914,200	157,052,090	49
Repairs and Maintenance	52,719,600	-----	52,719,600	33,762,157	64
Provision of depreciation	39,900,000	-----	39,900,000	46,666,818	117
Total expenditure	523,224,800	-----	523,224,800	303,577,787	58
Surplus for the period	31,730,200	-----	31,730,200	2,316,862	7.3

Explanations on the variances

- The unfavourable variance on revenue were due to Government not remitting full capitation and Covid-19 pandemic which seriously affected 1st and 2nd quarter of the financial year. The Polytechnic did not receive any money for recurrent grant from the Government.
- Positive Variance on general, operating, use of goods and repairs were due to Covid-19 outbreak that made most of the activities scaled down in quarter 1 and 2 of the financial year.
- For employees cost, the Polytechnic yet to meet employee establishment.

IX. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kenya Coast National Polytechnic is established by and derives its authority and accountability from the Public Finance Management Act, 2012. KCNP is wholly owned by the Government of Kenya and is domiciled in Kenya. The Polytechnic principal activity is Training.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

The financial statements have been prepared in accordance with the International Public Sector Accounting Standards- Accrual (IPSAS). The Polytechnic adopted IPSASA-Accrual in the FY 2020/2021. The accounting policies adopted have been consistently applied to all the years presented.

3 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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ii) Revenue from exchange transactions

Rendering of services

The 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.

a) Revenue recognition (Continued)

ii) Revenue from exchange transactions (continued)

Rental income

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

b) Budget information

The original budget for FY 2020/2021 was approved by the Council Members on 24th June, 2020. Some revisions or additional appropriations were made to the approved budget.

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) 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 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.

d) Inventories

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

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 Entity.

e) 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 Kenya Commercial Bank.

f) Comparative figures

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

**4 SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION
UNCERTAINTY**

The preparation of the Entity'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 1.140

Useful lives and residual values

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

- The condition of the asset based on the assessment of experts employed by the 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. Additional disclosure of these estimates of provisions is included in Note 14

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.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. TRANSFERS FROM NATIONAL GOVERNMENT MINISTRIES

Description	2020-2021	2019-2020
	KShs	KShs
Unconditional grants		
Operational grant	-----	-----
GOK Capitation received	134,257,500	98,190,000
	134,257,500	98,190,000
Conditional grants		
Development grant	-----	9,092,350
Monitoring and Evaluation grant	1,589,400	-----
Development grant- Kilifi TTI	20,000,000	11,847,861
Total government grants and subsidies	155,846,900	119,130,211

KCNP did not get any operational grant in the financial year 2020/2021. However, KCNP received Capitation totalling to Ksh 134,257,500. Ksh 1,589,400 that was received was for use in paying officers, from the Ministry, who carried out mentoring and evaluation of projects. Ksh 20,000,000 is for Kilifi TVC construction of workshops and classrooms.

6. RENDERING OF SERVICES-FEE FROM STUDENTS

Description	2020-2021	2019-2020
		KShs
Tuition fees	70,844,745	84,564,312
Activity fees	4,729,363	6,137,901
Teaching Material fees	756,066	1,040,265
Equipment fees	268,130	910,374
Local Transport and Travelling fees	1,425,782	4,711,438
Contingencies fees	369,490	1,187,634
Part time fees	21,712,244	47,116,304
Registration fees	150,720	645,823
Application fees	408,490	378,400
College Identity Cards fees	682,220	1,080,457
Centre fees	392,300	5,900
Electricity fees	4,581,035	6,549,977
Repairs Maintenance and Improvement	4,213,716	7,456,022
Personal Emoluments fees	11,148,890	18,105,248
Attachment fees	538,627	2,355,972
Maintenance fees	1,000	3,600
Educational tour fees	312,468	1,149,793
Studio Fees	157,150	164,210
Internet fees	217,940	461,895
Insurance fees	446,713	841,221
T/Shirts fees	328,055	590,777
Project fees	49,800	381,460
Laboratory /Facility Fees	122,755	70,530
Multiculation	72,520	46,760
KMLTTB	2,554,400	
Total revenue from the rendering of services	126,484,619	185,956,273

