

REPUBLIC OF KENYA



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1/20/20

THE AUDITOR-GENERAL

ON

**KOITALEEL SAMOEI UNIVERSITY
COLLEGE**

**FOR THE YEAR
ENDED 30 JUNE, 2020**



**KOITALEEL SAMOEI UNIVERSITY COLLEGE
(A CONSTITUENT COLLEGE OF THE UNIVERSITY OF NAIROBI)**

ANNUAL REPORTS AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2020**

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

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I. KEY UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background information

The Koitaleel Samoei University College is domiciled in Kenya. It was established and gazetted on 6th September 2018 through Gazette Supplement notice No. 117, as a constituent college of the University of Nairobi through a creation of section 8 of the University of Nairobi Charter and section 42 of the Universities Act No. 42 of 2012, Revised Edition 2016 (2015). In 2012/2013, the Nandi County and its professionals mooted the concept of University for the County as per the Constitutional provision.

A Memorandum of Understanding (MoU) between Nandi County and the University of Nairobi was signed on 7th April 2015 where the Nandi County would provide land and infrastructure, while the University of Nairobi would be the mentoring institution of Koitaleel Samoei University College.

Koitaleel Samoei University College commenced when the community leadership decided to make good a long standing aspiration of establishing a university in the County whose main campus is to be situated in Nandi Hills and named after their pre-colonial hero and legend, Koitaleel Arap Samoei.

Koitaleel Arap Samoei was born to Kimnyole Arap Turukat at Samitui in the Aldai Sub-County. He was the last of four sons and belonged to the Kapelach age-set. Even though he was the youngest, he was reportedly close to his father and displayed great ability in understanding prophetic signs. Kimnyole, who is said to have predicted his own death, reportedly summoned his four sons as he saw his time approach and asked them to consult traditional brews in a pot. Upon gazing into the pot, Koitaleel Samoei drew his sword in protest having perceived the coming of the Europeans. Kimnyole sensed danger in his son's bravery and out of concern for his safety, sent Koitaleel Samoei's three siblings to live among the Kipsigis while Koitaleel Samoei was asked to go and live among the Tugen.

After the death of Kimnyole, a faction of Nandi people sent for Koitaleel Samoei who had already taken refuge among the Keiyo. Koitaleel Samoei's brother, Kipchomber Arap Koilege, laid claim to Nandi leadership, leading to a dispute over the succession. Factions formed around the two aspirants and minor skirmishes took place between their supporters but this did not lead to a full-scale war. The dispute ended with the defeat of Kipchomber Arap Koilege in 1895, after which he fled to the Kipsigis with his supporters, becoming the first Kipsigis Orkoiyot (Laibon). Koitaleel was appointed as the successor of his father and was made Orkoiyot in 1895. When British colonialists began building the Uganda Railway through the Nandi area, Koitaleel Samoei led an 11-year resistance movement against the railway. To end the resistance, a British colonel, Richard Meinertzhagen, invited Koitaleel Samoei to negotiate a truce. A peace meeting was to be held at 11.00 a.m. on October 19, 1905. Suspecting that he would be killed as his father Kimnyole had feared, Koitaleel Samoei instructed the British colonel to come with five companions to meet him at Ketbarak (the present-day Nandi Bears Club). Koitaleel Samoei was to come with five foretellers. Contrary to the agreement, Meinertzhagen marched from the fort at Kaptumo with 80 armed men, 75 of whom hid near the venue of the meeting. It is reported that when Koitaleel Samoei stretched his hand to shake Meinertzhagen's hand, the British colonel shot him at point-blank range thus killing him and effectively ending the Nandi Resistance.

Koitaleel Samoei was succeeded by his brother, Kipeles Arap Tamasun, while his son, Barsirian Arap Manyei who was born in 1882, later became the Nandi leader from 1919 to 1922, when he was detained by the British. Barsirian was not released until 1964, making him the longest-serving political prisoner in the history of Kenya.

The Koitaleel Samoei University College commenced academic programmes in Financial Year 2019/2020 where the first group of students reported on 9th September 2019 and is expected to continue to develop infrastructure, facilities and academic programmes to enable the University College to be chartered.

