

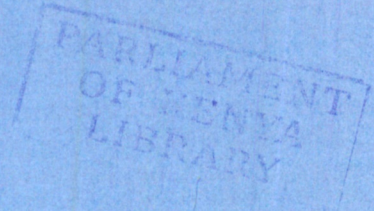
REPUBLIC OF KENYA





OFFICE OF THE AUDITOR-GENERAL

REPORT

OF



 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 19 MAR 2019	
DAY TUESDAY	
TABLED BY:	MAJORITY WHIP
CLERK-AT THE TABLE:	

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
UNIVERSITY OF ELDORET

FOR THE YEAR
ENDED 30 JUNE 2018





OFFICE OF THE VICE-CHANCELLOR

Our Ref: UOE/A/VC/EA/031

Date: 13th December, 2018

The Auditor General
Office of the Auditor General
North Rift Hub
P.O. Box 2774 - 30100
ELDORET

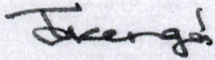


Dear Sir,

REF: RE-SUBMISSION OF ANNUAL REPORTS AND REVISED FINANCIAL STATEMENTS FOR YEAR ENDED 30TH JUNE 2018

In compliance with Sect 81 and 82 of the PMF Act 2012 and the National Treasury Circular NO. AG 4/16/2 Vol.2/53 dated 4th May 2018, we hereby resubmit our Annual Report and revised Financial Statements for the Financial Year ended 30th June 2018.

Yours faithfully,



Prof. Teresa A. O. Akenga: MRSC, MBS, MBA
VICE-CHANCELLOR

Copy to: Principal Secretary,
State Department of Education
Ministry of Education
Nairobi

The Principal Secretary
National Treasury
Nairobi

The Controller of Budget
Office of the Controller of Budget
Nairobi

The Commission Secretary
Commission of Revenue Allocation
Nairobi

Attach: UoE Annual Report and Financial Statements for year 2017/2018



University of
Eldoret

flame of knowledge and innovation

OFFICE OF THE AUDITOR GENERAL
ELDORET OFFICE

14 DEC 2018

RECEIVED

P. O. Box 2774 - 30100, ELDORET



UNIVERSITY OF ELDORET
ANNUAL REPORT AND FINANCIAL STATEMENTS
For The Financial Year Ended 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. **KEY CORPORATE INFORMATION AND MANAGEMENT**

(a) **Background information**

University of Eldoret was established as a fully-fledged University after being awarded a Charter on 11th February 2013 by the then President of the Republic of Kenya His Excellency Mwai Kibaki and became the 14th public university in Kenya. The University was a Constituent College of Moi University from August 2010 to 10th February 2013. The University is represented by the University Council, through the Vice Chancellor who is responsible for the general policy and strategic direction of the University.

(b) **Principal Activities**

The Core business of the University as provided by the Universities Act 2012 of the Laws of Kenya includes:

- i) Teaching, Research and Technology Innovations
- ii) Corporate social responsibility and Promotion of social fairness
- iii) Cooperation with Government in the planned development of university Education
- iv) Advisory and consultancy services

Vision

To be a premier University that is globally visible in knowledge generation and technological innovations.

Mission

To provide high quality education and training in science, agriculture and technology that promotes networking, partnerships and linkages with other institutions and industry.

Core Values

At University of Eldoret, we are committed to:

- i) Integrity;
- ii) Innovativeness;
- iii) Customer satisfaction;

- iv) Competitiveness;
- v) Equity; and
- vi) Responsiveness.

Objectives and Functions

- i) To excel in teaching, research consultancy and outreach;
- ii) To acquire, maintain, preserve and organize the collection of library resources for learning;
- iii) To provide students with secure accommodation, adequate health services
- iv) and recreational facilities for holistic development;
- v) To advance in science, technology and innovation for sustainable development
- vi) To acquire, develop and maintain quality infrastructure for academic excellence;
- vii) To attract, recruit, develop and retain high quality staff of both gender;
- viii) To ensure revenue growth through effective management of costs and resource mobilization to facilitate meeting of financial obligations;
- ix) To initiate and mainstream environmentally sound management systems; and
- x) To establish and strengthen networks, partnerships and linkages.

Quality Assurance Statement

University of Eldoret is committed to providing quality education and services that meet the needs of its customers and other stakeholders through quality and relevant teaching, research, consultancy and outreach.

(c) Key Management

The University's day-to-day management is under the following key organs:

- i) University Management Board (UMB);
- ii) University Senate; and
- iii) University Deans Committee.

(d) **Fiduciary Management**

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Vice Chancellor	Prof. Teresa A.O. Akenga
2.	Ag. Deputy Vice Chancellor (A&F)	Prof. Pius Kipkemboi
3.	Deputy Vice Chancellor (ASA)	Prof. Ruth N. Otunga
4.	Registrar (Academic)	Prof. Paul K. Tarus
5.	Registrar (Administration)	Dr. Joseph K. Koech
6.	Registrar (Planning)	Dr. Benjamin Mwasi
7.	Ag. Finance Officer	CPA Ereu Totona
8.	Senior Legal Officer	Mr. Stephen Anditi

(e) **Fiduciary Oversight Arrangements**

The key fiduciary oversight arrangements exist between the University and the organs listed below:

- i) Audit and Risk Management Committee of Council
- ii) Ministry of Education, Science and Technology
- iii) Parliamentary Committees on Investment (PIC) and Education (PCE)
- iv) Public Procurement and Oversight Authority (PPOA)
- v) Ethics and Anti- Corruption Commission (EACC)
- vi) Office of the Audit General (OAG)

(f) **University Headquarters**

P.O. Box 1125 - 30100
Chepkoilel/Eldoret-Ziwa Road/Off Iten Road
Eldoret, KENYA

(g) **University Contacts**

Telephone: 254-5363111/532033712/532033712
E-mail: vc@uoeld.ac.ke
Website: www.uoeld.ac.ke

(h) University Bankers

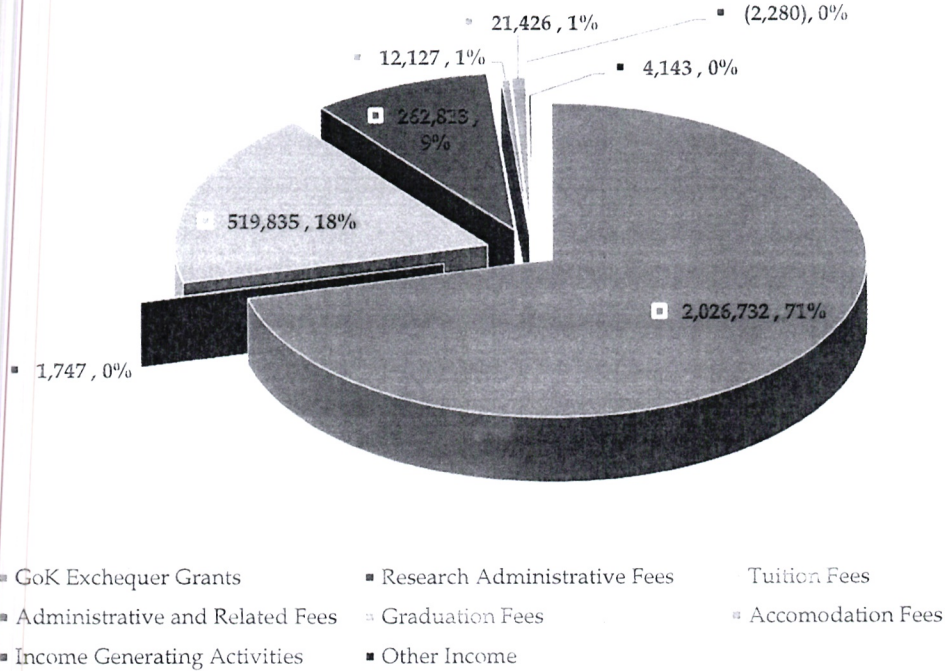
- | | |
|--|--|
| 1. National Bank of Kenya Ltd
Eldoret Branch
P.O. Box 3111 - 30100
Eldoret, Kenya | 2. Kenya Commercial Bank
Eldoret West Branch
P.O. Box 5197 - 30100
Eldoret, Kenya |
| 3. Standard Chartered Bank Ltd
Eldoret Branch
P.O. Box 7 - 30100
Eldoret, Kenya | 4. Equity Bank Ltd.
Eldoret Branch
P.O. Box 2210 - 30100
Eldoret, Kenya |
| 5. Co-operative Bank of Kenya Ltd
Eldoret Branch
P.O. Box 2948 - 30100
Nairobi, Kenya | |

(i) Independent Auditors
Auditor General
Office of the Auditor-General
Anniversary Towers, University Way
P.O. Box 30084 - GOP 00100
Nairobi, Kenya

(j) Principal Legal Adviser
The Attorney General
State Law Office
Harambee Avenue
P. O. Box 40112
City Square 00200
Nairobi, Kenya

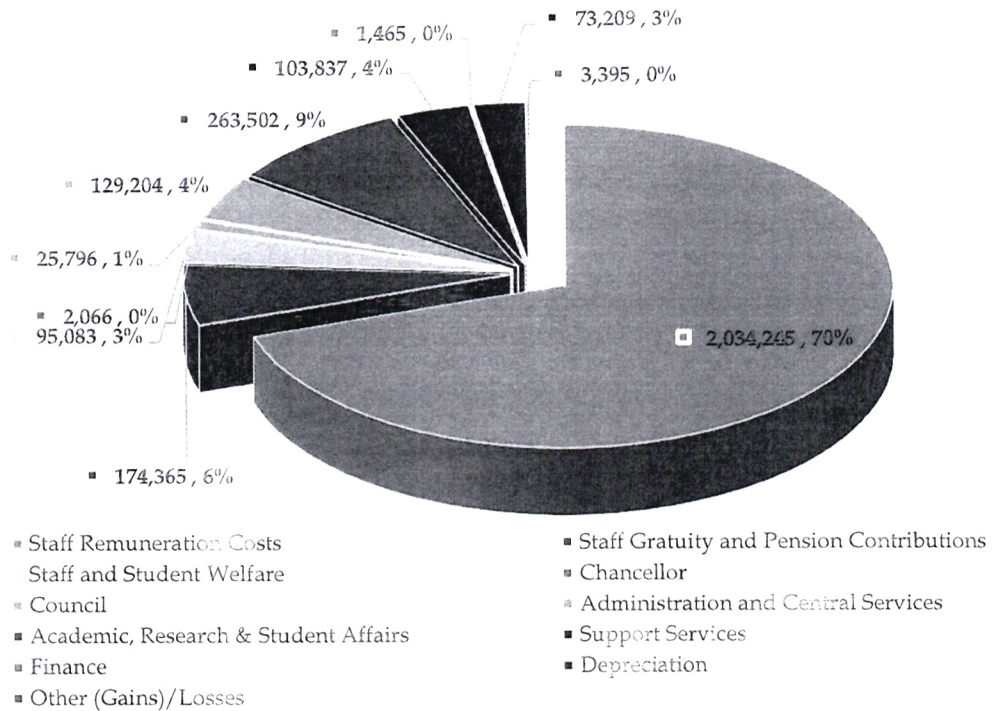
PERFORMANCE AT A GLANCE

Our Revenue in Brief



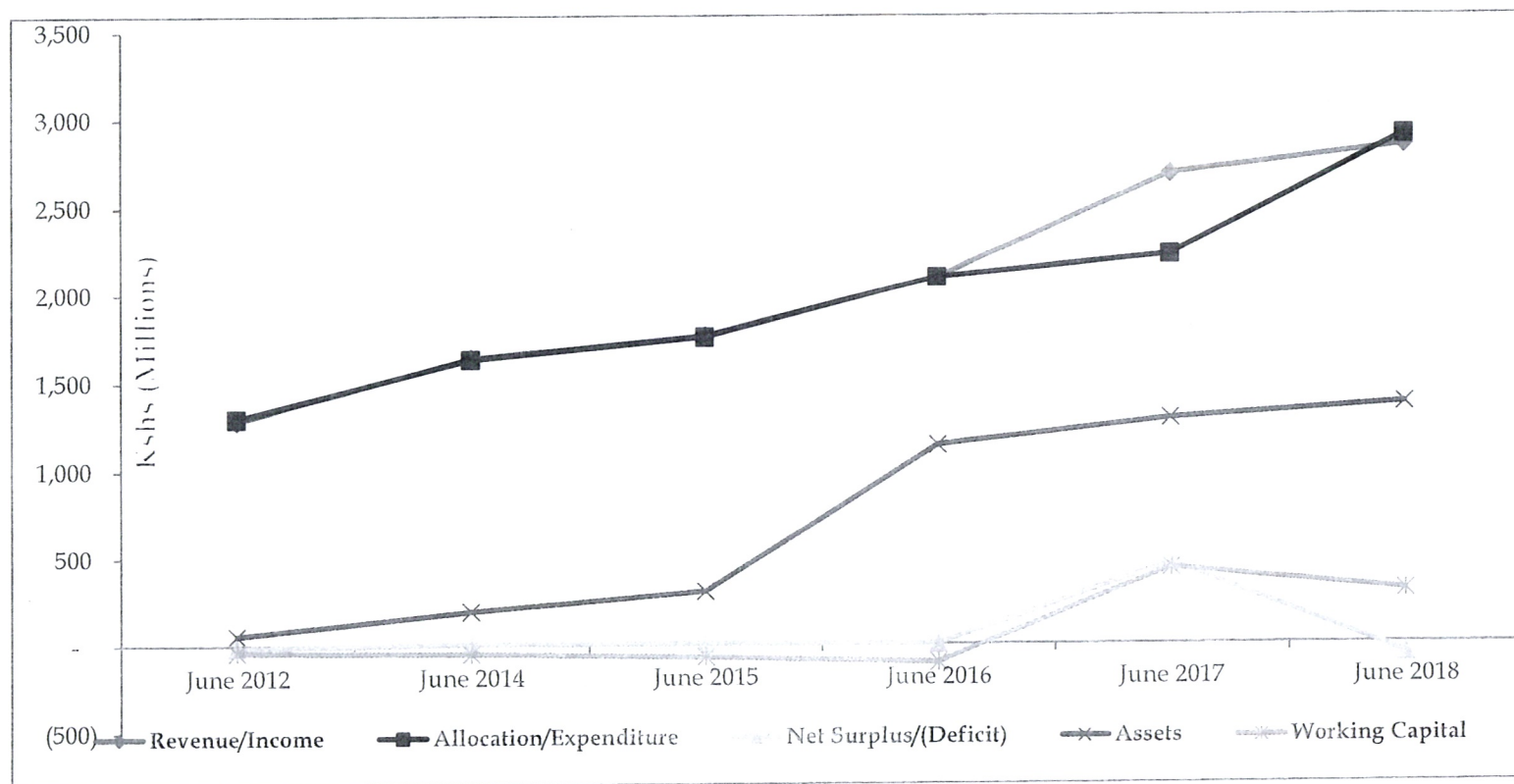
Allocations/Expenditure Brief

in



PERFORMANCE AT A GLANCE (Continued)

Historical Revenue/Income, Allocation/Expenditure, Net Surplus/ (Deficit), Assets & Working Capital Trends



II. THE UNIVERSITY COUNCIL



Dr. David I. Ojaka
Chair of Council
Dr. David I. Ojaka
(DoB - 1955)

Dr. David Ojaka is a leading specialist in business development, research, advocacy, policy formation, monitoring & evaluation, and management of health programs and projects. He has recently served in AMREF Health Africa as the Head of Policy Advocacy. He held key positions in CERPOD, IPPF, NCPD and the Ministry of Planning and National Development. He holds a Doctorate Degree in Demography from University of Montreal in Quebec, Canada, Masters of Science in Population Studies and Bachelor of Education Science both from University of Nairobi. Dr. Ojaka is currently the Managing Director of BRIM Limited, a health research and managing consultancy firm.



Prof. Teresa A. O.
Akenga
(DoB - 1963)

Prof. Teresa A.O. Akenga has served previously as the Deputy Vice-Chancellor (Academics, Research and Extension) at the Management University of Africa and the Deputy Principal (Academic Affairs) at Bondo University (now JOOUST). She was an Associate Professor of Organic Chemistry at Kigali Institute of Science and Technology, Rwanda. She served as a lecturer and a senior lecturer in Chemistry Department teaching Organic Chemistry. Prof. Akenga holds a Ph.D in Organic Chemistry from University of New South Wales in Australia, MSc in Chemistry and B.Ed (Sc.) in Chemistry both from Kenyatta University and an MBA (Corporate Governance) from KCAUniversity. She is a member of the Executive Committee of the Inter-Universities Council of East Africa (IUCEA) and a representative of Vice-Chancellors at the Board of Kenya School of Government. She was awarded "The Moran of the Order of the Burning Spear" (MBS) by the President of Kenya, H.E. Uhuru Kenyatta in 2013 in recognition for her contribution to training, research and curricula development.



Martin Ntabathia
(DoB - 1957)

Mr Martin Ntabathia an accountant by profession, holds a Masters' Degree in Business Administration from University of Nairobi, a Bachelor of Commerce in Accounting and Finance from Strathmore University. He is a Certified Public Accountants (K) and a member of Chartered Institute of Management Accountants with vast experience from working both in the public and private sector. Mr. Martin Ntabathia is the Main Partner at ADD Value Services an accounting consultancy firm.