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. OTHER SERVICES RENDERED

Description	2020=2021	2019-2020
		KShs
Chandaria Hall/Conference income	1,066,741	1,187,910
Corner Restaurant	23,950,030	27,476,490
Carpentry and Joinery	6,000	-----
Clothing P. Unit	458,050	406,370
KCNP Hostel	3,408,015	2,737,315
Total revenue from other services rendered	28,888,836	31,808,085

8. RENTAL REVENUE FROM FACILITIES AND EQUIPMENT

Description	2020=2021	2019-2020
	KShs	KShs
Swimming Pool		810,000
KCNP House Rent	16,520	8,500
KCNP Mini shops	362,500	450,000
Total rentals	379,020	1,268,500

9. OTHER INCOME

Description	2020-2021	2019-2020
	KShs	KShs
Transcript/Supplementary	3,500	-----
Tender	-----	48,200
Library charges	19,900	98,680
Miscellaneous revenue	-----	9,700
Graduation Gown	13,300	500
Disposal income	217,045	-----
KUCCPS Registration	79,031	-----
KMLLT Registration	7,500	
Food and Beverage Training	121,365	-----
Fixed Deposit Interest	15,257,093	5,801,460
Board Registration	142,725	-----
Passport	11,660	
Cosmology	10,555	-----
Bicycle tag	1,000	
Total other income	15,884,674	5,958,540

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. EMPLOYEE COSTS

	2019-2020	2019-2020
	KShs	KShs
Salaries and wages	46,459,045	41,136,795
Employee related costs-contributions to pensions and medical aids	2,904,078	1,851,804
Commuting allowances	2,083,000	1,092,000
Housing benefits and allowances	4,141,235	3,337,200
Provision for retirement benefit	4,000,000	4,000,000
Employee costs	59,587,358	51,417,799

11. REMUNERATION OF COUNCIL MEMBERS

Description	2020-2021	2019-2020
	KShs	KShs
Chairman's Honoraria		-----
Sitting and Transport allowances		-----
Total Council emoluments	6,509,364	5,690,565

12. DEPRECIATION AND AMORTIZATION EXPENSE (ALSO SEE NOTE 20)

Description	2020-2021	2019-2020
	KShs	KShs
Property, plant and equipment	37,537,396	34,190,784
Intangible assets	9,129,422	3,483,409
Investment property carried at cost		
Total depreciation and amortization	46,666,818	37,674,193

13. REPAIRS AND MAINTENANCE

Description	2020-2021	2019-2020
		KShs
Buildings-Property	16,864,747	14,308,730
Equipment and machinery	10,392,180	8,810,982
Vehicles	738,210	625,889
Furniture and fittings	672,045	569,792
Computers and accessories	41,045	34,800
Other	5,053,930	4,274,961
Total repairs and maintenance	33,762,157	28,625,154

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. GENERAL EXPENSES

Description	2020-2021	2019-2020
	KShs	KShs
Transport Travelling and Subsistence	4,869,042	15,419,036
Marketing and Graduation	4,906,346	7,749,738
Benchmarking	352,700	
Insurance	1,379,350	2,079,055
Staff medical insurance	8,602,980	5,037,491
Legal expenses	862,600	343,632
Staff Capacity Building	2,057,510	7,807,475
Consumables	27,342,125	18,428,474
Staff and Students activity	543,230	3,798,929
MMUST Program	664,200	
KETTOSO Games	-----	72,200
Provision of Audit fee	600,000	600,000
Research and Innovation	69,900	
EASTRIP (KCNP)	2,329,180	
Tender Expenses	-----	460,000
Cleaning services	3,815,398	
Sanitary Services	1,372,758	
KMLTTB	2,400,000	
ISO expenses	469,060	62,640
Board Registration	-----	60,000
Provision of Bad debt 20% of 101,767,238	20,353,447	15,244,586
Total	82,989,826	77,163,256

15. OPERATING EXPENSES

Description	2020-2021	2019-2020
	KShs	KShs
Contingencies Expenses	10,168,999	6,509,331
Stationary	535,000	
Attachment	1,395,000	3,284,037
Corner restaurant	26,023,191	21,950,544
Part Time expenses	16,370,823	36,389,039
Education tour	696,345	484,450
NTSA	136,000	
Postages	22,650	
Planning and Policy Development	288,315	1,697,220
Carpentry and joinery	69,560	
Responsibility allowance	2,314,672	
Internal committee allowance	1,727,500	2,128,733