The University College will require enhanced support in Exchequer subventions, to facilitate infrastructure development and Recurrent Expenditure as it seeks to meet its objectives and functions.

The College has two (2) campuses; namely, Main Campus in Nandi Hills and Mosoriot Campus in Nandi County. In the mirror image of the mentoring university, The College will have 7 campuses, one in each sub-county of the Nandi County, and a Teaching Hospital.

The proposed Campuses.

Sub-County	Campus Name	Schools and Facilities
1. Nandi Hills	Main Campus	a) Seat of University: Administration Building b) University Main Library c) School of Law d) School of Humanities and Social Sciences e) School of Sports and Recreation f) Sports Facilities (Elite Athletes Training Facilities)
2. Chesumei	Mosoriot Campus	a) Campus Administration Building b) School of Education c) School of Business
3. Mosop	Kaiboi Campus	a) Campus Administration Building b) School of Engineering, Build Environment and Manufacturing c) School of Information and Communication Technology
4. Emgwen	Kaimosi Campus	a) Campus Administration Building b) School of Agriculture c) School of Forestry and Natural Resources d) School of Aquatic Science
5. Aldai	Kaptumo Campus	a) Campus Administration Building b) School of Science c) School of Environmental Studies
6. Tindiret	Maraba/Kimwani Campus	a) Campus Administration Building b) School of Nursing Sciences c) School of Public Health
7. Kapsabet	Health Sciences Campus	a) Campus Administration Building b) Medical School c) Dental School d) School Pharmacy

(b) Principal Activities

The core Mandate of the College is to produce holistic graduates and contribute to community and national development through training, research and innovative technology transfer, student welfare, community service, consultancy and continuing education.

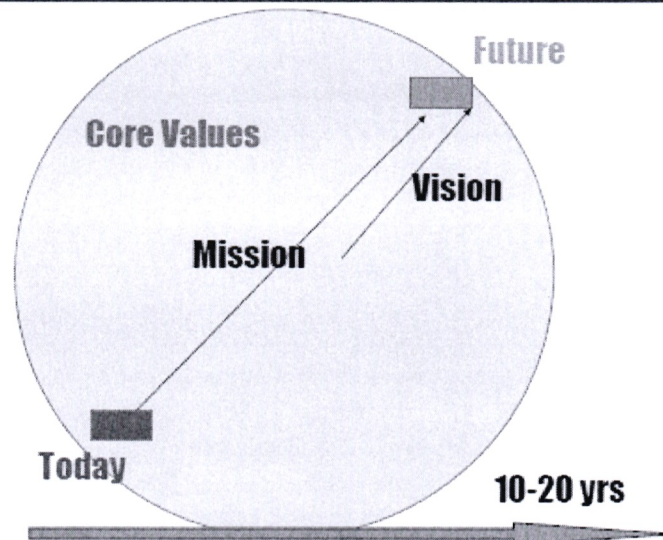
Vision

A premier University that aspires to academic excellence and service to humanity.

Mission

To produce creative and innovative graduates with academic integrity and to contribute sustainable knowledge to stimulate social and economic development through training, research and innovative technology transfer, student welfare, community service, consultancy, and continuing education.

Integrating Vision, Mission, Core Values



Core Values

The National Values and Principles of Governance as espoused in articles 10 and 232 of the Constitution of Kenya shall bind the university college. The key values are inclusiveness, professionalism, good governance, integrity, transparency and accountability, equity, and sustainable development. These core values shall further guide the university college:

Teamwork: The university college commits itself to use collaborative efforts to achieve a common goal, with trust, healthy conflict, accountability and attention to results.

Responsiveness: The university college endeavours to react quickly and positively to the needs of all its stakeholders

Excellence: The university college strives to be significantly outstanding in all its endeavours.

Justice and fairness: In all its interactions, the university college treats everyone with impartiality and fairness.

Courage and resilience: The university college endeavours to face all situations confidently and act rightfully in the face of popular opposition to adapt well and bounce back from difficult experiences.



Figure 1: His Excellency President Uhuru Kenyatta and the Deputy President Hon. William Ruto during the laying of the foundation stone for the University College at Nandi Hills.