Teresa Chebet Maina
(DoB - 1966)

Ms. Teresa Chebet Maina holds a Masters' in Business Administration and Bachelors of Arts both from University of Nairobi. She is a member of the Institute of Human Resources Management. She has attended courses at the Centre of Corporate Governance, Federation of Kenya Employers and the Boston Institute for Developing Economies. She brings on board over 20 years of experience in Human Resources. Ms. Maina has previously served at Consolidated Bank as the Head of Human Resources, Human Resource Manager at Kenya Aerotech Limited and the Manager Public Relations at East Africa Portland Cement Co. Limited. Ms. Teresa C. Maina is the Managing Director at Human Capital Resource Centre, a Human Resource Consulting and Mediation Services.



Pamela Khayasi Masinde
(DoB - 1967)

Mrs. Masinde-Wafukho is an experienced communications, marketing, administration, logistics and leadership development consultant. She holds a Masters of Arts in Communication Development from Daystar University and a Bachelor of Commerce in Marketing from the University of Nairobi. She has served both in Kenya and Jamaica while working with Campus Crusade International as an Associate Director, Executive Communication. She is the co-founder of Hadassah Initiative. Mrs. Masinde-Wafukho is the Lead Communication Consultant with ALEM Consult, a leadership training and strategy consultancy.



Geoffrey S. Ouma
(DoB - 1949)

Mr Geoffrey Ouma is an educationist, capacity building and management specialist. He holds a MA in Organization and Management from the University of Hull and PGD in Educational Studies from the University of Newcastle upon Tyne both in the UK. He has a BA in Education from the University of Nairobi. He has served in several capacities in the Ministry of Education, the latest being the Deputy Director in the Aids Control Unit. He was the Deputy Director and Head of Finance and Administration at Kenya Industrial and Development Institute (KIRDI). He has published articles and journals mainly with KICOSHEP. He is a consultant and team leader of St. Gabriel Entrepreneurship Initiative (GEDI) Consultants Firm which carries out capacity building programmes for both the public and civil sectors.



Zipporah Mogaka
(DoB - 1959)

Mrs Zipporah Mogaka is an advocate of the High Court of Kenya and a commissioner for Oaths. She holds a Masters Degree in Law and Bachelor of Laws both from the UoN and a PGD in Legal Studies from the Kenya School of Law. She is a member of the Law Society of Kenya and the Institute of Certified Public Secretaries (K). She has served as the Company Secretary at Kenya National Capital Corporation and Kenya industrial Estates Limited. Mrs. Mogaka is the General Manager - Legal and Remedial at National Bank of Kenya Limited and a Managing Partner for Mogaka & Mogaka Advocates.



Mr. Clement Obure Odeka
(DoB - 1965)

Mr. Clement Obure Odeka is the alternate member of the University Council representing the Principal Secretary, State Department for University Education. Mr. Odeka holds an Executive MBA in Public Policy & Administration from Kenyatta University, Master of Science Degree in ICT and a Bachelor of Science Degree both from University of Nairobi. He has served as the Head of ICT in the Ministry of Devolution and Planning and Ministry of State for Special Programmes. In the Ministry of Health he served as the Principal ICT Officer. He is a specialist in IT and leadership and has worked in collaboration with the World Health Organization, World Bank and SIDA. Mr. Odeka is the Head of ICT at the Ministry of Education, Science and Technology.



Ms. Jane Wamoko

Ms. Jane W. Wamoko is the alternate member of the University Council representing the Cabinet Secretary, The National Treasury.

Ms. Wamoko is an experienced project and financial management professional with extensive experience in budgeting process for government and NGO programmes as well as preparation, planning, appraisal and implementation of development programmes. She has vast experience in policy formulation and implementation and was involved in the formulation of the Strategy for revitalizing Agriculture for the Ministry of Agriculture, Livestock and Fisheries and the Strategic Plans for the Ministry of Tourism and the Ministry of State for Special Programmes. She holds a Masters in Public Management from Carnegie Mellon University (USA) and a Bachelor of Arts from the University of Nairobi. She has served in the Government of Kenya as a Deputy Secretary in the Ministry of Agriculture, Livestock and Fisheries, an Under Secretary in the Ministry of State for Special Programmes, Ag. Under Secretary in the Ministry of Tourism and a Programme Officer with the Danish Embassy (DANIDA).

Ms. Wamoko is the Head of the AIDS Control Unit at The National Treasury.

III. MANAGEMENT TEAM



Prof. Teresa A. O.
Akenga,
Vice Chancellor

Prof. Teresa A.O. Akenga has served previously as the DVC (Academics, Research and Extension) at the Management University of Africa and the Deputy Principal (Academic Affairs) at Bondo University (now JOOUST). She was an Associate Professor of Organic Chemistry at Kigali Institute of Science and Technology, Rwanda. She served as a lecturer and a senior lecturer in Chemistry Department teaching Organic Chemistry. Prof. Akenga holds a Ph.D in Organic Chemistry from University of New South Wales in Australia, MSc in Chemistry and B.Ed (Sc.) in Chemistry both from KU and an MBA (Corporate Governance) from KCA University. She is a member of the Executive Committee of the Inter-Universities Council of East Africa (IUCEA) and a representative of Vice-Chancellors at the Board of Kenya School of Government. She was awarded "The Moran of the Order of the Burning Spear" (MBS) by the President of Kenya, H.E. Uhuru Kenyatta in 2013 in recognition for her contribution to training, research and curricula development.



Prof. Pius Kipkemboi
Ag. DVC (A & F)

Prof. Pius Kipkemboi is a Professor of Chemistry and the Ag. Deputy Vice-Chancellor (Administration and Finance). He holds a Ph.D in Physical Chemistry from the University of Auckland in New Zealand, MSc in Chemistry from Concordia University Montreal, Canada and a BSc from University of Nairobi.

He served as the HOD Chemistry, School of Science, Moi University (Chepkoilel Campus). He also served as a Professor at Moi University, where he started off as a Tutorial Fellow. Prof. Kipkemboi has several publications, Refereed journal articles and Book chapters. He is a member of the Kenya Chemical Society and the Royal Society of Chemistry.



Prof. Ruth N. Otunga
DVC (ASA)

Prof. Ruth N. Otunga is a Professor of Education (Curriculum Studies) and the Deputy Vice-Chancellor (ASA). She holds B. Ed. (Home Economics) from UoN, M. Ed and PhD in Curriculum Studies from KU and MU respectively. Prof. Otunga has served under the Teachers' Service Commission as a teacher and lecturer. She has worked at MU as a lecturer, head of Department, Dean of School of Education and Deputy Principal (ASA) at the then Chepkoilel University College. She has published books, book chapters and articles in refereed journals. She is a member of the Assn. for African Women for Research and Development (AAWORD) and Assn. for Third World Studies, Kenya. She is a Vice President of the Organization for Social Science Research in Eastern and Southern Africa (OSSREA) and a Chair of the Regional Academic Advisory Board on African Centres of Excellence II (ACE II).



Prof. Paul K. Tarus
Reg. Academics

Prof. Paul Kipkosgei Tarus is an Associate Professor and the Registrar-Academic. He holds a Ph.D in Natural Product Chemistry, MSc in Chemistry and a BSc in Chemistry and Physics, all from Kenyatta University and Post-Doctoral Studies at the University of Natal, Durban, South Africa.

He has initiated collaborations between the UoE and the North Rift Herbalists Association, the Pyrethrum Board, Tianjin University of Chinese Traditional Medicine, the University of Western Cape in South Africa and the University of Free State, Bloemfontein, South Africa.

He is a member of the Kenya Chemical Society, Natural Products Research network of East and Central Africa (NAPRECA), Claude Ake Scholars' Association and Kenya DAAD Scholars' Association. Prof. Tarus has written several publications and been granted research awards in his field of Chemistry.



Dr. Joseph K. Koech
Reg. Administration

Dr. Joseph Kiplagat Koech is the Registrar - Administration. He holds a Ph.D in Educational Administration and a M.Ed in Adult and Higher Education both from University of Alberta, Canada and a B.Ed (Hons) & MA from University of Nairobi. He has served previously as the International Consultant-Education with UNESCO/ UNICEF in Kenya, Sudan, Iraq, Jordan, Somalia, and France. He also served as the Principal Administrative Officer at Moi University and had lectured in several Teachers Training Colleges. He has presented conference papers and publications mainly in the field of Social Services and Development of Education in Kenya. He is a member of Kenya Institute of Management (KIM), Network for Policy Research and Advice on Education and Training (NORRAG) and the Inter-Agency Network for Education in Emergencies (INEE)



Dr Benjamin Mwasi
Reg. Planning

Dr. Benjamin Njore Mwasi is the Ag. Registrar-Planning. He is a Registered Environmental Impact Assessment / Environmental Audit (EIA/EA) lead expert and practicing GIS expert.

Dr. Mwasi holds a Ph.D in Environmental Science from the University of Amsterdam, MA in Geography from Carleton University, Ottawa and a BSc in Surveying and Photogrammetry. He has written several publications and presented conference and seminar papers. He has served as a Senior Lecturer and Head of the Department Environmental Monitoring, Planning and Management, lecturer in the School of Environmental Studies at Moi University and a lecturer in the Geography Department at Egerton University. He worked at the Ministry of Lands and Housing (Survey Department) in several capacities.

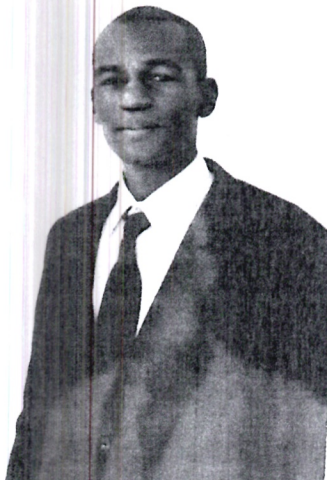


CPA. Ereu K. Totona
Ag. Finance Officer

Mr. Ereu Kibon Totona is the Ag. Finance Officer.

Mr. Totona holds a Masters of Business management (Accounting) and a Bachelor of Arts (Technology & Management Studies) both from Moi University. He is a member of the Institute of Certified Public Accountants (K) and a member of the Institute of Investment and Financial Analyst.

An accountant by profession, he has served in both the public and private sector in various capacities. He was the Deputy Finance Officer at University of Eldoret, a Senior Accountant at Moi University and Senior Account Assistant at Moi University Holdings. He served as the Ag. Finance officer at Kabarak University and an Accountant at Kenya-Finland Development program - FINNIDA.



Mr. Stephen Anditi
Senior Legal Officer

Mr. Anditi is the Senior Legal Officer. He is an advocate of the High Court of Kenya. He holds a Bachelor of Laws from Nkumba University, Uganda, a Post-Graduate Diploma from Kenya School of Law and a Diploma in Legal Studies from the Institute of Commercial Management. He is currently pursuing his Masters of Law.

He has served in the Supreme Court of Kenya and Legal Counsel Office of the Deputy Chief Justice and Vice-President of The Supreme Court, M/S Nyairo and Company Advocates in their Nairobi and Eldoret offices.

An arbitrator and associate member with the Institute of Chartered Arbitrators

IV. CHAIRMAN'S STATEMENT

First and foremost I wish to laud the University Council of Eldoret for their commitment and focus in overseeing that the university is supported to achieve the desired goals for the benefit of all Kenyans. In conducting our business as a council, we were motivated and guided by the mission, vision and core values of the University of Eldoret which the team really cherish. It therefore gives me great pleasure to present this annual report for the financial year ended 30th June 2018. The University of Eldoret is a very young having been elevated into a fully-fledged University on 11th February 2013. The progress achieved so far in view of the many challenges young institutions face including inadequate funding, manpower and infrastructure is commendable. Much will be achieved through commitment and concerted efforts by all stakeholders. Below is a brief summary of key areas I wish to highlight as concerns the year under review.

(a) Financial Obligations

The University of Eldoret depends largely on funds from the exchequer. Given the inadequacy of these financial resources, the council have put in place measures for alternative resource mobilization by engaging like-minded partners in education, research and development. Prudent management of the university's financial resources is one of the council's major mandates. I wish to state that the financial statement given in this annual report is a true and fair view of the state of affairs of the University at the end of the financial year ended on June 30, 2018 and the operating results of the University for the same period.

(b) Strategic Plan

The Strategic Plan 2014-2019 provides a blue print of the University's development priorities to the University Council and Management during the period. As observed in the past, the University has made tremendous achievements in fulfilling its mandate as guided by the strategic plan by continuing to provide physical facilities, employing skilled manpower and automating its operations in a bid to create a conducive and enabling environment for teaching and learning. In the year under review, the council conducted a mid-term review of the strategic plan (2014-2019). The objective was to review the planned objectives and basic data, status of implementation of the various components of the strategic plan and evaluating the performance of the planned projects and activities and draft conclusions and recommendations aimed at improving performance, possible reallocation of resources and

relevance of all projects and activities. It also analysed UoE's institutional capacity, framework and human resource development issues all of which are cardinal in proposing strategic adjustments in launching the last phase of the Strategic plan and onto the development of the new strategic plan.

(c) Performance Contracts

In an effort to achieve the core mandates of the University of Eldoret, the council always enter into a performance contract with the parent ministry. The purpose of the Performance Contracts (PC) is to provide an objective assessment of results realized and challenges experienced by the University as they strive to achieve their core mandate. The objectives of the performance contract (PC) are drawn from the University of Eldoret (UoE) Strategic Plan and anchored on the Kenya Vision 2030, the Medium Term Plan (MTP II) and the Sector Performance Standards (SPS). The contacts are also sensitive to presidential directives like the "Big 4 Agenda). The University of Eldoret Council are very committed to this process as can be attested by previous assessment of the university's performance.

(d) Operating Environment

As a council, since we joined the University the environment has been very dynamic demanding quick response to ensure the university programs remain afloat. Apart from these challenges there has been need to improve the infrastructure by increasing the physical facilities that would give us a competitive advantage. I am pleased to report that in the 2017/18 FY the council targeted and implemented projects some of which were converted into use.

During the year under review, 5 projects were prioritized namely School of Economics and Business Management Sciences, Perimeter Fence, Main Gate, Milk Cooling plant and Health Clinic Annex. However, during the supplementary budget expected amount was drastically reduced making it difficult for us to complete the same projects. For continuity, the University Council approved the borrowing of some funds from internal resources to keep the contracts going. Using these funds the School of Economics and Business Management Sciences has progressed to 75%, Perimeter Fence Phase I was completed and handed over, Phase II is at 98% completion, Phase III at 80% completion. The Main Gate was completed to 98% and handed over as the contractor finalizes the molding and installation of the "Flame of Knowledge". In addition, the University implemented two projects from funds carried forward

from the previous financial year i.e. conversion of old library into administration offices, which has been completed and handed over, and construction of a building for a milk cooling plant, which is at 95% completion. The university also implemented two projects from internal resources including the Health Clinic Annex (75% completed) and renovation for Hotel Academia Kitchen was delayed by designs but the process of procuring the materials and labor for this project is ongoing.

(e) Conclusion

The council in all its undertakings continue to set the right tone geared towards the realization of the University's vision and mission. On behalf of the Council, I wish to thank the Government of Kenya and our parent ministry for their continued support. To our development partners, we highly appreciate their belief in us as an institution. I also thank the Chancellor for her undivided attention, guidance and commitment to the progress and development of the University of Eldoret. To the Management, staff and students, It is my humble appeal that we would continue with the commitment and hard work you have exhibited during the year. It is our expectation that the peaceful and productive environment witnessed during the year will continue into the coming year.

Dr. David I. Ojaka

Chairman of Council

Date: 14/12/2018

V. REPORT OF THE VICE CHANCELLOR

I am pleased to present my report for the 2017/2018 financial year which ended on 30th June 2018. The higher education sector in Kenya is very dynamic and witnesses a rapidly changing operating environment which universities have to contend with to continue delivering on their core mandate to the satisfaction of all their stakeholders. Apart from the above challenge, the reporting period was dominated by several interruptions arising from national industrial and political unrests while locally at the University of Eldoret, the period was marked with uncertainties arising from the transitions that were pending both at senate and university management levels.

(a) Strategic plan and Performance Contracting

During the 2017/18 financial year, the University conducted a mid-term review of the 2014-19 strategic plan. The evaluation identified specific, mission-driven activities and outcomes that were designed for institutional improvement and pegged at a performance achievement level of 74%. The review has been used to inform evidence-based adjustments in each of the four Key Result Areas (KRAs). The implementation of the Strategic plan is facilitated mainly through the Performance Contracting (PC) process with performances targets derived from the previous PCs, Strategic Plan, Sector Performance Standards (SPS), MTP II and are fully aligned to the University budget.

I am happy to report that so far, through a teamwork approach, the university remains focused in utilizing the available resources in achieving the set targets.