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Computer expenses	12,100	
Lamu West Mentoring	62,715	
Corporate Social Responsibility	914,796	4,116,378
Bank charges	640,119	783,078
Hall expenses	40,095	
CDACC Training	17,000	
Total	61,434,880	77,342,810

16. USE OF GOODS AND SERVICES

Description	2020-2021	2019-2020
	KShs	KShs
Internet services	2,650,663	4,452,588
Water and Electricity	2,255,333	6,318,912
KCNP Hostel	22,335	3,176
Security costs	5,225,378	4,848,090
Leave allowance	5,000	
Clothing P.U	253,275	55,605
Board Registration	242,400	180,000
Students identity	351,500	
T/SHIRTS	1,345,000	
Hire of classroom	276,500	
Total	12,627,384	15,858,371

NOTES TO THE FINANCIAL STATEMENTS (Continued)

17. CASH AND CASH EQUIVALENTS

Description	2020-2021	2019-2020
	KShs	KShs
Current account	342,407,152	289,126,116
Others- Savings account and Cash in hand	99,571,966	3,971,265
	441,847,168	293,097,381
World Bank EASTRIP	210,844,126	198,205,483
Total cash and cash equivalents	652,823,244	491,302,864

17(a). DETAILED ANALYSIS OF CASH AND CASH EQUIVALENTS

Financial institution	Account number	2020-2021	2019-2020
		KShs	KShs
a) Current account			
Kenya Commercial bank			
Main Account- A/C 1	1106525027	284,063,143	260,683,843
College Fund Account – A/C 2	1106525183	4,787,503	5,119,680
Production Unit- A/C 3	1106525051	51,316,845	21,078,480
Lamu West (Mpeketoni) TTI	1106496795	1,240,408	1,241,374
Weru TTI	1160509670	221,064	221,904
Lamu East TTI	1160509964	377,391	378,231
Kaloleni TTI	1160510067	369,017	369,857
Ahmed Shahame TTI	1160509506	31,781	32,747
		342,407,152	289,126,116
b) Equity Bank			
KCNP (EASTRIP-Project)	0250279469130	210,844,126	198,205,483
		553,251,278	487,331,599
c) Others(specify)			
Savings Accounts			
Kenya Commercial bank			
Reserve Fund	1104912325	32,507,007	2,109,232
Capital Development	1104913992	41,635,955	1,152,417
Caution Money	1104950367	25,137,258	619,341
		99,280,220	3,880,990
d) i. Cash in hand -KCNP		159,796	90,275
ii .Cash in hand -EASTRIP		131,950	-----
Grand total		652,823,244	491,302,864

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
Current receivables		
Student debtors-Fees	73,745,029	75,064,432
Mombasa County Government (students fees)	30,159,105	
Other exchange debtors-	-----	89,500
Advances	321,515	461,500
KCNP Mini Shop	258,500	258,500
Swimming Pool	900,000	900,000
Staff Debtor- Robert wangila	4,159,310	4,159,310
GUS Training MSA County Government	5,143,195	5,143,195
Weru TTI Operations	2,231,535	2,125,535
Ahmed Shahame Operations	3,007,601	3,007,601
Dishonoured Cheque	344,000	209,987
Lunga Lunga TTI	892,089	396,719
Antarc Limited	-----	870,500
Kaloleni TTI	1,465,258	174,599
Kilifi TTI	87,006	33,000
EASTRIP	104,023,924	2,135,207
Likoni TTI	1,723,789	2,155
Imprest	938,500	2,112,550
Kigali ttc	54,300	
Railway Training Institute NRB	36,000	
KATTI- Participation fee	211,600	
Student Union	701,274	
Total current receivables	230,403,530	97,144,290

19. INVENTORIES

Description	2020-2021	2019-2020
	KShs	KShs
Food and Beverage Training stores	278,044	30,940
Corner restaurant stores	587,729	167,371
Main Store-Procurement	1,236,301	1,073,846
Clothing Section	847,800	1,856,984
Carpentry and Joinery	-----	132,467
Applied science/Medical	172,960	557,924
Electrical	-----	83,760
Mechanical	20,700	146,075
Building and Civil engineering	584,665	289,240
Maintenance	-----	112,555
Electrical	-----	1,014,930
Library	-----	50,495
Examination	-----	138,853
Business	-----	46,778
Mechanical Automotive	-----	38,390