Philosophy

Our education and training is rooted in these philosophical guidelines:

- a) problem-based learning,
- b) community engagement and service as a condition for graduation from an academic programme,
- c) community ownership and involvement in and benefit from activities of the university college,
- d) specialized campuses in communities and attraction of relevant industries to be set up around the campuses, and
- e) Holistic education and training that produce agents of change and knowledge who transforms society.



Figure 2: KSUC Council Members and Management during the Strategic Plan 2019-2024 retreat in Eldoret

(c) Key Council Members

The University College Council

S/N	NAME	POSITION HELD
1	Prof. Risley Kavu Ngala , PhD	Chairman
2	Mr. Dan Odhiambo Odallo	Member
3	Dr. William K. Toroitich Chong'	Member
4	Arch. Geoffrey Rukenya Gichuki	Member
5	Mr. Yussuf N. Abdi	Member
6	Ms. Florah A. Mukabana	Member
7	Mr. Dan K. Mesis	Rep. PS. Ministry of Education
8	Prof. Stephen G. Kiama	Vice-Chancellor- UoN
9	Prof. Gideon K. Misoi	Ag. Principal



Prof. Risley K. Ngala
Chairman Council

Prof. Risley K. Ngala holds a PhD in English Literature, and has experience in interdisciplinary research and social work in Africa and Europe. He is a private consultant based in Mombasa, Kenya, working on various issues including governance, peace and security, gender rights and equality and communal development. He has experience working with and for women and marginalised populations at the Kenyan Coast and the North Eastern provinces. He has served as lead consultant on peace and security for UN Women, Kenya. He is currently a businessman and serves as chairman of Jamii Action Centre, Kwale. He is also chairman of council at the Koitaleel Samoei University College.

Previously, he has taught in many universities in Europe and Africa as a visiting and tenured professor, including the University of Bergen, University of South-Eastern Norway, the Arctic University of Norway, University of Dar Salaam and the University of Szeged, Hungary. He has also been a visiting professor at the Gdansk Shakespeare Theatre, Poland.



Dr. Dan Odhiambo Odallo
Council Member

Dr. Dan O. Odallo is a retired Public Health practitioner with over 23 years of service in the Government of Kenya, Johns Hopkins University (JHU/PCS) and the United Nations system, where he served as UNFPA Country Representative for Eritrea and Malawi, 2013-2018. Prior to that he served as UNAIDS program officer in South Africa, Bangladesh and Nepal. Mr. Odallo is trained in population, development communication and public health. He brings with him a great passion for young people's health, especially sexual and reproductive health having launched and managed some pioneering and successful programs in youth HIV prevention, gender-based violence and continuing education for girls. His work at the Johns Hopkins University/Population Communication Services is known for opening the space for public discussion on youth SRH issues. Mr. Odallo is also a keen sports enthusiast having played college rugby and basketball in his younger years. He is also a life member of YMCA.



Ms. Florah Mukabana
Council Member

Florah Mukabana has over 15 years of experience in international development, program design and adaptive management, performance measurement, value for money assessments, monitoring and reporting systems in the private and public sectors with a strong emphasis on the use of data for strategic decision-making and resource allocation in Ms. Mukabana serves as Africa East Region Programme Quality Manager for Christian Blinden Mission(CBM) where she provides oversight in program planning and management, result measurements, partnership development, Strategic Planning and Research in 6 countries.

Previously, she served as Regional M&E Manager for Techno Serve's USAID-funded food processing competitive improvement program, implemented by Techno Serve and Partners in Food Solutions, in Kenya, Zambia, Tanzania, Ethiopia and Malawi where she was responsible for leading M&E functions for a \$20 million portfolio of varied projects and supervising M&E staff in several countries. Prior to her work with Techno Serve, she worked with Goal Ireland and World Vision where she executed assessments in various sectors; HIV/AIDS, Livelihoods, Education and health service delivery systems in Kenya, playing important role in setting up monitoring and evaluation tools and systems at the National, levels.