(b) Teaching and Research Activities

The main focus of the University of Eldoret is to provide quality training in Agriculture, Science and Technology. Towards this end the University has remained sensitive to sentiments from all stakeholders. This reporting period, the University has invested immense effort in curriculum harmonization process as was recommended by one of our key stakeholder, the Commission for University Education (CUE) during an institutional quality audit they carried out on 1st and 2nd February, 2017. This audit identified duplication of courses as one major issue standing against us and sustainable utilization of resources in delivering on our key mandate. Much ground have been covered towards this direction and we anticipate to start mounting the second phase harmonized curriculum soon.

The student population has continued to change in response to national trends of performance in national examinations. The current student population stands at 16,630 distributed in various schools. This figure comprises of Diploma, undergraduate and postgraduate students with 1,502 taking their courses at the town campus. The university successfully held the 5th graduation ceremony on 24th November, 2017 graduating a total of 4,795 students. During the graduation ceremony the Town Campus presented a total of 667 candidates comprising 292 diploma, 372 Bachelors and 3 Masters graduands.

To deliver high quality and impact oriented research, the University is putting emphasis on collaborative research with relevant stakeholders including the community, industries, and other universities in Africa and the world. During the year under review, the University received external funding for eight (8) new research projects by academic staff worth Kshs. 143,180,700. Given the rigorous efforts to prepare our postgraduates as future researchers, the postgraduates developed and submitted research proposals to the National Research Fund (NRF), which saw 8 PhD and 18 Masters Proposals totalling to Kshs. 17,763,663, funded. The University through its internal annual research grants system also funded 14 research projects worth Kshs. 9,005,000. Other collaborative activities saw the university conducting consultancies and partnering with like-minded partners. All these are efforts to position the University as a premier research and innovation centre through promoting research and dissemination of knowledge, technologies and innovations that are responsive to societal needs.

(c) Financial Performance and Utilization of funds

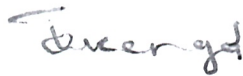
The main source of funding to the university during this period under review was the Exchequer with a contribution of a total of **Kshs. 2.026 billion** for recurrent expenditure purposes as compared with **Kshs. 1.398 billion** in the previous year from the Parent Ministry. Internally generated revenue at **Kshs.820 million** during the year with fees paid by both the Government sponsored (GSSP) and Privately Sponsored Students Programme (PSSP) was the second major source of funding at **Kshs. 519.81 million**. In addition, the University generated a sum of **Kshs. 21.43 million** from accommodation fees and **Kshs. 262.78 million** from other students' levies. In general, the University recorded an aggregate income of **Kshs. 2.84 billion** during the year, while the recurrent expenditure stood at **Kshs. 2.90 billion** with other gains of **Kshs. 5.24 million**. In general the University recorded a deficit financial performance of

Kshs. 59.63 million during the year. This was mainly contributed by prolonged lecturer industrial action, prolonged electioneering period and accruals of Kshs. 44 million for pension for 2013-2017 CBA.

On the other hand, the Capital Development grants received by the University stood at **Kshs. 24.38 million** during the year. The amount was expended in the respective on-going projects which progressed well during the year.

(d) Conclusion

On behalf of the University Management Board, I take this opportunity to thank all our valued stakeholders. The Government of Kenya, partners and collaborators for their continued financial, material and moral support which have helped us in improving the much desired facilities and infrastructure for learning. I appreciate the Chancellor and the University Council for providing guidance and support. I also wish to sincerely thank the Management team, senate, all staff and the student community for upholding peace, hard work, discipline and the core values which we cherish as we strive to be a premier University that is globally visible in knowledge generation and technological innovations.



Prof. Teresa A. O. Akenga, Ph.D., MRSC, MBS, MBA

Vice-Chancellor

Date: 14/11/2018

VI. CORPORATE GOVERNANCE STATEMENT

The University Council and management of University of Eldoret are committed to maintaining the highest standards of corporate governance.

(a) The University Council

Members of the University Council were appointed by the Cabinet Secretary Ministry of Education with effect from 10th March, 2017 for a term of three years vide Gazette notice No, 2355 of 10th March, 2017. Pursuant to provisions of section 36 (1) (a) (b) and (c) of the Universities Act, 2012, there are eight Council members comprising of the Chairman; five (5) independent members; two members representing Permanent Secretary, Ministry of Education, State Department for University Education and Cabinet Secretary , National Treasury respectively; *ex-officio* member who is the Vice-Chancellor and also Secretary to Council.

The entire membership is as listed hereunder-;

i) Dr. David Ojaka	-Chairman of Council
ii) Prof. Teresa A.O. Akenga	-Secretary/Ex officio
iii) Dr. Nicodemus Ojuma	-Member/ Alternate to PS Education
iv) Ms. Zipporah Kinanga Mogaka	-Member
v) Ms. Pamela Khayasi Masinde	-Member
vi) Mr. Geoffrey S. Ouma	-Member
vii) Ms. Teresa Chebet Maina	-Member
viii) Mr. Martin Ntabathia	-Member
ix) Mr. Duncan M. Ndirangu	-Member / Alternate to CS Treasury

Council is assisted in execution of its functions by four Committees namely:

- i) Finance, Planning, Resource Mobilization and General Purpose Committee (FPRMGPC).
- ii) Academic, Research, Innovations and Students' Affairs Committee (ARISAC).
- iii) Human Resource Committee (HRC)
- iv) Audit & Risk Management Committee (ARMC).

(b) Council Work Plan and Meetings

During the 2017/2018 FY Council through its secretariat developed and implemented a Work Plan (Council Almanac). Major events in the calendar of Council were:

- i) 21st -23rd September, 2017 6th Agribusiness Trade Fair
- ii) 24th November, 2017 5th Graduation Ceremony
- iii) 4th - 7th December, 2017 Financial and Risk Management Training
- iv) 18th -19th December, 2017 Workshop to Draft Scheme of Service
- v) 3rd January, 2018 2017/2018 Performance Contracting Negotiations
- vi) 2nd February, 2018 Inauguration of the Nairobi Liaison Office
- vii) 5th -6th April, 2018 Retreat for Council members

Quarterly meetings are normally held in accordance with provisions of the State Corporations Act Cap 446, Public Finance Management Act, 2012 and Performance Contracting regulations for purposes of complying with the statutory timelines stipulated in these laws for submission of required reports to relevant Government Agencies.

(c) Meetings of Council and its Committees

During the year under review, Council and its committees held their meetings regularly with of the meetings as shown in table 1 below:

Table 1: Council Meetings

Nature & No. of Meetings	Ordinary	Special	Total
Full Council	4	21	25
Finance, Planning, Resource Mobilization and General Purpose Committee (FPRMGPC).	4	-	4
Academic, Research, Innovations and Students' Affairs Committee (ARISAC).	4	-	4
Human Resource Committee (HRC)	4	1	5
Audit & Risk Management Committee (ARMC).	4	3	7
Ad hoc Appointments Committee	4	-	4

(d) Board Evaluation

Through the State Corporations Advisory Committee there is a formal process for reviewing and evaluation the Council's performance and that of its Committees and individual Members which is externally facilitated after every year.

(e) Shared belief

The University Council and management have a shared belief that corporate governance is a continuous process and that good corporate governance must be embedded in our culture to support our values of discipline, high moral standards and integrity which are fundamental to the long term success and sustainability of our core mandate as an institution of higher learning.

(f) Council Member's Remuneration.

The University pays members of the Council such taxable sitting allowance as may be approved by the Cabinet Secretary for Education, Science and Technology, following guidelines from the State Corporations Advisory Committee and Salaries and Remuneration Commission. The sitting allowance is payable when a member attends meetings of the full Council or Committees and when on official duty in and outside the Country. The summary individual members' allowances are as shown in table 2 below;

Table 2: Council Expenses Analysis 2017/18

Name	Sitting Allowance	DSA	Travelling	Totals
Dr. David I. Ojaka	1,080,000.00	622,400.00	781,946.00	2,484,346.00
Mr. Martin Ntabathia	1,020,000.00	658,800.00	751,186.00	2,429,986.00
Ms. Naumy J. Kemboi	60,000.00	54,600.00	66,496.00	181,096.00
Mr. Clement O. Odeka	1,060,000.00	768,000.00	587,236.00	2,415,236.00
Mrs. Pamela K. Masinde	1,060,000.00	677,000.00	474,756.00	2,211,756.00
Ms. Zipporah Mogaka	1,020,000.00	658,800.00	569,556.00	2,248,356.00
Mr. Geoffrey S. Ouma	1,040,000.00	658,800.00	454,656.00	2,153,456.00
Ms. Teresa C. Maina	980,000.00	604,200.00	579,625.00	2,163,825.00
Ms. Jane W. Wamoko	780,000.00	567,800.00	194,116.00	1,541,916.00
Duncan Ndirangu	100,000.00	-	24,500.00	124,500.00
Totals	7,120,000.00	4,648,000.00	3,702,127.00	15,470,127.00

The Chairman of Council is paid honoraria as approved by the Government from time to time. The payment of sitting, travelling and lunch allowance is also based

on the approved rates by the Government of Kenya. The University does not grant personal loans, guarantees to Council Members.

The Vice Chancellor is an ex-official member of the council and does not draw any allowances when attending council meetings. The Vice Chancellors gross pay for the period under review was **Kshs. 11,386,101.16**

(g) Staff Remuneration

Staff remuneration is based on the sustained performance by the employees and is subject to the approval of the Council and the Salaries and Remuneration Commission and based on the budget.

The University undertakes a comprehensive annual staff appraisal against their pre-agreed targets and objects and this informs the individual performance and contribution to the company performance and achievement of the overall goals.

(h) Conflict of Interest

All Council members are required to inform the full Council of any conflicts or potential conflicts of interest they may have in relation to particular items of business; and they are required to absent themselves from discussion or decisions on those matters, unless resolved otherwise by the remaining members of Council.

(i) Internal Controls

The University Council is committed to establishing and monitoring a risk management framework and to controlling its financial activities with a view to maximizing the resources and ensuring compliance with legal and regulatory requirements. The University Council assesses the effectiveness of the Bureau's internal control systems on a quarterly basis.

(j) Code of Conduct

The University Council has Code of Conduct in line with the Leadership and Integrity Act, 2012 for which all the Council Members, management and employees are required to observe and which is also reinforced by the core values and principles of governance.

Dr. David Ojaka
Chairman of Council

Date: 14/12/2018

VII. MANAGEMENT DISCUSSIONS AND ANALYSIS

(a) Core Mandate of Teaching

Despite the many challenges now inherent in this new operating environment, the University continued to discharge its mandate of teaching, research and outreach successfully throughout the year.

The student population stands at 16,630 distributed in various schools. This figure comprises of Diploma, undergraduate and postgraduate students.

The actual distribution of the various categories of students admitted in the University is as follow:

Table 3: Students Enrolment per Level

S/No	Level	Total
1	Diploma	221
2	Postgraduate Diploma	1
3	Bachelor	14,047
4	Masters	84
5	PhD	13
	Grand Total	15,895

UoE has therefore been running 53 undergraduate academic programmes. These were noted to be too many by CUE and the process of curriculum harmonization commenced in 2017 and it is expected to continue to facilitate reduction as per CUE recommendation.

Inspection by KNDI of Nutrition and Dietetics courses and by EBK for School of Engineering was done in the month of February 2018. KNDI gave the programme interim accreditation for a further 6 months till August 2018. The EBK inspection mission was conducted on 21st February 2018. The report was received on 10th April 2018 with the verdict being, ABE programme was accredited. The CSE and MPE programmes were not accredited since they still need improvement in the areas of staffing and equipping of laboratories. The University will allocate more resources to the school of Engineering in order to meet the requirements for accreditation of the remaining two (2) programs.

The Commission for University Education (CUE) institutional quality audit carried out on 1st and 2nd February, 2017, highlighted the problem of duplication of courses in the report that was given to the University with a recommendation that harmonization of curricula should commence to eliminate duplicates. The Academic Division has been having a series of meetings to harmonize the courses since March, 2017. A workshop was held from 16th to 22nd July, 2017 and another on 30th July to 4th August, 2017. The harmonization exercise involves a range of courses at various levels of programmes (undergraduate, masters and PhD). This also involves re-organizing and merging of courses that have overlaps and re-arranging them in the various levels with a view to economizing on available resources (financial, expertise and time).

Due to the urgency that the recommendation by CUE be implemented, the University made a decision to focus on 1st year courses so that they can be implemented in the current 2017/2018 Academic Year. The harmonized 1st year courses were discussed and approved at Senate on 6th September, 2017 and have been implemented. The 1st years are being taught using the harmonized courses as approved at senate.

The exercise is on-going for 2nd, 3rd and 4th year curricula. The harmonization committee formed four (4) clusters (cluster 1, School of Science, School of Business and Management Science, School of Human Resource Development and School of Economics: Cluster 2, School of Agriculture & Biotechnology: Cluster 3, School of Engineering and Cluster 4 School of Education, School of Natural Resource Management and School of Environmental Studies.)

Schools in all Clusters attended workshops respectively between 8th and 12th May, 2018 to harmonize their curricula. The process proceeded well and the structures for all programmes in the Schools involved were worked on. The process of curricula approval at various levels is expected to commence once the exercise is over.

The University 2017/18 timetable was also disrupted by the general election and repeat of presidential election extending the 1st semester to February, 2018. Examinations were conducted between 22nd January and 9th February, 2018.

Second semester began on 12th February, 2018. Teaching went on till 28th February, 2018 after which the semester was disrupted once more by the industrial action of staff members. The Senate resolved that based on the Senate resolution, the

following groups report to their various stations for Industrial Attachment/Teaching Practice as from 7th May 2018.

The 5th graduation ceremony of the University was successfully held on 24th November, 2017. A total of 4,795 students graduated. The University has graduated a total of 16,338 students since 2013 distributed as follows:

Table 4: Graduands distribution per school for the 2017 graduation ceremony

S/No.	School	Ph.D	Masters	PGDE	Undergraduate	Diploma	Total
1.	Agriculture & Biotechnology	0	10	0	415	242	667
2.	Business & Mgt Sciences	0	4	0	826	208	1038
3.	Economics	0	0	0	78	4	82
4.	Education	9	9	4	1219	617	1858
5.	Engineering	0	1	0	66	0	67
6.	Environmental studies	4	8	0	72	9	93
7.	Human Resource Development	0	0	0	0	93	93
8.	Natural Resource Management	1	4	0	153	4	162
9.	Science	2	10	0	691	32	735
	Total	16	46	4	3520	1209	4795

Table 5: Graduands distribution since award of Charter, February 2013

Year	2013	2014	2015	2016	2017	Totals
Diploma	669	1,002	1,121	842	1209	4,843
Bachelors	1,413	1,372	2,605	2,103	3520	11,013
Postgraduate Diploma	0	0	2	1	4	7
Masters	83	76	105	66	46	376
PhD.	21	21	19	22	16	99
Total	2,186	2,471	3,852	3,036	4,795	16,338

The University of Eldoret launched its Alumni Association on Saturday 10th February 2018. It was graced by the chief guest, Chairman of UoE Council, who was represented by Mr. Ouma, a council member who chairs Academic, Research, Innovation and Students 'Affairs committee (ARISAC). The Vice chancellor and members of University of Eldoret management board also attended the event. A

good number of the alumni attended making the event very successful. The key items on the agenda were speeches by the Alumni coordinator Prof. Simiyu, remarks by DVC, ASA, Vice chancellor and the Chairman of council speech and official launch, election of office bearers for alumni, reappointment of the chancellor and the remarks by the chair of Endowment fund, Prof. Kiyiapi, which brought the occasion to conclusion. The Vice chancellor was keen to indicate that the office of Alumni Association is to be established immediately on campus and regular staff deployed to man it so as to steer the Association to the next level. The officials were challenged to bench mark with other exemplary institutions alumni associations such as University of Nairobi and Kenyatta University in order to borrow a leaf and make the UoE alumni association more vibrant.

(b) Eldoret Town Campus

The campus has continued with scheduled activities. During the 5th Graduation Ceremony on 24th November 2017, the Campus presented a total of 667 candidates comprising 292 diploma, 372 Bachelors and 3 Masters graduands.

Teaching continued after the industrial action and end of semester exams were held from 22nd January to 9th February 2018, concurrently with the main campus. The new semester began on 12th February for the continuing students. The PSSP intake is slow given the events in the education sector where most of the high school leavers attaining grades C+ and above got government scholarship, leaving the privately sponsored side with very few candidates.

The current student population at the campus stands at 1,502. This is because science-based programmes were transferred to Main Campus due to one of the recommendations by CUE during the first inspection. The Campus has 3 PhDs, 4 Masters and 8 Bachelors programmes.

(c) Research & Innovation and Consultancy & Outreach

The University of Eldoret in its five (5) year Strategic Plan (2013-2018) has strategized to position itself as a premier research and innovation centre. To effectively achieve this, the Directorate of Research and Innovation is focusing on facilitating research and coming up with technologies and innovations that are responsive to societal needs. To deliver high quality and impact oriented research, the University is putting emphasis on collaborative research with relevant stakeholders including the community and industries.

The University received external funding for eight (8) new research projects worth Kshs. 143,180,700. The University through its internal research grants system funded 14 research projects worth Kshs. 9,005,000 with each project running for 1 year. University of Eldoret postgraduate students developed and submitted research proposals to the National Research Fund (NRF). Eight PhD and 18 Masters Proposals totalling to Kshs. 17,763,663, were funded.