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Total inventories	<u>3,728,199</u>	<u>5,740,608</u>
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Other Assets S. Pool	Plant and equipment	Capital Work in progress	Total
Cost		Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 30 June 2019	1,072,835,948	422,951,513	3,041,917	24,421,542	11,682,522	4,868,597	122,267,637	8,925,079	1,670,994,755
At 30 June 2019		23,123,129	4,168,552	8,026,438	12,356,588	374,999	51,263,023		99,312,729
Total Cost At 30 July 2019	1,072,835,948	446,074,642	7,210,469	32,447,980	24,039,110	5,243,596	173,530,660	8,925,079	1,770,307,484
Additions	-----	32,374,053	11,170,000	5,838,310	277,450	-----	122,000	4,683,311	54,465,124
Work in progress	-----	8,925,079	-----	-----	-----	-----	-----	(8,925,079)	-----
Total At 30 June 2020	1,072,835,948	487,373,774	18,380,469	38,286,290	24,316,560	5,243,596	173,652,660	4,683,311	1,824,772,608
Depreciation									
Acc. Depreciation At 1 July 2019		23,123,129	4,168,552	8,026,438	12,356,588	374,999	51,263,023		99,312,729
Depreciation		9,243,162	2,156,728	3,782,482	3,587,992	121,715	15,298,705		34,190,784
Acc. Depreciation At 30 June 2020		32,366,291	6,325,280	11,808,920	15,944,580	496,714	66,561,728		133,503,513
Net book values									
NBV At 30 June 2020	1,072,835,948	455,007,483	12,055,189	26,477,370	8,371,980	4,746,882	107,090,932	4,683,311	1,691,269,095
Acc. Depreciation At 30 June 2020		32,366,291	6,325,280	11,808,920	15,944,580	496,714	66,561,728		133,503,513
Total Cost at 1 July 2020	1,072,835,948	487,373,774	18,380,469	38,286,290	24,316,560	5,243,596	173,652,660	4,683,311	1,824,772,608
Work in progress		4,683,311						(4,683,311)	
Additions	-----	3,115,265	-----	3,031,661	6,158,000	-----	33,873,728	14,045,839	60,224,493
Depreciation	-----	9,256,121	3,013,797	3,169,230	4,358,994	118,672	17,620,582	-----	37,537,396
Net book values									
NBV At 30 June 2021	1,072,835,948	453,549,938	9,041,392	26,339,801	10,170,986	4,628,210	123,344,078	14,045,839	1,713,956,192
Acc. Depreciation At 30 June 2021	-----	41,622,412	9,339,077	14,978,150	20,303,574	615,386	84,182,310	-----	171,040,909

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Work in Progress

These are Kwale land fencing, toilet block and swimming pool block, ksh 7,751,525, ksh 2,702,907 and ksh 3,591,407 respectively totalling to ksh 14,045,839. Depreciation on property, plant and equipment is recognized in the income statement on a cost reduction basis to write down the cost of each asset.

Building	2%
Swimming Pool	2.5%
Plant and Equipment	12.5%
Motor Vehicles	25%
Computers and Other Electronics	30%
Furniture and Fittings	12.5%

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. INTANGIBLE ASSETS- SOFTWARE

Description	2020-2021	2019-2020
	KShs	KShs
At beginning of the year 1 July 2020	21,350,795	4,327,547
Additions: Windows and Antivirus	742,000	7,283,817
Addition: MIS Upgrade	4,307,040	13,222,840
Addition: CCTV	4,031,571	
Addition: Asset tagging W.I.P	3,900,104	
Amortization 30% on ksh 30,431,406	(9,129,422)	(3,483,409)
At end of the year 30 June 2021	25,202,088	21,350,795

Assets tagging was still on going at the closure of this financial year to pave way of assets valuations.