Three consultancies were successfully conducted by UoE members of staff. In one of the consultancies, the School of Natural Resource Management were contracted by the World Bank to train members of the Electricity Sector Regulatory Agency of Cameroon.

The University in Collaboration with University of Arizona and Uasin Gishu County is in discussion with a possibility of establishing a medical school that deals with maternal care and pediatrics. A stakeholders' meeting was held in Kisumu on 14 - 16th March 2018, to discuss the establishment of the College of Health Sciences at UoE. An interim report was prepared by the coordinator of the meeting, Dr. Stephen Barasa.

The University has been participating in RUFORUM which is a consortium of 32 regional universities. There are many benefits that come with membership and participation in RUFORUM affairs and UoE benefited in the following ways: -

1. Research grants
2. Graduate training in Regional Programs
3. Regional and international networking:
4. Training of academic staff
5. Increased networking opportunities within RUFORUM, which enables UoE academics to expand their networks, facilitates collaboration in the region, participate in collaborative research proposal writing, benchmarking of curricula and facilitate credit transfers.

Publications is a Performance Indicator in the University's 2017-2018 Performance Contract and the University committed to publish 100 papers in referred journals. Staff produced 103 publications during this period clearly exceeding the set target.

The University committed to facilitate 100 members of staff attending conferences, workshops and seminars, 109 members were facilitated to attend external events.

(d) University Human Resource Levels & Staff Welfare

The total numbers of staff in the university now stand at one thousand two hundred and thirty-six (1236), seven hundred and twenty-three (723) male and five hundred and thirteen (513) female. Three hundred and thirty-one (331) are teaching while non-teaching are nine hundred and four (904). Their terms of service vary from permanent, contract, temporary and those on secondment. Those on permanent terms are one thousand one hundred and nine (1109) and on contract are one hundred and sixteen (116) and temporary terms eleven (11). The University has also eight (8) international teaching staff. This reflects the diversity of the University workforce. Staff details are summarized in Tables below. During the year, the University also engaged forty-two (42) Casual staff to provide support in teaching and non-teaching departments.

Table 6: Total number of staff as at 30th June 2018

Gender	No	Staff Category	%	Staff Diversity	%
Male	723	Teaching	26.8%	Local (National)	99.3
Female	513	Non-Teaching	73.2%	International	0.7%
Total	1236		100%		100%

Table 7: Academic Staff

S/No	Designation	Total
1.	Professors	16
2.	Associate Professors	29
3.	Senior Lecturers	36
4.	Lecturers	146
5.	Assistant Lecturers	63
6.	Tutorial Fellows	20
7.	Graduate Assistants	21
Total		331

Staff who exited the University service during the period were three (3) teaching and Seven (7) Non-teaching on various grounds ranging from resignations, expiry of term of contract, retirement, and natural attrition. Those on Study Leave at the end of the financial year were sixteen (16) members of staff from various schools were on study leave. 14 are pursuing Doctor of Philosophy (PhD), 2 are pursuing Masters. of

these, 13 are male while 3 are female while eight (8) members of staff were on leave of absence from the University to take up appointments in both county and national government. They serve in various capacities in government, parastatals/agencies and special projects. Leave of absence durations range between two (2) years and five (5) years renewable once.

Staff Appraisal were undertaken towards the end of 2017/2018 for all the staff in the University with the outcome being used to improve staff performance. Staff from various departments in the university undertook short courses within and outside the university to enhance their knowledge and skills in their respective areas of operations. There were seven (7) staff disciplinary cases instituted during the financial year and have been concluded.

The positions for Registrar-Planning, DVC Planning Research and Extension, DVC Administration were filled. However, positions for University Librarian, Senior Farm Manager and Finance Officer were advertised and were non-responsive.

Pre-Retirement Training was conducted on 29th May, 2018 by the University in collaboration with RBA and targeted staff due for retirement from the end June 2018 up to those due for retirement in the next three years. A total of 28 participants attended the training.

University of Eldoret Health Services Department serves the students, staff, legal dependants of staff and University of Eldoret community as acknowledged in the University of Eldoret Vision, Mission and Objectives. The Department through acquisition of a new Toyota Land Cruiser Ambulance to enhance its service delivery in serving both main University clinic and Town Campus Clinic. This was accompanied by other donations of a Mobile Hospital Patient Monitor which has many parameters and already in use and has significantly been appreciated and reduced cost for cardiovascular and Reno vascular patients.

The Health Services also got additional human resources namely three (3) clinical officers, two (2) nursing officers, one laboratory technologists, one health records staff and two (2) Auxiliary staff, thus improving compliance with WHO standards of health providers and patient ratio significantly. The construction of a twelve (12) room's health clinic annex building with accompanying sanitary rooms is in progress. The new building will handle/facilitate ACU - Aids Control Unit office in

compliance to current trends, Reproductive services including integrated youth friendly services for the targeted cohorts, Consultation rooms, Maternal/child health services, decongest and allow digitalization of health records and pharmaceutical/non pharmaceutical stocks monitoring, triaging of patients and continued medical education facilities and onward updates of service providers.

(e) Student Sports, Welfare and Other Activities

Enactus Kenya invited Enactus UoE Chapter to the 16th Enactus Kenya National Exposition which was held on 8th June, 2018 in Nairobi and 20 students from UoE attend the exposition and they were 2nd runners up position. Enactus has hosted 15 national business and entrepreneurship competitions where it targets university undergraduate students.

There have been team building workshops for the students' council every year as a routine undertaking for new students' leadership coming into office, and as a way of fostering good working relationship between them and the University staff members at different levels. The workshops aim at strengthening working relationship through teamwork, clarification of roles of each organ of the University with the ultimate goal of achieving University's vision and mission and improving on individual performance.

Persons (students) with Disability Awareness workshop and Empowerment training was held from 30th November, 2017 to 2nd December, 2017. The workshop was informed by the need to ensure compliance with the constitutional and legal provisions ensuring the mainstreaming of Persons with Disability and outlawing all forms of discrimination. It also provided an opportunity to address some concerns raised by students with disabilities. The Dean of Students office consulted with the Disability Mainstreaming Committee over the challenges faced by our students with disability and agreed to organize for a PWD Awareness and Empowerment Training Workshop that could address most of the issues. Furthermore, University of Eldoret in its performance contracting requires that Persons with disability undergo awareness training programme that would inform them on their rights and privileges within the University of Eldoret.

Games and sporting activities for the students have been generally uninterrupted and students have participated in most major tournaments. Other activities that have taken place during this period include;

- i. Cleaning up exercise during Students' Environment Days
- ii. Cultural week events
- iii. Health Awareness Days

(f) ISO 9001:2015 QMS

The University quest to attain ISO 9001:2015 QMS certification progresses well with initial briefing of Council and UMB members done in June, 2017, all heads of Departments (Academic and Administrative) done in September, 2017. Training of fifty six (56) implementers done in September, 2017, forty eight (48) documentalists done in September, 2017 while training to upgrade eighteen (18) Internal Quality Auditors to ISO 9001:2015 done in September, 2017 and new twenty eight (28) Auditors done in October, 2017.

The development of documents (Quality Manual and 30 Processes) was done in November, 2017 and training of two (2) Lead Auditors (2) done in November-December, 2017.

This will uplift the University standards and improve its service provision to a new level hence enabling it to compete with other leading players in the sector.

(g) Performance Contract Implementation Financial Year 2017/2018

The purpose of the Performance Contracts (PC) is to provide an objective assessment of results realized and challenges experienced by the University that impair performance. The objectives of the performance contract (PC) were drawn from the University of Eldoret (UoE) Strategic Plan and anchored on the Kenya Vision 2030, the Medium Term Plan (MTP) II) and the Sector Performance Standards (SPS). The University's PC FY 2016/17 was negotiated with the Ministry of Education, and vetted on the 25th January 2018, and the Vice-Chancellor cascaded it to all relevant implementation units of the University.

An evaluation of all the projects/activities indicates an achievement possibly in the "very good" bracket compared to an "excellent" score in FY 2014/15, but there was no evaluation in the FY 2016/2017. An analysis of the university performance indicates that operations were affected by the industrial action by Academic Members of staff from 19th Feb - 6th May 2018 and the late negotiations and vetting of the PC. Highlights of performance are as follows;

(i) Financial & Stewardship

Absorption of allocated funds indicated underutilization by -2% as university operations were disrupted by the industrial action by staff from 19th Jan – 6th Mar 2018, and under achievement was also attributed to low number PSSP students.

Appropriations in Aid: Below the Annual target by **Kshs 168.510 million**.

Pending Bills: Stands at **2.2%** as pending bills were reduced from **Kshs. 113.86 million** to **Kshs. 81.18 million**, under achievement by -1.2% due to a reduction in the budgeted A-in-A.

(ii) Core mandate:

Curriculum development: Programme review is currently ongoing.

(iii) Vision 2030 Flagship Projects and other priority projects:

Projects are all ongoing and most are on target except a few due to cash flow problems, mainly due to exogenous factors such as and delayed release of capital development funds by the Parent ministry.

(iv) Minimum 30% of all procurement budget dedicated to Youth, Women and People with Disabilities (AGPO):

The level of achievement was **Ksh. 47 million** translating to **41.8%** for Youth, Women and PWDs.

Strategic Plan implementation and review

The strategic plan (2014-2019) implementation status that overall, the University has made tremendous achievements in fulfilling its mandate by continuing to provide physical facilities, employing skilled manpower and automating its operations in a bid to create a conducive and enabling environment for teaching and learning.

Strategic Plan 2014 -19 review

The strategic plan mid-term review report evaluated and identified specific, mission-driven activities and outcomes that were designed for institutional improvement and pegged at a performance achievement level of 74% out of an expected 60%. The report examined achievements over the first three years against expected results. It now will facilitate the review of strategies and indicators so as to inform evidence-based adjustments. Emphasis was placed on each outcome arising

from the four Key Result Areas (KRAs). The implementation of the Strategic plan is facilitated mainly through the Performance Contracting (PC) process. The University has ensured that performance targets progressively approached and/or exceeded the levels set out in the previous PCs, Strategic Plan, Sector Performance Standards (SPS), MTP II and were fully aligned to the University budget.

Strategy and Focus

The review considered the overall strategic thrust of a turn-around strategy through the current Vision, Mission, Motto and Core Values, statements derived from the University of Eldoret's situational analysis, to still be relevant and effective.

Review Methodology

This mid-term review report was prepared on the strength of information collected and analysed including the analysis of various progress and performance reports of UoE. It outlined the plan objectives and basic data, status of implementation of the various components of the strategic plan before evaluating the performance of the planned projects and activities and draft conclusions and recommendations aimed at improving performance, possible reallocation of resources and relevance of all projects and activities. It analysed UoE's institutional capacity, framework and human resource development issues. The review draws lessons from the implementation of projects and activities for the purpose of proposing strategic adjustments in view of launching the second phase of the Strategic plan. The methodology of the review was based on a participatory approach. The submissions from each working group to formed the basis for the first second internal stakeholder workshop 15th-17th November, 27th-28th November 2017 held in Nakuru and presented at a joint Council and Senate retreat in Naivasha on 20th Dec 2017. A stakeholder analysis provided a platform for identifying views from concerned parties who will be affected by the activities of the University and whose activities will affect the University.

Approval

Since the Plan pays attention to internal and external factors that impact on the wellbeing and functionality of University of Eldoret. The draft report was presented to council for deliberation and recommendations for approval considered. Once approved, the process of process of preparing the document for final printing begins prior to the launch is planned.

(h) Agribusiness Trade Fair

The 6th University of Eldoret Agribusiness Trade Fair was held from September 21st – 23rd, 2017 at the University Pavilion. The event showcased products and services in the agribusiness industry including companies in the production and distribution of farm inputs, the actual crop / animal production and companies involved in processing and distribution of farm produce. Financial and insurance institutions were present. There were 3 main sectors of the trade fair – agricultural demonstration plots, sponsors and exhibitors arena and the farm machinery section.

The theme for this years' Agribusiness Trade Fair was: *“Enhancing Technology and Trade in Agriculture for National Growth”*.

During the 3 days of the Agribusiness event the University hosts farmers and interested partners from the neighbouring counties as well as the Kingdom of Royal Netherlands whose main aim is to learn more about new technological innovations as well as interact with the industry partners in the agribusiness industry.

On September 21st, 2017, the guest of honour was the Uasin Gishu County CEC for Agriculture, Livestock and Fisheries Hon. Cyril Cheruiyot. September 22nd, 2017, we were privileged to host the CS Finance Hon. Henry Rotich and CS Agriculture Hon. Willy Bett. In attendance was the Uasin Gishu Senator, Hon. Prof. Margaret Kamar, the MP of Moiben Constituency, Hon. Silas Tiren and September 23rd, 2017, the Guest of Honour was the Chairman of the UoE Council, Dr. David I. Ojaka. The Chancellor Amb. Prof. Judith Mbula Bahemuka also graced the occasion. The University hosted 15 key sponsors and 50 exhibitors.

(i) Income Generating Units (IGU) Activities

Farm department remains the main potential IGU in the University given its resources and turnover it records yearly. The year under review was bad for farm because the season started late due poor distribution and delayed rainfall in the months of March to May, but from the month of June throughout the year, the weather patterns were favourable and we received good amounts of rainfall.

Commercial maize performance was not good. The planting season was done in March to May due to the erratic onset of rainfall which seriously affected germination of maize resulting to reduced yields. Total area planted for commercial maize in 2017 was 40 Ha and we expected a yield of 75 bags of maize per Ha and we managed to get 861 bags. The crops for 2018 harvest progress in the field is fairly

good and if this trend is maintained then we expect a fair harvest going by the prevailing climatic conditions. Total area planted for commercial maize is 51.6 Ha as projected and the area under silage maize is 16 Ha. The 2017 commercial wheat performance was fairly good. We experienced good amounts of rainfall from planting to harvesting. Total area planted for commercial wheat was 40 Ha and we expected a yield of 37.5 bags per Ha and we managed to get 35 bags of wheat. The 2018 planting of wheat is complete. Total area planted with commercial wheat is 57.2 Ha. Currently we have Agribusiness (5 acres), maize (129 acres), wheat (139 acres) and canola (10 acres) research work inside our commercial production fields which will reduce our acreage under wheat. Further, Farm plans to establish 10 acres of new pasture on an annual basis to renew all pastures. We shall also be establishing 5 acres of Lucerne under drip irrigation to boost on our protein base.

The livestock production section performance was below average and the greatest challenge remained A.I and the high cost of livestock supplies (inputs) caused by the high prices of farm input products in the market. This caused the prices of most livestock inputs to go up while the price of their products remains relatively low. All these combined had a very serious impact on the profitability of the livestock section. The Apiary and a piggery units are still expanding and we don't expect much income from them. Our breeding programmes have not been up to date looking at the number of calving that we received. Due to the above conditions on average our milk production is 200 litres per day from 50 milking animals giving us an average of 4 litres per cow per day. But with the start of rains its now improving and we hope with improved breeding and good pasture we will get back to our usual 700 litres per day. Our target is to produce an average of 2,000 litres per day. During the same period, the prices of most livestock inputs remained high eating up all the gains in the livestock sector. Farm has a total herd of 158 animals. The other livestock sections namely the Apiary and Piggery units are still expanding and we are not expecting much income from these sections. Farm now has 58 pigs on different categories and 30 hives. We intend to raise the no of bee hives to 100 and acquire honey processing equipment which will allow us process harvested honey. Selling and culling of pigs will also be done upon the pigs having attained sale weight as well as when they have reached uneconomical production stage for the breeders.

Farm also has a maize meal mill which is currently in operation. It mainly serves the university community with maize meal which is trademarked Graduate maize meal.

We have not ventured beyond the university community because of logistical issues which include transportation to the shopping centres and we also need to finalize on the trademark and registration of the name before we finally move to the outside commercial markets. Farm is also a major player in the Agribusiness trade fair through management of the demonstration plots and animal exhibitions.

The other IGU's remained on course and made substantial Income for the University for 2017/2018 Financial year. However, catering remained a challenge since it posted the highest deficit at over **Kshs 10 million**, this was contributed by revenues of **Kshs 4.74 million**, however expenditure stood at **Kshs 15.29 million** with stock at hand of **Kshs 0.51 million**. Management are still exploring ways to make this IGU to break-even.

(j) Capital Projects

Capital projects are key to the growth and development of the University given its continued expansion and improvement of the required physical facilities to accommodate increasing population in terms of student and staff numbers.

During the year under review, the university was allocated **Kshs. 158 million** for 5 projects namely School of Education Complex **Kshs 10 million**, School of Engineering Workshops **Kshs 15 million**, School of Economics and Business Management Sciences **Kshs 100 million**, Perimeter Fence **Kshs 30 million**, and Main Gate **Kshs 3 million**. However, during the supplementary budget this amount was reduced to **Kshs 39.5 million**. This reduction on live contracts had serious legal implications. The University Council approved borrowing of **Ksh 100 million** from internal resources to keep the contracts going. Using these funds the School of Economics and Business Management Sciences has progressed to 75%, Perimeter Fence Phase I was completed and handed over, Phase II is at 98% completion, Phase III at 80% completion. The Main Gate was completed to 98% and handed over as the contractor finalizes the molding and installation of the "Flame of Knowledge".

In addition, the University implemented two projects from funds carried forward from the previous financial year i.e. conversion of old library into administration offices, which has been completed and handed over, and construction of a building for a milk cooling plant, which is at 95% completion..

Finally, the university implemented two projects from internal resources. The first project is the construction of Health Clinic Annex, which has been completed to 75%. The second project, i.e. renovations for Hotel Academia Kitchen was delayed

by designs. However, the designs were finally completed and the process of procuring the material and labor for this project has commenced.

The main challenges in the implementation of capital projects include delays in disbursement of funds, delays in preparation of technical documents (architectural and structural designs and bills of quantities) by our external consultants and slow progression of works by the contractors. These challenges have greatly affected our ability to deliver the projects on time.

(k) Conclusion

The University appreciates the efforts of all stakeholders who have contributed immensely towards the success of 2017/2018 financial year. These includes the Government, the Chancellor, the Council, University Management Board, the Senate, our collaborators, partners, all staff and students who have made tremendous contributions throughout the year.

VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The University of Eldoret Strategic Plan 2014-2019 provides for the contribution to the attainment of Kenya Vision 2030 MTP 2 which endeavours to enhance its Corporate Social Responsibility by focusing on programs and initiatives that feed back into the neighbouring communities. Such initiatives include: field courses, Problem Based Learning (PBL), enhanced student community outreach activities, annual Agribusiness trade fair exhibitions, fish farming, soil testing, and environmental conservation, cross-country and offering quality and timely services.

As the University, it is our responsibility to ensure that there is continuous improvement and integration with the economic, environmental and social undertakings which are strategically blended. We always strive to work closely with, our clients, our suppliers and the community. Our statement approach shall encompass the environment, our clients, the local community, partners and other stakeholders in an effort to ensure that we support the Vision 2030 MTP 2.

(a) Environment

The environment is one of the key natural resources of the institution and operationalised through the University's environmental policy. The University's commitment to reducing environmental impact is through preservation, conservation and waste reduction practises. In this respect, the University was engaged in the below activities;

- (i) The School of Environmental Studies hosted two (2) Environmental Impact Assessment courses in August and September 2017. UoE continues to be the leader in offering EIA/EA courses in the Western region.
- (ii) In collaboration with Smart Water Project SNV, a Stakeholders Forum on Irrigation and Smart Use was hosted on May 29th, 2018 for 38 participants.
- (iii) The School of Natural resources Management hosted the National tree Planting Day on April 26th, 2018 where 2,000 trees were planted by students and colleagues at the University.

(b) Neighbouring Community

As part of integrating with the neighbouring community and fulfilling our duty to our neighbours, the University was involved in the following activities:

- (i) Opening of the Outreach Centre in September 2017 which has become the centre for training in the University
- (ii) The School of Agriculture and Biotechnology hosted two (2) farmers trainings; 61 farmers in Soil Testing Organic and Inorganic Fertilisers and 38 farmers in Horticulture.



Farmers during a training session at the Outreach Centre

- (iii) In collaboration with the Uasin Gishu County Government and the SWA project, the University hosted the Youth Open Day on June 27th, 2018 theme was *"Promoting Youth Involvement in Innovations and Agripreneurship"*.
- (iv) The School of Natural Resource Management hosted a Wood Pole Treatment training between November 27th - December 6th, 2017. The participants were from ARSEL (Electricity Sector Regulatory Agency) from Cameroon.
- (v) The University had the annual Agribusiness Trade Fair that was held between September 21st, 22nd & 23rd, 2017. The event attracted international exhibitors from The Netherlands and Tanzania who came to showcase the latest innovations in agriculture and train farmers in best agricultural practises.

- (vi) In support of athletics and moulding the young runners, the University hosted the 27th Edition of Cross Country Championship having a record 1,100 athletes from 7 - 9 years boys and girls to the veterans who were 51 years and above. This was held on October 21st, 2017.

(c) Clients

In line with improved service delivery through various directorates, trainings were held to enhance service delivery

- i) Through the Directorate of Quality Assurance, the ISO trainings were continuously conducted to ensure that quality service was upheld by all the quality units. The University is now moving towards attainment of the ISO 9001:2015 QMS and ISO 27001:2013 ISMIS.
- ii) The Public Complaints Committee provided increased channels to facilitate information concerning service received at the University. In this the Access to Information Policy is being drafted in line with the Access to Information Act No. 2016 of the Laws of Kenya.
- iii) Working through the Disabilities Committee, there were disability awareness seminars as well as construction of accessible facilities for their use within the new complexes of School of Education and Engineering.
- iv) The Security department hosted an Anti-Terrorism Training on June 28th & 29th, 2018 targeting the security team, colleagues and the students.
- v) The Directorate of Gender Equity and Diversity held a Gender Sensitization Workshop on June 8th, 2018 for all members of staff.

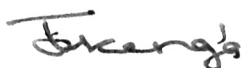
(d) Responsibility

We have committed to being a responsible University and making a difference in the lives of all our stakeholders.

The University has signed Memorandums of Understanding with various stakeholders. The MoU between UoE and the Elgeyo Marakwet County The common goals and mandates of the parties will form the basis of a synergistic partnership that will benefit the communities in the county. The two institutions have common objectives in the area of community development, scientific research, capacity and institutional building, and will complement each other's efforts. The collaboration will also strengthen the academic-industry linkage in pursuit of academic excellence in national development. The specific objectives of the MOU included Community and Rural Development, Education and Training,

Environmental Management and Conservation, Capacity Building, Research and Innovation, Extension and Outreach, Health and Sports, Consultancy, Knowledge Management.

The University Council and Management will continue to adapt practices to ensure that we improve quality services to the community, enhance environmental conservation.



Prof. Teresa A. O. Akenga, Ph.D., MRSC, MBS, MBA
Vice-Chancellor

Date 14/12/2018

IX. REPORT OF THE COUNCIL

The University Council submits its report together with the audited financial statements for the year ended June 30, 2018 which show the state of the University's affairs.

(a) Principal Activities

The principal activities of the University continue to be the provision of quality University education, including scientific and professional education as provided under Section 6 (1) of the University's Charter.

(b) Results

The results of the entity for the year ended June 30, 2018 are set out on page 1.

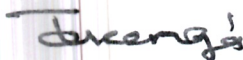
(c) University Council Members

The members of the University Council who served during the year are shown on page (v).

(d) Auditors

The Officer of Auditor General is responsible for the statutory audit of the University in accordance with the Section 68 (2) (k) of the Public Finance Management (PFM) Act, 2012.

By Order of the Council



Prof. Teresa A.O. Akenga, Phd, MRSC, MBS, MBA
Vice - Chancellor and Secretary to Council

X. STATEMENT OF COUNCIL'S RESPONSIBILITIES

Section 68 (2) (k) of the Public Finance Management Act, 2012 and section 14 (1) of the State Corporations Act, require the Council to prepare financial statements in respect of that University, which give a true and fair view of the state of affairs of the University at the end of the financial year/period and the operating results of the University for that year/period. The Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council is also responsible for safeguarding the assets of the University.

The Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University 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 University; (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 University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accept responsibility for the University'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 PFM Act, 2012 and the State Corporations Act, 1986. The Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2018, and of the University's financial position as at that date. The Council further confirms the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of Council to indicate that the University 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 University's financial statements were approved by the University Council on _____ and signed on its behalf by:

Dr. David Ojaka
Chairman of Council

Prof. Teresa A. O. Akenga, Ph.D., MRSC, MBS
Vice-Chancellor

**XI. REPORT OF THE INDEPENDENT AUDITORS ON THE UNIVERSITY OF
ELDORET**

AUDITOR GENERAL

DATE

REPUBLIC OF KENYA

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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON UNIVERSITY OF ELDORET FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of University of Eldoret set out on pages 1 to 35 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 University of Eldoret 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 Universities Act No.42 of 2012.

Basis for Qualified Opinion

1.0 Valuation of Property, Plant and Equipment

As previously reported, property, plant and equipment balance of Kshs. 1,118,763,927 as at 30 June 2018 includes transfer of assets from Moi University of Kshs.979,141,065 for which no valuation report was provided for audit verification in support of the transferred assets. Available information revealed that the University entered into a contract for valuation of the assets on 7 April 2017 at a contract sum of Kshs.3,458,192 to be delivered in twelve weeks though Note15 indicates Kshs.5,000,000 was paid for asset tagging and valuation. Although assets had been tagged as at the time of audit in October 2018 the valuation report had not been submitted one year later.

Under the circumstances, the validity and accuracy of property, plant and equipment net book value of Kshs.1,118,763,927 as at 30 June 2018 could not be confirmed.

2.0 Motor Vehicle Ownership

Available information revealed that log books for forty (40) motor vehicles belonging to the University were in the name of Moi University and one (1) in the name of M/s Wilfred

Report of the Auditor-General on University of Eldoret financial statements for the year ended 30 June 2018

Kipkorir Sang. Although the management explained that it was in the process of transferring the ownership into her name, no evidence was provided to show the progress made so far. In addition, no explanation was provided under which circumstances one vehicle was registered in the name of one Wilfred Kipkorir Sang.

Under the circumstances, the ownership status of the forty-one motor vehicles could not be confirmed as at 30 June 2018.

3.0 Student Debtors

The statement of financial position reflects receivables from exchange transactions balance of Kshs.688,240,447 which includes a figure of Kshs.186,022,162 from students which has been outstanding for more than three years. Although the University provided for bad and doubtful debts figure of Kshs.13,603,950 in accordance with the university policy that provides for bad and doubtful debts at a rate of 2% of the outstanding debts as at the end of the year, the figure however appears inadequate taking into account the debtors outstanding for more than three years. Further, included in the student debtors figure is a balance of Kshs 326,600,000 comprising of non-moving debtors whose supporting documents were not made available for audit review. The management has explained that investigation is being carried out to establish the correct status with a view to correcting this amount appropriately.

Under the circumstances, it has not been possible to confirm the accuracy, completeness and recoverability of the receivables from exchange transactions balance of Kshs.688,240,447 as at 30 June 2018.

4.0 Outstanding Imprests and General Debtors

Included in the receivables from exchange transactions balance of Kshs.688,240,447 as at 30 June 2018 is staff imprests and general debtors of Kshs.10,315,094 and Kshs.5,801,266 respectively. Its has not been explained why management could not recover this huge outstanding balances.

In consequence, the propriety, validity and recoverability of the outstanding imprests and general debtors of Kshs.16,116,360 could not be ascertained.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of University of Eldoret in accordance with ISSAI 30 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 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 Matters

1.0 Unremitted employee pension contributions

The statement of financial position as at 30 June 2018 reflects total liabilities figure of Kshs.720,301,218 which includes other payables from payroll dues of Kshs.97,423,576 as disclosed under note 28 (c) to the financial statements. Records made available for audit review revealed that included in the other payables from payroll dues of Kshs.97,423,576 is an amount of Kshs.44,412,300 being staff unremitted deductions relating to the employer pension & provident fund for the period 2013-2017. The deductions were as a result of Collective Bargaining Agreement and which have not been remitted to pension funds contrary to Retirement Benefits Act Cap 197. Consequently, the University is in breach of the law and risks paying penalties due to non-remittances of the statutory deductions of Kshs.97,423,576 as at 30 June 2018.

2.0 Loss from Income Generating Activities

During the year under review, the university incurred expenses for farm, catering and bookshop of Kshs.11,019,065, Kshs.15,289,805 and Kshs.4,751,784 respectively as shown in Note7(b). However, the university earned income of Kshs.7,802,645, Kshs.4,737,074 and Kshs.10,821,636 for farm, catering and bookshop respectively resulting into huge unjustified losses of Kshs.3,216,419, Kshs.10,552,731 and Kshs.306,892 as at 30 June 2018. Further, the losses have led to a total net generating activity income of (Kshs.2,280,046) as shown on Note 7. Although management has attributed the losses to weather conditions and catering subsidies, the reasons are not justifiable.

As a result, the expected university revenue collection and planned and budgeted activities could not be achieved.

My responsibility is to express a conclusion based on the review. The review was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the review so as to obtain limited assurance as to 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.

A review is limited primarily to analytical procedures and to inquiries, and therefore provides less assurance than an audit. I have not performed an audit, and, accordingly, express my conclusion in the form of limited assurance, which is consistent with the more limited work I have performed under this compliance review.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON COMPLIANCE WITH LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC MONEY

Conclusion

As required by Article 229(6) of the Constitution, based on the procedures performed, except for the matter described in the Conclusion on Compliance and Effectiveness section of my report, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for conclusion

1.0 Perimeter Wall – Proposed Construction of Masonry Perimeter Fence Phase II at University of Eldoret – Tender No. UOE/09/2016-2017

The contract of the construction of Perimeter Fence Phase III was awarded to M/S Civil Trust Engineering and Construction Ltd at a contract sum of Kshs.32,494,800 out of which Kshs.21,399,762 or about 66% of the contract sum had been paid according to certificate No. 4 of 18 June 2018. The project was scheduled for completion on 28 October 2017. However, Site visit done on 24 October 2018 and status report revealed that the works were ongoing and 90% complete. The project thus behind schedule by twelve (12) months and no evidence of extension of the contract period was provided for audit review. Consequently, value for money was not effectively achieved within the stipulated timeframe.

My responsibility is to express a conclusion based on the review. The review was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the review so as to obtain limited assurance as to 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.

A review is limited primarily to analytical procedures and to inquiries, and therefore provides less assurance than an audit. I have not performed an audit, and, accordingly, express my conclusion in the form of limited assurance, which is consistent with the more limited work I have performed under this compliance review.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON INTERNAL CONTROLS EFFECTIVENESS, GOVERNANCE AND RISK MANAGEMENT SYSTEMS

Conclusion

As required by Article 229(6) of the Constitution, based on the procedures performed, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

My responsibility is to express a conclusion based on the review. The review was conducted in accordance with ISSAI 1315. The standard requires that I plan and perform the review so as to obtain limited assurance as to whether effective processes and systems of internal control, risk management and governance was maintained in all material respects.

The matters reported are limited to the deficiencies identified during the audit that I have concluded are material to be reported. I have not performed an audit, and, accordingly, express my conclusion in the form of limited assurance, which is consistent with the more limited work I have performed under this review.

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/International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal control.

In preparing the financial statements, management is responsible for assessing the University of Eldoret ability to continue as a going concern/sustain services, disclosing, as applicable, matters related to going concern/ sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the University of Eldoret or to cease operations, or have no realistic alternative but to do so.

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 money is applied in an effective manner.

Those charged with governance are responsible for overseeing the University of Eldoret financial reporting process, reviewing the effectiveness of how the entity 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 noncompliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the University of Eldoret 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:

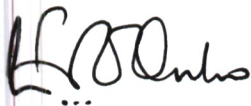
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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 going concern 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 University of Eldoret ability to continue as a going concern or 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 University of Eldoret to cease to continue as a going concern or 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 University of Eldoret 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.



FCPA Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

3 January 2019

XII. STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2018

	Notes	30-Jun-18	30-Jun-17
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Exchequer Grants (Recurrent)	2	2,026,732,125	1,398,353,999
		<u>2,026,732,125</u>	<u>1,398,353,999</u>
Revenue from exchange transactions			
Tuition Income	3	519,834,544	957,902,109
Administrative and Related Fees	4	262,812,925	282,175,110
Graduation Fees	5	12,127,400	10,751,700
Accommodation Fees	6	21,426,168	25,083,960
Income Generating Activities Income	7	(2,280,046)	5,956,766
Research Administrative Fees	8	1,747,309	1,411,321
Other Income	9	4,142,753	5,001,829
		<u>819,811,054</u>	<u>1,288,282,795</u>
Total revenue		2,846,543,178	2,686,636,795
Expenses			
Staff Remuneration Costs	10(a)	2,034,244,563	1,525,493,851
Staff Gratuity and Pension Contributions	10(b)	174,365,109	102,644,687
Staff and Student Welfare	11	95,083,271	76,347,678
Chancellors Expenses	12(a)	2,065,788	1,136,683
Council Expenses	12(b)	25,795,764	14,906,697
Administration and Central Services Expenses	13	129,204,410	100,487,644
Academic, Research & Student Affairs Expenses	14	263,501,591	240,012,247
Support Services	15	103,836,915	112,822,840
Finance Expenses	16	1,465,021	2,522,546
Amortization/Depreciation Expenses	17	73,209,158	70,594,840
Total expenses		2,902,771,589	2,246,969,712
Other gains/(losses)			
Gain/(Loss) on Assets Disposal/Deptn Adjmts	18	9,019,039	11,018,706
Gain/(Loss) on Biological Assets	19	(10,571,654)	7,898,652
Increase/(Decrease) in Provision for Bad Debts	20	(1,842,480)	2,894,428
Gain/(Loss) on Foreign Exchange Transactions	21	-	(56,283)
Total Gain/(Loss)		(3,395,095)	21,755,502
Surplus/(Deficit) for the period		(59,623,505)	461,422,584

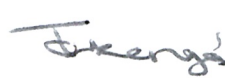

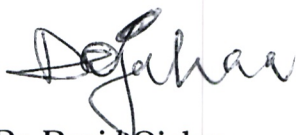
XIII. STATEMENT OF FINANCIAL POSITION

As at 30 June 2018

	Notes	30-Jun-18	30-Jun-17
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	22(a)	318,894,900	424,667,760
Receivables from exchange transactions	23	688,240,447	600,795,941
Inventories	24	17,891,381	26,421,206
		<u>1,025,026,727</u>	<u>1,051,884,907</u>
Non-current assets			
Property, plant and equipment	25	1,118,763,927	1,124,982,329
Work in Progress (WIP)	26	238,249,885	136,458,777
Biological Assets	27	18,766,498	29,338,152
		<u>1,375,780,311</u>	<u>1,290,779,258</u>
Total assets		<u>2,400,807,038</u>	<u>2,342,664,164</u>
Liabilities			
Current liabilities			
Trade payables from exchange transactions	28(a)	108,291,553	81,182,918
Other payables from students transactions	28(b)	232,900,014	240,476,540
Other payables from payroll dues	28(c)	97,423,576	156,340,662
Accruals & Provisions	29	201,140,347	108,999,304
Research Fund Accounts	30	72,833,908	23,710,070
UoESO Fund Accounts	31	7,711,820	6,428,885
		<u>720,301,218</u>	<u>617,138,379</u>
Total liabilities		<u>720,301,218</u>	<u>617,138,379</u>
Net assets			
		<u>1,680,505,820</u>	<u>1,725,525,785</u>
Capital Reserves		1,283,718,546	1,268,362,585
Revenue Reserves - Surplus/(Deficit)		396,787,274	457,163,200
Total net assets and liabilities		<u>1,680,505,820</u>	<u>1,725,525,785</u>

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

.....