22. MENTORED INSTITUTIONS PROJECTS/WORKS

	Ahmed Shahame TTI	Weru TTI	Lamu East TTI	Lamu West TTI	Kaloleni TTI	Likoni TTI	Total
Cost		Shs	Shs	Shs	Shs	Shs	Shs
At 1 June 2016	58,943,101	42,122,695	34,957,061	12,543,287	17,172,341	10,553,020	176,291,505
Additional certificates	8,816,168	9,292,537	20,393,127	26,529,083	29,267,107	30,749,617	125,047,639
At 30 th June 2017	67,759,269	51,415,232	55,350,188	39,072,370	46,439,448	41,302,637	301,339,144
Additional certificates	-----	-----	-----	8,624,966	-----	-----	8,624,966
At 30 th June 2018	67,759,269	51,415,232	55,350,188	47,697,336	46,439,448	41,302,637	309,964,110
Additional certificates	-----	-----	-----	-----	-----	16,741,106	16,741,106
At 30 th June 2019	67,759,269	51,415,232	55,350,188	47,697,336	46,439,448	58,043,743	326,705,216
Furniture Purchase	-----	-----	-----	-----	-----	-----	10,424,900
At 30 th June 2020	67,759,269	51,415,232	55,350,188	47,697,336	46,439,448	58,043,743	337,130,116
Additional certificates Kilifi	-----	-----	-----	-----	-----	-----	11,106,390
Additional certificates	-----	-----	2,497,896	-----	-----	-----	2,497,896
At 30 th June 2021	67,759,269	51,415,232	57,848,084	47,697,336	46,439,448	58,043,743	350,734,402

23. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2020-2021	2019-2020
	KShs	KShs
Suppliers	31,357,991	9,261,264
Student union Fund	-----	172,323
Pocket Money	-----	8,290
Soma Sacco Ltd	22,077	22,077
CDF/HELP/Trust/KENHA Bursary	1,990,180	11,453,441
Provision of Audit fee	3,000,000	2,400,000
Provision of Bad debt	63,783,635	43,430,188
Provision of bad debt- Robert Wangila 100%	4,159,310	4,159,310

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Examination	26,011,760	25,013,288
Caution Money	8,053,785	7,424,095
Retention for Construction works- Mentored	9,048,142	14,273,279
Prepaid Fees	38,623,332	40,503,876
Mentored Institution grants	-----	11,167,566
NYS Sponsored Students	214,465,019	55,957,321
Lamu East TTI	307,442	402,064
Labsset	-----	593,450
Total trade and other payables	400,822,673	226,241,832

24. MENTORED INSTITUTIONS GRANTS

	Ahmed Shahame TTI	Weru TTI	Lamu East TTI	Lamu West TTI	Kaloleni TTI	Likoni TTI	Total
Cost		Shs	Shs	Shs	Shs	Shs	Shs
At 1 June 2016	48,291,819	41,644,485	45,392,523	39,700,000	36,702,488	10,000,000	221,731,315
Grants from MOHEST	3,902,760	-----	4,366,327	-----	2,832,792	21,121,825	32,223,704
Grants from NG-CDF	10,000,000	10,000,000	10,000,000	-----	10,000,000	10,000,000	50,000,000
At 30th June 2017	62,194,579	51,644,485	59,758,850	39,700,000	49,535,280	41,121,825	303,955,019
Grants from MOHEST	-----	-----	-----	15,141,082	-----	10,000,000	25,141,082
At 30th June 2018	62,194,579	51,644,485	59,758,850	54,841,082	49,535,280	51,121,825	329,096,101
At 30th June 2019	62,194,579	51,644,485	59,758,850	54,841,082	49,535,280	51,121,825	329,096,101
Grants from MOHEST	-----	-----	-----	-----	-----	8,776,681	8,776,681
Grants for Furniture	-----	-----	-----	-----	-----	-----	12,500,000
MOHEST grant for Kilifi TTI	-----	-----	-----	-----	-----	-----	11,847,961
At 30th June 2020	62,194,579	51,644,485	59,758,850	54,841,082	49,535,280	59,898,506	362,220,743
Development grant	-----	-----	-----	-----	-----	-----	20,000,000
At 30th June 2021	62,194,579	51,644,485	59,758,850	54,841,082	49,535,280	59,898,506	382,220,743