		
Prof. Teresa A.O. Akenga, PhD. Vice-Chancellor	CPA, FA. Ereu K. Totona Ag. Finance Officer	Dr. David Ojaka. Chairman of Council
Date.....14/12/2018.....	Date.....14/12/2018..... 11856 & FA/00528	Date.....14/12/2018.....

XIV. STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2018

	Capital Reserve	Revenue Reserves	Total
	Kshs	Kshs	Kshs
Balance as at 30 June 2016	1,164,768,918	(4,259,384)	1,160,509,534
Capital Grants	114,612,373	-	114,612,373
Surplus/(deficit) for the period	-	461,422,584	461,422,584
Transfers to/from accmltd surplus/deprtn	-	-	-
Transfer of Capital Deptn Adjmt to other income	(11,018,706)	-	(11,018,706)
Balance as at 30 June 2017	1,268,362,585	457,163,200	1,725,525,785
Surplus/(deficit) for the period	-	(59,623,505)	(59,623,505)
Capital Grants	24,375,000	-	24,375,000
Transfers to/from accmltd surplus/deprtn	-	(752,421)	(752,421)
Transfer of Capital Deptn Adjmt to other income	(9,019,039)	-	(9,019,039)
Balance as at 30 June 2018	1,283,718,546	396,787,274	1,680,505,820

Capital Reserves

Capital reserves relate to accumulated funds received as capital grants from the Exchequer and those generated internally for physical and infrastructural development purposes in each year. **Kshs. 24.38 million** was received and expended as required 2017/2018 financial year.

Revenue Reserves of **Kshs. 0.75 million** relates to adjustments for Petty Cash and Undeposited funds which relates to prior years which were adjusted after the finding/recommendation of external audit.

Transfer of Capital depreciation adjustment to other income of **Kshs. 9.02 million** represents depreciation amount on buildings transferred from work in progress upon completion constructed from Capital grants from Government written off gradually over the life of these buildings.

XV. STATEMENT OF CASH FLOWS
For the year ended 30 June 2018

		30-Jun-18	30-Jun-17
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Exchequer Grants (Recurrent)	2	2,026,732,125	1,398,353,999
Tuition Income	3	419,224,254	801,585,584
Administrative and Related Fees	4	263,809,225	285,843,610
Graduation Fees	5	12,127,400	10,751,700
Accommodation Fees	6	21,426,168	25,083,960
Income Generating Activities Income	7	1,673,188	8,698,000
Research Administrative Fees	8	1,747,309	1,411,321
Other Income	9	4,142,753	5,001,829
		2,750,882,422	2,536,730,004
Payments			
Employee Costs	10(a)	2,136,737,051	1,531,825,444
Staff Gratuity and Pension Contributions	10(b)	129,952,809	102,644,687
Staff and Student Welfare	11	95,083,271	76,347,678
Chancellors Expenses	12(a)	2,065,788	1,136,683
Council Expenses	12(b)	25,795,764	14,906,697
Administration and Central Services Expenses	13	76,562,960	101,946,173
Academic, Research & Student Affairs Expenses	14	198,923,016	286,928,735
Support Services	15	103,846,915	108,243,126
Finance Expenses	16	1,465,021	2,522,546
		2,770,432,594	2,226,501,769
Changes in Payables			
Donor Research Grants	30	48,866,389	4,885,260
UoESO Fund Accounts	31	1,282,935	1,160,905
		50,149,324	6,046,165
Net cash flows from operating activities		30,599,151	316,274,400
Cash flows from investing activities			
Purchase of property, plant, equipment and intar	25	(66,990,756)	(55,017,338)
Decrease/(Increase) in Biological Assets	26	10,571,654	(7,898,652)
Increase in work in progress (WIP)	27	(101,791,108)	(160,783,706)
Decrease/(Increase) in Capital Deptn. Adjustmer	28	(2,536,800)	-
Net cash flows used in investing activities		(160,747,011)	(223,699,695)
Cash flows from financing activities			
Government Capital grants		24,375,000	114,612,373
Repayment of borrowings	22(b)	-	(254,322)
Net cash flows used in financing activities		24,375,000	114,358,051
Net increase/(decrease) in cash and cash equivalents		(105,772,860)	206,932,756
Cash and cash equivalents at 1 July 2017	22(a)	424,667,760	217,735,003
Cash and cash equivalents at 30 June 2018	22(a)	318,894,900	424,667,760

XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS**For the year ended 30 June 2018**

	Notes	Original	Revision	Revised	Actual on	Performance	
		Budget		Budget	Comparable	Difference	
		2017-2018	2017-2018	2017-2018	2017-2018	2017-2018	
		Kshs	Kshs	Kshs	Kshs	Kshs	
Revenue							
Exchequer Grants (Recurrent)	2	1,864,660,782	187,320,127	2,051,980,909	2,026,732,125	(25,248,784)	-1%
Tuition Income	3	650,000,000	(83,077,077)	566,922,923	519,834,544	(47,088,379)	-8%
Tuition Related Income	4	294,646,000	(48,390,150)	246,255,850	262,812,925	16,557,075	7%
Graduation Fees	5	11,200,000	800,000	12,000,000	12,127,400	127,400	1%
Accommodation Fees	6	21,000,000	-	21,000,000	21,426,168	426,168	2%
Income Generating Activities Income	7	5,956,766	3,456,728	9,413,494	(2,280,046)	(11,693,540)	-124%
Research Administrative Fees	8	1,000,000	-	1,000,000	1,747,309	747,309	75%
Other Income	9	5,001,829	(488,736)	4,513,093	4,142,753	(370,340)	-8%
Total income		2,853,465,377	59,620,892	2,913,086,269	2,846,543,178	(66,543,091)	-2%
Expenses							
Staff Remuneration Costs	10(a)	1,937,363,675	61,888,365	1,999,252,040	2,034,244,563	(34,992,523)	-2%
Staff Gratuity and Pension Costs	10(b)	182,149,696	-	182,149,696	174,365,109	7,784,587	4%
Staff and Student Welfare	11	98,038,355	1,500,000	99,538,355	95,083,271	4,455,084	4%
Chancellors Expenses	12(a)	3,000,000	-	3,000,000	2,065,788	934,212	31%
Council Expenses	12(b)	20,000,000	-	20,000,000	25,795,764	(5,795,764)	-29%
Administration and Central Services	13	140,000,000	(5,513,510)	134,486,490	129,204,410	5,282,080	4%
Academic, Research & Student Affairs	14	300,000,000	(13,196,577)	286,803,423	263,501,591	23,301,833	8%
Support Services	15	138,500,000	(20,240,257)	118,259,743	103,836,915	14,422,828	12%
Finance Expenses	16	3,000,000	(1,000,000)	2,000,000	1,465,021	534,979	27%
Depreciation Expenses	17	50,965,957	16,630,565	67,596,522	73,209,158	(5,612,636)	-8%
Total expenditure		2,873,017,683	40,068,586	2,913,086,269	2,902,771,589	10,314,680	0%
Surplus for the period		(19,552,306)	19,552,306	-	(56,228,410)	(56,228,410)	-3%

Recurrent Income

(a) GoK Recurrent Grants

During the year, the University received Exchequer grants of **Kshs.2.03 billion** for recurrent expenditure purposes.

(b) Research Administrative fees

The University received a sum of **Kshs.1.75 million** as research administrative charges during the year. These were generated from 10% administrative charges on funds raised from donors by academic staff to support their research programs.

(c) Tuition Fees and Tuition related Income

The tuition fees and tuition related income decreased significantly during the year under review due to a decrease in student population.

(d) Staff Remuneration Costs

Actual staff costs stood at **Kshs.2.04 billion** during the year as compared with a budgeted allocation of **Kshs.2.00 billion**. The wage bill went up significantly by 15.38% as compared with the previous year because of Increase in staff salaries and house allowances as a result of the full implementation of the pending elements of 2010-2013 National CBA awards and payment of the arrears arising thereof, Recruitment of additional staff and award of normal annual increments to staff.

(e) Surplus/Deficit for the year

The University recorded a surplus in financial performance during the 2017/2018 financial year with a deficit of **Kshs. 56.23 million** against a balanced budget with net deficit of **Kshs. 59.62 million** after adjusting for other gains and losses. This was mainly due to industrial action by staff in January 2017 which witnessed decline in operations and supplementary budget at the end of financial year. The University is however able to meet all her obligations as and when they fall due and was able to pay all payroll and other statutory deductions as at 30th June, 2018.

XVII. NOTES TO THE FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation and form of presentation

The financial statements are prepared in accordance with International Public Sector Accounting Standards (IPSAS) pursuant to section 194(1) of Public Finance Management Act, 2012 following the gazette notice No.94 which was to take effect from 30th June, 2014. The financial statements are presented in Kenya Shilling (Kshs) and amounts are rounded to the nearest one shillings. The financial statements are prepared on an accrual basis while the cash flow statement is prepared using the direct method.

(b) 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 University and can be measured reliably.

ii) Revenue from exchange transactions

Tuition Income

Income from students in terms of tuition and other related charges is recognized as it accrues unless collectability is in doubt. Recurrent Exchequer grants from the government are recognized as income in the period in which they relate.

Rendering of services

The University 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 approved semester dates in an academic year.

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 University.

(c) Budget information

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 University. As a result of the adoption of the accrual basis for budgeting purposes, there are no basic, timing or 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.

(d) Property, plant and equipment

The assets are recognized on the historical cost basis of accounting modified by the revaluation of certain assets. 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 University 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.

Amortization of Lease hold Land has been written off over remaining lease period of 81 years effective from June 2015 when assets were handed over to University of Eldoret from Moi University following the issuance of Charter.

The annual depreciation rates based on straight line in use are:

Building	2%
Furniture, Fittings, Plant and equipment	12.5%
Motor Vehicles	25%
Computers	33.3%
Library Books	20%

(e) Receivables

Receivables are stated at their fair values. A provision for impairment is recognized in the Income and Expenditure statement in the year when the recovery of the amount is in doubt.

(f) Biological Assets

These are farm animals mainly livestock and agricultural crops and are recorded in the balance sheet at their estimated market value.

(g) Trade and Other Payables

Trade and other payables are classified at their fair value net of transactions costs and include accounts payable and unpaid wages/salaries.

(h) 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.

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

(i) Contingent liabilities

Litigation

In the ordinary course of business, the University is a defendant in various litigations and claims. Although there are no assurances, the University believes, based on information currently available that the ultimate resolution of these proceedings and claims is not likely to have a material adverse effect on the operations of the University. The cases are pending determination by the courts and it is not practicable to determine the timing and final amounts (if any). Due to the nature of the cases, detailed disclosure has not been made for each case as this may be prejudicial to the position of the University.

(j) Nature and purpose of reserves

The University creates and maintains reserves to comply with specific requirements. Consequently the University maintains Capital and Revenue reserves as required under the statutes.

(k) Changes in accounting policies and estimates

The University does not recognize the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are therefore applied prospectively since retrospective application is impractical.

(l) Employee benefits

Retirement benefit plans

The University does not operate separate pension and provident fund schemes for eligible employees since the employees are still members of the Moi University Pension and Provident fund schemes.

The assets of Moi University Pension and provident fund are held in separate trustee administered funds that are funded collectively by Moi University, University of Eldoret and the employees through their contributions.

In addition, the University also makes statutory contributions to the National Social Security Fund. The rates of contributions to the fund are determined by relevant legislations. The University's contributions to the above schemes are charged to the statement of financial performance as part of the staff costs.

(m) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction.

(n) Related Party Transactions

Government

In the period, the Government approved a budget of **Kshs. 1.398 billion** in the printed estimates; subsequently, **Kshs. 325 million and Kshs. 67 million** following the supplementary budget were received for 2013-2017 CBA and for subsequent salary adjustment. This cumulated to a total capitation grants of **Kshs. 2.027 billion** as reflected in this financial statements.

(o) Cash and cash equivalents

Cash and Cash equivalents comprise of cash in hand and demand deposits and other short-term highly liquid investments those are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

(p) Comparative figures

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

(q) Significant judgments and sources of estimation uncertainty

The preparation of the University'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.

Based on their own judgment, management has made estimates and assumptions as specified below:

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 University 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 University. 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:

- i) The condition of the asset based on the assessment of experts employed by the University
- ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- iii) The nature of the processes in which the asset is deployed
- iv) Availability of funding to replace the asset
- v) Changes in the market in relation to the asset

(r) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2017.

(s) Financial Risk Management Disclosures

The University has an integrated risk management framework/strategy. The University's approach to risk management is based on risk governance structures, risk identification, measurement, monitoring and reporting. The risk management structure and systems are reviewed regularly to ensure they are in tandem with the micro and macro environment, regulatory guidelines, industry practice, market conditions as well as the services offered.

The University's core business involves major engagements with financial transactions and processes which pose certain risks as outlined below:-

Liquidity Risk

Liquidity risk is the risk that the University will not have sufficient financial resources to meet its obligations when they fall due or will have to do so at excessive costs. This risk can arise from mismatches in the timing of cash flows from revenue and capital/operational outflows, assets and liabilities according to their maturity profiles and can occur where cash flow streams have been discontinued. Funding risk arises when the necessary liquidity to fund non-liquid asset positions cannot be met at expected terms and when required.

The objective of the liquidity and funding management is to ensure that all foreseeable operational, capital and loan commitment expenditure can be met

under both normal and stressed conditions and the mismatch is controlled in line with allowable risk levels.

The University has adopted an overall balance sheet approach which consolidates all sources and uses of funds, while aiming to maintain a balance between liquidity, cash flows and interest rate considerations. The University's liquidity and funding management process includes:-

- i) Projecting cash flows and considering the cash required and optimizing the short term requirements as well as the long term funding,
- ii) Maintaining balance sheet liquidity ratios,
- iii) Maintaining/soliciting for a diverse range of funding sources with adequate back up facilities,

The University's liquidity position has been unfavorable due to low funding from Exchequer mainly emanating from erroneously refunded funds amounting to **Kshs.115.7 million** which was part of our capitation in 2013/2014 and **Kshs. 74.0 million** meant for pension arrears for 2010-2013 national CBA which the Government promised but was not honored. The University's main primary source of revenue receipts is from the Exchequer thus management has been pursuing for enhanced funding as well as pursuing additional sources of revenue through privately sponsored student programmes.

Market Risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates, prices and interest rates. The objective of market risk management policy is to protect and enhance the Statements of Financial Position and performance by managing and controlling market risk exposures within acceptable parameters, and to optimize the funding of business operations and facilitate capital expansion. The University is exposed to the following market risks:-

- i) **Currency Risk:** - The currency risk is minimal as most of cash and cash equivalents held with banks are dominated in Kenya Shillings.
- ii) **Interest Rate Risk:** - The University's financial condition may be adversely affected as a result of changes in interest rate levels. The interest rate risk is minimal as the University does not have any borrowings.

Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the University's processes, personnel, technology and infrastructure and from external factors other than credit, market and liquidity risks such as legal and regulatory requirements and generally acceptable standards of corporate behavior. The University seeks to ensure that key operational risks are managed in a timely and effective manner through a framework of policies, procedures and tools to identify, assess, monitor and report such risks.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to University Council, University Management Board and the internal audit function. The responsibility is supported by the development of overall standards for the management of operational risk in the following areas:-

- i) Requirements for appropriate segregation of duties, including the independent authorization of transactions;
- ii) Requirements for the reconciliation and monitoring of financial transactions;
- iii) Compliance with regulatory and legal requirements;
- iv) Documentation of controls and procedures;
- v) Requirements for the yearly assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- vi) Requirement for the reporting of operational losses and proposed remedial action;
- vii) Training and professional development;
- viii) Regular internal and external audits;
- ix) Ethical and business standards; and
- x) Risk mitigation, including insurance where it is effective.