25. RESERVE

Description	2020-2021	2019-2020
	KShs	KShs
Balance b/f 1/7/2019	32,509,039	19,453,255
Retirement Provision		
Add provision for the period	4,000,000	4,000,000
Less Payments		(732,030)
Development Fund		
Add receipt for the period	4,255,218	9,787,814
Total reserve	40,764,257	32,509,039

26. ACCUMULATED SURPLUS

Description	2020-2021	2019-2020
	KShs	KShs
Balance b/f 1/7/2018	207,372,933	173,674,755
Inventory Adjustment		4,288,928

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Surplus for the period	2,316,862	29,409,250
Total Accumulated surplus	209,689,795	207,372,933

27. CAPITAL FUND

Description	202-2021	2019-2020
	KShs	KShs
Balance b/f 1/7/2019	1,626,760,787	1,617,668,537
Development grant		
Add receipt for the period		9,092,250
Adjustment in the period		
Cafeteria block phase two		
Medical Laboratory block		
Grant- Monitor and Evaluation	1,589,400	
Total Capital fund	1,628,350,187	1,626,760,787

28. WORLD BANK- EASTRIP

Description	2020-2021	2019-2020
	KShs	KShs
Equity Bank Account-0250279469130		
Balance b/f 1/7/2020	200,000,000	200,000,000
Receipt during the year	115,000,000	
Total	315,000,000	200,000,000

29. EMPLOYEE BENEFIT OBLIGATIONS

Description	Defined benefit plan	Post-employment medical benefits	Other Provisions	20xx-20xx	20xx-20xx
	KShs	KShs	KShs	KShs	KShs
Current benefit obligation	-----	-----	-----	-----	-----
Non-current benefit obligation	-----	-----	-----	-----	-----
Total employee benefits obligation	-----	-----	-----	-----	-----

The Polytechnic has not started operating defined benefit scheme for full-time employees.

	2016-2017	
	KShs	
Valuation at the beginning of the year	-----	
Changes in valuation during the year	-----	
Valuation at end of the year	=====	

The Polytechnic contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's


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 obligation under the scheme is limited to specific contributions legislated from time to time and
 is currently at Kshs.1080 per employee per month.

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
ADL/12P/16/17/ (2)	Unsupported balances in FP				
"	Lack of cash books for saving accounts	Cash books were opened	FC- Mr Bolo	Resolved	N/A
	Valuation of Fixed assets	Currently assets are being valued	SPO- Mrs Dorothy	In progress	30/9/2022
"	Payment of sitting allowance to a council member without a appointment letter	A representative of the ministry was appointed.	Chief Principal	Resolved	N/A
ADL/12P/17/18/ (2)	Non- disclosure of bank overdraft	It was due to direct banking which were missing in the cash book	FC- Mr Bolo	Resolved	N/A
"	Lack of Aging analysis of students debt	Currently it has been done	FC- Mr Bolo	Resolved	N/A
ADL/12P/18/19/ (2)	Unaccounted for donations of assets	Waiting for the valuation of asset which is still ongoing currently	FC- Mr Bolo	Not resolved	30/9/2022
	Lack of policy guidelines on Part time	Already prepared and approved by the council	Chief Principal	Resolved	N/A
ADL/12P/19/20/ (2)	Unsupported opening balance of cash and cash equivalent	This was opening balance as at 1 July 2016 of which was the closing balance for the FY 2005/2016 audited by the Ministry auditors	FC- Mr Bolo	Resolved	N/A


 Chief Principal/ Secretary to the Council

Date. 8/8/2022

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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 EASTRIP	6334-KE	WORLD BANK	5 YEARS	1,080,000,000	YES	YES
2.						

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, ie total costs incurred, stage which the project is etc)

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1.	EASTRIP	1,080,000,000	104,023,924	0.33%	315,000,000	104,023,924	WORLD BANK
2	-----	-----	-----	-----	-----	-----	-----
3	-----	-----	-----	-----	-----	-----	-----

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APPENDIX III: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Mentored Inst. grants	Receivables	Others - must be specific	
Ministry of Education	18/9/2020	Development	20,000,000	-----	-----	20,000,000	-----	-----	-----
Ministry of Education	18/6/2021	Recurrent	1,589,400	1,589,400	-----	-----	-----	-----	-----
Total			21,589,400	1,589,400		20,000,000	-----	-----	-----