Operational risks are documented in various policy documents and are managed by the Internal Audit function established to spearhead and coordinate risk management activities. The measures taken include proactively identifying, analyzing and mitigating risks in all facets of the institution.

Compliance and Regulatory Risk

Compliance and regulatory risk includes the risk of non-compliance with regulatory requirements. The University has complied with all externally imposed requirements throughout the year mainly from Commission for University Education (CUE) and Ministry of Education Science and Technology (MoEST).

Note 2 - Exchequer Grants

Particulars	30-Jun-18 Ksh	30-Jun-17 Ksh
Exchequer Grants		
Exchequer Grants (Recurrent)	2,026,732,125	1,398,353,999
Totals	2,026,732,125	1,398,353,999

Exchequer Grants

Exchequer grants received from the government are recognized as Income in the period in which it relates as approved in the Printed Estimates with an initial allocation of **Kshs. 1.398 billion** and subsequently, it was raised to **Kshs. 2.03 billion** for 2013-2017 CBA areas and salary adjustments.

Note 3 : - Tuition Income

Particulars	30-Jun-18	30-Jun-17
	Ksh	Ksh
Tuition Fees	475,939,384	628,459,553
Student Opening Balance	1,551,405	991,200
Opening Balance	(14,967,183)	(59,653,338)
Tuition Fees Adjustment	-	327,990,215
Direct Charges	54,200,500	54,591,000
Collaborating fees	3,269,238	16,367,600
Collaborating Expense	(158,800)	(10,844,121)
Totals	519,834,544	957,902,109

Note 4 : - Administrative and Related Fees

Particulars	30-Jun-18	30-Jun-17
	Ksh	Ksh
Student ID Fees	1,589,200	2,033,600
Registration	1,430,400	1,621,700
Examinations Fees	23,413,000	25,443,300
Activity Fees	18,243,200	20,135,900
Student Medical Fees	30,522,800	33,578,500
Library Fees	30,353,400	33,394,100
Field Trips	86,833,000	100,121,650
Field Attachment	7,622,100	8,678,400
Teaching Practice Fees	29,677,500	30,110,310
Computer Fees	1,120,000	525,000
Thesis Fees	4,315,700	2,015,000
Supervision	7,191,525	3,078,500
Re-marking Charges	90,000	31,000
Amenity	15,220,700	16,816,150
Special Project	2,935,000	3,060,000
Field Work Supervision	142,500	75,000
Field Course	832,000	644,500
Workshop Practice	515,900	628,000
Other Student Related Income	765,000	184,500
Totals	262,812,925	282,175,110

Tuition fees reduced by **Kshs.438.10 million** while administrative and related fees of **Kshs. 19.39 million** as a result of the double intake group that graduated in 2017.

Note 5 : - Graduation Fees

	30-Jun-18	30-Jun-17
Particulars	Ksh	Ksh
Graduation Fees	12,127,400	10,751,700
Totals	12,127,400	10,751,700

Note 6 : - Accommodation Income

	30-Jun-18	30-Jun-17
Particulars	Ksh	Ksh
Accommodation Fees	21,426,168	25,083,960
Totals	21,426,168	25,083,960

Note 7(a) : - IGA Income

	30-Jun-18	30-Jun-17
Particulars	Ksh	Ksh
Farm Income	7,802,645	17,978,193
Catering Income	4,737,074	4,288,864
Hire of Motor Vehicles	70,440	70,740
Guest House	8,477,185	12,690,432
Bookshop Sales	10,821,636	15,710,884
Fisheries	539,610	62,870
Conference & Workshops	387,000	3,435,070
UOESO Rent	-	42,500
Library Income	31,213	69,589
Rent Income	2,714,280	3,164,555
Sale of seedlings	133,450	116,795
EIA	5,539,050	1,641,000
Other IGA Income	2,605,156	2,697,440
Totals	43,858,739	61,968,932

There was a slight increase in graduation fees from the previous year as a result of increase in the number of Graduands in 2017. Accommodation fees declined by Kshs 3.66 million from the previous year as a result of some first year students opting for private accommodation in the second semester.

IGA income decrease in farm, guest house, bookshop sales, conference and rent were as a result of decreased University activities due to industrial action. Environmental Impact Assessments (EIA) increase resulted from proceeds from County Governments for training their staff in EIA course.

Note 7(b) : - IGA Expenses

Particulars	30-Jun-18	30-Jun-17
	Ksh	Ksh
Farm Expenses	11,019,065	19,801,987
Catering Expenses	15,289,805	10,331,289
Guest House Expenses	4,751,784	8,537,439
Bookshop Expenses	11,128,527	12,502,735
Fisheries Expenses	196,890	64,465
Conference & Workshops Expenses	8,500	2,498,486
EIA Expenses	3,682,500	2,192,815
Other IGA Expenses	61,714	82,950
Totals	46,138,785	56,012,166

Note 7 : - Net IGA Income

Particulars	30-Jun-18	30-Jun-17
	Ksh	Ksh
Farm Income	(3,216,419)	(1,823,793)
Catering Income	(10,552,731)	(6,042,425)
Hire of Motor Vehicles	70,440	70,740
Guest House	3,725,401	4,152,993
Bookshop Sales	(306,892)	3,208,149
Fisheries	342,720	(1,595)
Conference & Workshops	378,500	936,584
UOESO Rent	-	42,500
Library Income	31,213	69,589
Rent Income	2,714,280	3,164,555
Sale of seedlings	133,450	116,795
EIA	1,856,550	(551,815)
Other IGA Income	2,543,442	2,614,490
Net Total IGA Income	(2,280,046)	5,956,766

Farm income declined mainly due to unpredictable weather conditions (prolonged draught and long rains between April to June which affected operations). The value of stock reduced greatly due to poor market rates for the farm products especially maize.

Catering made a loss of **Kshs. 10.55 million** mainly because its sales are highly subsidized thus input costs is high. The management put in place austerity measures to help revive catering unit in the next financial year 2018/19. Management has benchmarked on how to efficiently manage catering unit and a committee has been put in place to implement the recommendations presented to UMB.

Note 8 : -Research Administrative Fees

Particulars	30-Jun-18 Ksh	30-Jun-17 Ksh
Research Administrative Fees	1,747,309	1,411,321
Totals	1,747,309	1,411,321

Note 9 : - Other Income

Particulars	30-Jun-18 Ksh	30-Jun-17 Ksh
Application Fees	1,177,956	2,117,400
Fines & Penalties	504,505	706,405
Miscelaneuos Income	615,792	1,149,024
Retake/Supplementary	1,844,500	1,029,000
Totals	4,142,753	5,001,829

Research income remained stable owing to moderate inflow of donor research funds that attract the 10% administrative fees which is a source of income to the university.

Application fees decreased as a result of decrease in applicants for various programmes since potential applicants were directly placed by Kenya Universities and Colleges Central Placement Services (KUCCPS), the other incomes generally remained stable.

There was slight increase in Retake/Supplementary because of students' payment for disciplinary cases and supplementary exams respectively.

Note 10(a) : - Staff Remuneration Costs

Particulars	30-Jun-18	30-Jun-17
	Ksh	Ksh
Personal Emoluments	1,213,108,539	709,762,186
House Allowances	398,463,238	342,065,895
Other Personal Allowances	60,764,233	81,075,660
Commuter Allowances	129,248,505	146,168,374
Passage & Leave Allowance	5,756,901	4,532,475
Contracted Employees	24,914,829	77,486,129
Part Time Claims	134,322,607	105,697,208
PSSP Service Providers Disbursements	67,665,711	58,705,924
Totals	2,034,244,563	1,525,493,851

Note 10(b) : - Gratuity & Pension Contributions

Particulars	30-Jun-18	30-Jun-17
	Ksh	Ksh
Gratuity & Pension Contributions	174,365,109	102,644,687
Totals	174,365,109	102,644,687

Note 11: - Staff and Student Welfare

Particulars	30-Jun-18	30-Jun-17
	Ksh	Ksh
Medical Expenses	61,360,610	51,427,366
Inter University Games & Other Students acti	12,695,631	6,766,835
Purchase of Uniforms & Clothing	2,495,286	745,445
Public Celebrations & Staff Welfare	3,891,989	3,191,762
Students Welfare	12,748,355	11,216,270
Staff Waivers	1,891,400	3,000,000
Totals	95,083,271	76,347,678

Personal Emoluments increased in 2017-2018 as a result of implementation of the 2013-2017 National CBA and payment of arrears amounting to **Kshs. 382.5 Million** in July and November 2018 as well as absorption of casual employees on permanent terms and hire of additional academic staff. Commuter and other personal allowances negotiated under the Local CBA had been anticipated to be concluded and implemented in July 2017 and arrears paid for 2013-2017 amounting to **Kshs. 71.9 million** had been provided for payment of the same and is the reason there is a significant decrease in this financial year.

Part time claims increase relates to outstanding part time claims that were provided for in the financial statements.

Note 12(a) : - Chancellors Expenses

Particulars	30-Jun-18 Ksh	30-Jun-17 Ksh
Chancellors Expenses	2,065,788	1,136,683
Totals	2,065,788	1,136,683

Note 12(b) : - Council Expenses

Particulars	30-Jun-18 Ksh	30-Jun-17 Ksh
Sitting Allowance	12,452,982	6,345,797
Travelling and Accomodation	10,421,397	6,755,986
Meals & Refreshments	734,128	98,112
Other Council Expenses	2,187,257	1,706,802
Totals	25,795,764	14,906,697

Chancellor and Council expenses increased mainly due to full council operations during the year unlike in previous year where there was a change in council composition with almost three months without council meeting thus less meeting in the previous year compared to current year.

The council also did short listings and interviews for council positions which were vacant leading to increase in the number of meetings. Appraisal of Vice Chancellor and Deputy Vice Chancellor for renewal her term and appointments.

Government organised training and seminars also contributed to the expenditure especially the Financial and Risk Management Training at the Kenya School of Government held from 4th - 7th December, 2017 and Retreat for Council members at Sawela Lodge Naivasha from 5th -6th April, 2018.

Note 13 : - Administration and Central Services Expenses

Particulars	30-Jun-18	30-Jun-17
	Ksh	Ksh
Transport Fuel Expenses	6,167,652	5,158,800
Travelling & Accomodation	12,715,584	7,537,537
External Travelling & Accomodation	211,740	4,418,139
Postal & Telegrams	462,233	541,044
Telephone Expenses	4,321,311	4,735,584
Purchase of Stationary	16,717,951	14,098,041
Audit Fees Expenses	950,000	950,000
Insurance Expenses	21,912,907	27,233,175
Legal Expenses	11,700,578	8,892,200
Performance Contracting	4,641,217	7,316,306
Strategic Plan & Master Plan Design	17,098,700	-
Security Services	1,791,450	1,511,340
ISO & Quality Assurance Expenses	9,617,524	851,194
Contigent Expenses	-	365,391
ERP Sytem Manteinance Expenses	398,120	453,650
Official Entertainment	499,800	28,000
Office Running Expenses	3,276,693	3,059,943
Recruitment & Training Expenses	9,952,593	6,330,245
Show, Marketing Expenses & Agribusiness Trade	6,768,360	7,007,054
Totals	129,204,410	100,487,644

Transport fuel expenses increased slightly as a result of acquisition of additional fleet as well as increase in fuel cost in the Country as reviewed by Energy Regulatory Commission from time to time. Travelling and subsistence also increased due to numerous commitments by staff and especially management who had to hold joint training and team building sessions with new council members. Purchase of stationary also increased due to increase in staff and offices especially school of education and engineering.

The total expenditure on legal fees during the period was **Kshs 11.70 million** with most of the pending legal fee notes being settled. The cases are employment and Procurement related and are pending determination by the courts.

Strategic Plan & Master Plan design were split from performance contracting with these expenses increasing due to Strategic Plan Review as well as development of a 3-D Master Plan design. ISO and quality assurance also continues with training of implementers, documentalists, Internal Quality Auditors for ISO 9001:2015 and development of documents (Quality Manual and 30 Processes).

Note 14 : - Academic, Research & Student Affairs Expenses

Particulars	30-Jun-18 Ksh	30-Jun-17 Ksh
Teaching Practice & Field Attachment	61,853,579	66,654,045
University Outreach Programme & Exhibition	2,907,300	3,339,305
External Examiners	1,655,397	8,155,749
Internet Services	11,249,567	10,938,496
Deans, Senate Committees & Conference Expenses	24,729,535	13,351,510
Graduation Expenses	16,643,326	11,811,980
Library Expenses	418,083	268,620
Library Periodicals & Journals	65,395	783,208
Teaching material expenses	3,950,323	9,809,864
Academic Field Trips	71,240,734	48,706,658
Examination Expenses	12,031,779	12,618,448
Postgraduate Supervision	7,503,152	5,943,599
Printing & Publications	329,890	3,105,010
Purchase of Gowns	-	3,918,050
Advertising & Publicity	15,126,014	11,883,397
Admission & Registration Expenses	29,696,309	14,097,156
University Funded Research Expenses	4,101,207	14,627,154
Totals	263,501,591	240,012,247

Teaching practice and field attachment increased due to backlog of these activities from previous year as a result of industrial unrest by lecturers.

Deans, Senate Committees & Conferences expenses almost double due to curriculum harmonization activities which were undertaken by the University in line with recommendations from Commission of University Education (CUE).

Academic field trips expenses resulted from requirements for field trip courses where students pay for the same under field trips in administrative related fees which also increased by a bigger margin.

Admission and registration expense increase as a result of increase in levies charged by the Kenya Universities and Colleges Central Placement Services (KUCCPS) as well as accreditation of courses and regular institutional audit done in June 2018 by Commission of University Education (CUE).

Note 15 : - Support Services

Particulars	30-Jun-18 Ksh	30-Jun-17 Ksh
Utilities (Electricity, Water & Conservancy)	35,566,239	58,534,140
Payment of Rent & Rates	18,469,167	24,958,331
Maintenance of Catering & Hostel Facilities	9,629,125	2,138,984
Cleaning Materials & Detergents	6,798,364	2,022,905
Maintainace of Plant, Furniture & Equipment	2,536,081	1,231,569
Maintenance of Computers	1,003,331	1,599,774
Maintenance of Buildings & Stations	17,009,198	10,564,263
Contract Services & Subscriptions	1,272,371	1,406,991
Maintenance of Water Suppliers & Sewerage	432,050	248,460
Maintenance of Playgrounds & Parks	577,355	152,165
Newspapers	1,333,063	2,006,874
Maintenance of Motor Vehicles	4,210,571	5,188,485
Valuation & Tagging of Assets	5,000,000	-
Totals	103,836,915	112,822,840

Note 16 : - Finance Expenses

Particulars	30-Jun-18 Ksh	30-Jun-17 Ksh
Bank Charges & Commissions	1,465,021	2,522,546
Totals	1,465,021	2,522,546

Utilities, payment of rent maintenance of catering and hostels declined as a result of moving from a three semester to a two semester mode as well as ban on student cooking in the hostels by the University.

Cleaning Materials & Detergents increased due to additional offices, lecturer halls and laboratories following completion of School of education complex and engineering complex.

Valuation & Tagging of Assets is anticipated to be completed and incorporated in the financial statements thus a provision has been made to cover for the payment of Contracted Valuers on the same.

Note 17: - Armotization & Depreciation Expenses

Particulars	30-Jun-18	30-Jun-17
	Ksh	Ksh
Armotization of Land	1,975,309	1,975,309
Depreciation Buildings	23,418,773	23,418,773
Depreciation Motor Vehicles	23,016,167	17,316,631
Depreciation Computers and Assesories	6,450,319	8,709,436
Depreciation Furniture and Fittings	7,677,069	6,201,590
Depreciation plant and Equipment	7,905,840	7,812,378
Depreciation Library Books	2,765,680	5,160,723
Totals	73,209,158	70,594,840

Note 18:- Other Gain Depreciation Adjustment

Particulars	30-Jun-18	30-Jun-17
	Ksh	Ksh
Gain/(Loss) on Assets Disposal/Deptn Adjmr	9,019,039	11,018,706
Totals	9,019,039	11,018,706

Note 19:- Other Gains on Biological Assets

Particulars	30-Jun-18	30-Jun-17
	Ksh	Ksh
Gain/(Loss) on Biological Assets	(10,571,654)	7,898,652
Totals	(10,571,654)	7,898,652

Note 20:- Other Gains Decrease in Provision for Bad Debts

Particulars	30-Jun-18	30-Jun-17
	Ksh	Ksh
Increase/(Decrease) in Provision for Bad Deb	(1,842,480)	2,894,428
Totals	(1,842,480)	2,894,428

Note 21:- Loss in Foreign Exchange Transactions

Particulars	30-Jun-18	30-Jun-17
	Ksh	Ksh
Gain/(Loss) on Foreign Exchange Transaction	-	(56,283)
Totals	-	(56,283)

Depreciation increased mainly due to transfer of completed building projects from Work in Progress and acquisition of plant, equipment and library books respectively.

Loss on biological assets was mainly contributed to by valuation of the animals which were valued at Kshs. 150,000.00 in the last financial year yet currently the animals were valued at Kshs. 70,000.00. The valuation led to a net loss of Kshs. 5,465,000.00 due to reduction in the value of the animals.

Note 22 (a) :- Bank Balances

Particulars	30-Jun-18 Ksh	30-Jun-17 Ksh
NBK-Main Account-0102107332500	11,578,969	116,171,207
NBK-Capital Development Account-010210733	-	5,707
Standard Chartered Bank (Kshs) Research Acc	73,892,861	22,812,131
Standard Chartered Bank (Euro) Research Acc	4,906	88,212
Standard Chartered Bank (Kshs-Edulink) Rese	23,422	126,013
Co-operative Bank (Fees Collection)-011291831	40,509,580	79,455,465
Co-operative Bank (Canadian Dollar)	2,553	2,553
Co-operative Bank (Farm Account)-011291831	324,466	279,864
Equity Bank (Fees Collection)-0300297338822	32,952,233	68,644,398
Kenya Commercial Bank-Research(VLIR)	7,855	26,341
Kenya Commercial Bank (Fees Collection)	41,380,241	44,936,611
Standard Chartered Bank Fee Collection Accc	1,895,194	917,860
Equity-Capital Development	104,792,687	79,763,522
KCB UNIVERSITY OF ELDORET-TOWN CA	8,007,949	8,012,644
Co-operative Bank (UESO) Account 01134674	3,435,950	2,896,360
Petty Cash account	55,034	59,110
Undeposited Funds	31,000	469,764
Totals	318,894,900	424,667,760

There was an overall reduction in bank balances a result of payments made during the period under review compared to the last financial year. The aggregate balance in University accounts amounted to **Kshs. 241.4 million** and **Kshs. 78.3 million** are held in trust for research grants.

Note 23 : - Receivables from Exchange Transaction

	30-Jun-18	30-Jun-17
Particulars	Ksh	Ksh
Student Debtors	680,197,470	588,073,505
Less: Provision for Bad Debts	(13,603,950)	(11,761,470)
Student Debtors Net of Bad Debts	666,593,520	576,312,035
Staff Imprests	10,315,094	9,208,839
General Debtors	5,801,266	9,754,500
Exchequer Grants Receivable	-	-
Deposit with Service Providers	5,530,567	5,520,567
Totals	688,240,447	600,795,941

Note 24 : - Inventories

	30-Jun-18	30-Jun-17
Particulars	Ksh	Ksh
Lab Chemicals	4,328,816	4,121,908
Games Materials	910,448	584,088
Loose Tools and Spares	-	89,070
Bookshop Books	2,790,491	2,513,658
Dry Food	1,233,882	403,152
Clinical Drugs	989,017	1,880,821
Consumables	6,627,128	12,727,340
Building Materials	1,011,599	4,101,169
Totals	17,891,381	26,421,206

Student debtors increased by **Kshs.92.09 million** in the current financial year mainly due to students who are yet to pay fees before end of semester exams expected to begin in July following industrial action during the financial year.

Student debtors of **Kshs.326.6 million** comprise of non-moving debtors. This are being investigated to establish their correct status with a view of correcting this figure appropriately.

Provision for bad debts has been retained at 2% of outstanding debt as in previous.

Note 25 : Property, plant and equipment

	Land	Buildings	Motor Vehicles	Computers & Appliances	Furniture & Fittings	Plant & Equipment	Library Books	Totals
Cost	K.Shs	K.Shs	K.Shs	K.Shs	K.Shs	K.Shs	K.Shs	K.Shs
At 1 July 2016	160,000,000	916,611,512	110,452,071	49,272,098	79,845,774	29,925,886	14,458,009	1,360,565,350
Additions 2016/2017	-	-	17,197,278	10,799,864	13,002,592	2,672,000	11,345,604	55,017,338
Trasfers from W.I.P 2016/2017	-	254,327,157	-	-	-	29,901,138	-	284,228,295
At 1 July 2017	160,000,000	1,170,938,669	127,649,349	60,071,961	92,848,366	62,499,024	25,803,614	1,699,810,983
Additions 2017/2018	-	-	38,401,000	14,185,039	11,803,829	747,700	1,853,189	66,990,756
Revaluations 2017/2018	-	-	-	-	-	-	-	-
At 30 June 2018	160,000,000	1,170,938,669	166,050,349	74,257,000	104,652,195	63,246,724	27,656,802	1,766,801,739
Depreciation								
At 30 June 2016	10,235,774	286,337,637	90,516,462	48,433,600	53,460,415	12,923,495	2,326,431	504,233,814
Armotization 2016/2017	1,975,309	-	-	-	-	-	-	1,975,309
Depreciation 2016/2017	-	23,418,773	17,316,631	8,709,436	6,201,590	7,812,378	5,160,723	68,619,531
At 30 June 2017	12,211,082	309,756,410	107,833,093	57,143,036	59,662,005	20,735,873	7,487,154	574,828,654
Armotization 2017/2018	1,975,309	-	-	-	-	-	-	1,975,309
Depreciation 2017/2018	-	23,418,773	23,016,167	6,450,319	7,677,069	7,905,840	2,765,680	71,233,849
At 30 June 2018	14,186,391	333,175,183	130,849,260	63,593,356	67,339,074	28,641,714	10,252,834	648,037,812
Net book values								
At 30 June 2018	145,813,609	837,763,486	35,201,089	10,663,644	37,313,121	34,605,010	17,403,968	1,118,763,927
At 30 June 2017	147,788,918	861,182,259	19,816,256	2,928,925	33,186,361	41,763,150	18,316,460	1,124,982,329

Assets worth Kshs 66.99 million was procured during the year shown as additions 2017/2018 and depreciation amounting to Kshs 71.23 million provided for the same period based on the rates in the notes less assets depreciated to zero value.

Note 26: Work-In-Progress (W.I.P)

Particulars	30-Jun-18 Ksh	Transfers to PPE Ksh	Additions Ksh	30-Jun-17 Ksh
Acquisition of Software	15,312,000	-	-	15,312,000
Hotel & Hospitality Labs	26,101,362	-	-	26,101,362
Engineering Complex	1,015,250	-	1,015,250	-
Education Complex	-	-	-	-
High Mast Flood Lights	1,170,574	-	1,170,574	-
CCTV Installation	1,843,249	-	1,843,249	-
Economics & Bns Mgt Complex	98,677,386	-	27,084,011	71,593,375
Main Gate	13,825,892	-	1,316,552	12,509,340
Perimeter Wall	50,759,134	-	43,334,134	7,425,000
Milk Coolant	6,777,501	-	3,259,801	3,517,700
W.I.P Refurbishment of Old Libra	18,258,488	-	18,258,488	-
W.I.P Health Services Clinic	4,509,049	-	4,509,049	-
Totals	238,249,885	-	101,791,108	136,458,777

The University is committed to continue with the construction of schools of economics and business studies which is at 70% completion, the main gate and construct an entry lane from the gate to administration block, Complete phases II and phase III of Perimeter wall.

Construction of the milk cooling plant and health services clinic is anticipated to be completed using internally generated funds.

Note 27:- Biological Assets

Particulars	30-Jun-18	30-Jun-17
	Ksh	Ksh
Maize	2,677,940	5,905,845
Wheat	1,288,850	3,411,120
Fodder (Boma Rhodes)	-	147,170
Dairy Livestock	13,000,000	18,465,000
Poultry	567,500	519,500
Trees	73,595	203,210
Fish	1,158,613	206,700
Totals	18,766,498	29,338,152

Note 28 (a) :- Trade Payables

Particulars	30-Jun-18	30-Jun-17
	Ksh	Ksh
Trade Creditors	62,756,966	42,676,708
With-Holding Tax	(9,499)	(9,499)
Capital Creditors	8,139,970	8,139,970
Commissioner of Domestic Taxes	4,038,246	3,461,960
Retention (Contractor)	31,107,177	24,202,637
VAT Taxes	2,258,694	2,711,142
Totals	108,291,553	81,182,918

There was a deliberate effort to pay off outstanding bills in order to comply with performance contracting requirements. However, there were some invoices which were put on hold awaiting the suppliers to meet certain conditions for their payments to be effected thus the increase in Trade Creditors by almost half.

Trade creditors amounting to almost **Kshs. 20 million** are non-moving and we are in the process of conducting circularization on the same to establish their correct status with a view of making a correct decision on their treatment.

Retention (Contractor) increased due to increase in Work in Progress activities being carried out by the University.

Note 28 (b) :- Other Payables - Students & Customers

Particulars	30-Jun-18	30-Jun-17
	Ksh	Ksh
Prepaid Fees (Students)	89,489,503	94,167,980
Caution Money	13,755,944	12,759,644
HELB-Loan Students	14,340,730	16,272,368
HELB-Bursaries Students	178,000	178,000
CDF- Constituency Development Fund	16,140,365	14,569,035
Sponsorships	18,978,018	19,441,389
Unallocated Fee	80,017,455	83,001,624
Customer Prepayments	-	86,500
Totals	232,900,014	240,476,540

Note 28 (c) :- Other Payables - Payroll

Particulars	30-Jun-18	30-Jun-17
	Ksh	Ksh
Net Pay	-	70,068,985
PAYE	-	30,915,438
Staff Insurance	99,643	-
SACCOS	-	189,104
HELB-Loan Repayment Staff	-	25,397
WELFARES	147,359	169,684
PENSION	44,412,300	-
UNION DUES	133,169	-
Salary Recovery	168,550	28,000
Part-time Lecturers	52,462,555	54,944,055
Totals	97,423,576	156,340,662

Student Payables reduced as a result of invoicing of students, posting of HELB loans and students presenting their deposit slips hence facilitating posting to their ledgers.

Pension amount shown as due is for employer Pension and Provident fund arrears for the National CBA covering the period 1st July 2013 to 30th November 2017. This comprise of outstanding employer pension of **Kshs 39.34 million** and provident fund **Kshs 5.07 million**.

Note 29 :- Accruals and Provisions

Particulars	30-Jun-18 Ksh	30-Jun-17 Ksh
Provision for Audit Fees	1,990,000	1,895,000
Payroll Recoveries	4,462,671	3,625,772
Accrued Expenses	194,687,676	103,478,532
Totals	201,140,347	108,999,304

Note 30 :Research Fund Account

Particulars	30-Jun-18 Ksh	30-Jun-17 Ksh
Donor Funded Research Receipts	161,712,017	127,384,539
Donor Funded Research Disbursements	(88,878,109)	(103,417,019)
Totals	72,833,908	23,967,520

Note 31 : UoESO Fund Account

Particulars	30-Jun-18 Ksh	30-Jun-17 Ksh
UoESO Funds Receipts	6,428,885	13,309,200
UoESO Funds Disbursements	(3,423,215)	(6,880,315)
UoESO Fees	4,706,150	-
Totals	7,711,820	6,428,885

The University received external funding for eight (8) new research projects worth **Kshs. 143,180,700**. The main contributors were McKnight Foundation (**Kshs. 6.60 million**); NUFFIC (**Kshs. 28.70 million**), European Commission (**Kshs. 52.07 million**).

University of Eldoret postgraduate students developed and submitted research proposals to the National Research Fund (NRF). Eight PhD and 18 Masters proposals totaling to **Kshs. 17,763,663** were funded.

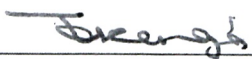
These funds were disbursed to fund research projects to a tune of **Kshs. 88.88 million** leaving a balance of **Kshs. 72.32 million** held in various research banks accounts under Cash and cash equivalent.

XVIII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

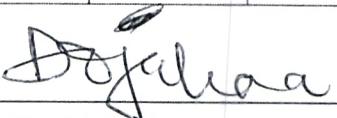
The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor. We have nominated focal persons to resolve the various issues as shown below with the associated time frame within which we expect the issues to be resolved.

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)
1.0	Valuation of Assets	The process is ongoing and Tagging is 95% completed.	Prof. Teresa A.O. Akenga, V. Chancellor	Partially resolved	2018/2019 FY
2.0	Student Debtors	The Student will not be allowed to collect their certificates	Prof. Teresa A.O. Akenga, Vice Chancellor	Not resolved	2018/2019 FY
	Long Outstanding Debtors	Analysis has been done and the process of addressing this has been initiated		Not resolved	2018/2019 FY
	Unsurrendered Temporary Imprest	These are unconditional funds given to principal researchers and postgraduate students as per condition attached thereto.		Not resolved	2018/2019 FY

3.0	Other Payables from Payroll Dues (PAYE Kshs 30,915,438)	This was a provision to cater for internal CBA for 2012-2017 which had been fully negotiated and approved awaiting Salaries and Remuneration Commission approval. Payment is yet to be made thus tax is not yet due.	Prof. Teresa A.O. Akenga, Vice Chancellor	Not resolved	2018/2019 FY
Other Matter					
1.0	Staff on Acting Capacity for more than 6 months contrary to policy	Majority of these positions have now been filled except a few which are in the process of being filled.	Prof. Teresa A.O. Akenga, Vice Chancellor	Partially resolved	2018/2019 FY
2.0	Failure to Comply with a third Net Salary Rule	This was due to recovery of imprest which takes second charge after taxes		Partially resolved	Long Term


 Prof. Teresa A.O. Akenga Ph.D., MRSC, MBS, MBA
 Vice Chancellor

Date.....14/12/2018.....


 Dr. David Ojaka
 Chairman of Council

Date.....14/12/2018.....

XIX. Appendix 1: PROJECTS IMPLEMENTED BY THE ENTITY**Projects Implemented by University of Eldoret**

Project title	Donor	Period/ duration	Donor commitment	Separate donor reporting	Comments
1. School of Economics and Business Management	GOK	2016 - 2018	242,000,000	no	
2. School of Education Complex	GOK	2013 - 2017	159,100,068	no	
3. School of Engineering	GOK	2014 - 2018	61,602,170	no	
4. Renovation of Old Library into Offices	GOK	2016 - 2018	28,000,000	no	
5. Construction Perimeter Wall Phase I & II	GOK	2016 - 2018	31,899,500	no	
6. Construction Main Gate Phase I & II	GOK	2016 - 2017	13,753,010	no	
7. CCTV Cameras Phase I, II & III	GOK	2016 - 2017	8,908,700	no	
8. High Mast Flood Lights Phase I, II & III	GOK	2016 - 2017	22,572,720	no	
9. Hotel & Hospitality Labs	GOK	2016 - 2017	26,672,680	no	
10. Construction of Milk Cooler House	Internal	2016 - 2017	-	no	
11. Expansion of Health Clinic	Internal	2016 - 2017	-	no	
12. Expansion of Bus Park/Bay	Internal	2016 - 2017	-	no	
13. Renovation of Hotel Academia Kitchen	Internal	2016 - 2017	7,000,000	no	
14. Design of PPP Projects	Internal	2016 - 2017	5,000,000	no	
15. Acquisition of Software	Internal	2016 - 2017	19,500,000	no	

XX. Appendix 2: INTER-ENTITY TRANSFERS

ENTITY NAME: UNIVERSITY OF ELDORET

Break down of Transfers from the State Department of Education for FY 2017/2018

a. Recurrent Grants	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
State Department University Education	03.07.2017	155,278,381.60	2017/18
State Department University Education	19.07.2017	169,911,946.35	2017/18
State Department University Education	02.08.2017	128,264,205.00	2017/18
State Department University Education	04.09.2017	128,264,205.00	2017/18
State Department University Education	05.10.2017	128,264,203.00	2017/18
State Department University Education	06.11.2017	128,264,205.00	2017/18
State Department University Education	02.12.2017	128,264,205.00	2017/18
State Department University Education	01.12.2017	67,654,725.90	2017/18
State Department University Education	02.01.2018	128,264,204.00	2017/18
State Department University Education	02.01.2018	13,530,945.00	2017/18
State Department University Education	09.02.2018	128,264,205.00	2017/18
State Department University Education	09.02.2018	13,530,945.00	2017/18
State Department University Education	12.03.2018	128,264,205.00	2017/18
State Department University Education	12.03.2018	13,530,945.00	2017/18
State Department University Education	09.04.2018	128,264,205.00	2017/18
State Department University Education	09.04.2018	13,530,945.00	2017/18
State Department University Education	02.05.2018	128,264,205.00	2017/18
State Department University Education	03.05.2018	13,530,945.00	2017/18
State Department University Education	11.06.2018	128,264,205.00	2017/18
State Department University Education	11.06.2018	13,530,945.00	2017/18
State Department University Education	28.06.2018	128,264,204.00	2017/18
State Department University Education	28.06.2018	13,530,945.00	2017/18
Total		2,026,732,124.85	
b. Development Grants	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
State Department University Education	13.09.2017	2,373,884.00	2017/18
State Department University Education	17.04.2018	22,001,116.00	2017/18
Total		24,375,000.00	
c. Direct Payments	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		-	
Total		-	
d. Donor Receipts	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		-	
Total		-	

The above amounts have been communicated to and reconciled with the parent Ministry

Ag. Finance Officer
University of Eldoret

Sign  28/6/18

Head of Accounting Unit
State Department University Education

Sign  18/7/2018