Florah Holds Masters in Project Planning and Management from University of Nairobi and BSC. Horticulture from Egerton University- Njoro Campus



Arch. Gichuki Rukenya
Council Member

Geoffrey Rukenya Gichuki is an Architect and Environmental Planner. He began his professional career in the Public Service (Ministry of Works), before venturing into private practice. He is currently the Managing Director, Makro Consultancy Ltd a firm of Architects and Environmental Planners

He attended the Alliance High School for Ordinary and Advanced Level secondary education. He thereafter undertook studies at the University of Nairobi and earned Bachelor of Architecture and Master of Arts in Environmental Planning and Management. He has also undertaken specialized training in Project Development Management at the then Kenya Institute of Administration and Building Engineering in Japan. He is a Registered Architect and a Registered Environmental Impact Assessment Lead Expert. He is a Corporate Member of the Architectural Association of Kenya. Arch Gichuki has participated and continues to do so in various community development

endeavours including serving in Boards of Management for secondary schools and in development committees of churches, social welfare associations and members' clubs.



Dr. William Toroitich Chong
Council Member

Private consultant on animal health, Breeding Production and trade activities. Small holder dairy, maize and wheat farmer. He is a graduate of Bachelor of Veterinary Medicine with twenty-five years of work exposure, experience, skills and expertise in Public Veterinary Services in Kenya and over Twenty-one years expertise in Veterinary laboratory work in disease and pest diagnosis, investigation, epidemiology, surveillance, Vaccinology and control, and research- extension-farmer linkages and liaisons. At all stages of rise in rank and file, promoted, inspired, encouraged, enhanced and conscientiously contributed to the development and strengthening of professional, scientific and technical capabilities and capacities of the Veterinary Department towards meeting and fulfilling its mandate and obligations in Service Delivery, enabling Kenya comply with Office International des Epizooties (OIE)'s International Animal Health Code standards for promotion and safeguarding of animal health, production and trade within and between Kenya and other countries.

He is knowledgeable in sanitary and phytosanitary regulations, guidelines, procedures and standards in animal health, breeding, production and trade in conformation and compliance to international conventions, vaccines and pesticides (acaricides) potency testing, quality evaluation, assurance, certification and control, policies, legislations and institutional frameworks in animal health, breeding, production and trade. He is also skilled in preparation, writing, editing and publishing scientific, technical and policy papers, documents, reports and guidelines.

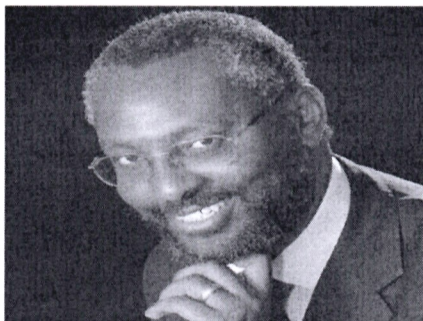
He has served in Kenya's Permanent Representative at the Office of International Epizootics (OIE) (now the World Organization for Animal Health) based in Paris, France., a member of the Board of Directors of: -Kenyan Agricultural Research Institute (KARI) now Kenyan Agriculture and Livestock Research Organization (KALRO), Kenya Veterinary Vaccines Production Institute (KEVEVAPI), Pharmacy and Poisons Board, National Quality Control Laboratory, Registrar, Kenyan Veterinary Board. Member, Faculty of Veterinary Medicine, University of Nairobi., Member, Egerton University Council Member, Moi University Council., Koitaleel Samoei University College Council.

And Council Member, Agricultural Society of Kenya.



Mr. Yussuf N. Abdi
Council Member

He is a strategic thinking leader with more than 10 years of experience in both public and private sector. He holds a Master of Business Administration from University of Nairobi with a bias in Management of Information Systems and a Master in Public Policy and Administration from Kenyatta University. He has worked at the NGOs Co-ordination Board for five years. He was instrumental in laying down the Board's ICT infrastructure. Rolled out the first domain network, introduced a robust database and successfully uploaded the Board's database to the website. He later worked with two humanitarian organizations in Somalia; He was actively engaged in planning, designing, implementing, monitoring and evaluation of development programmes, partnership and donor relations activities. In 2015, he joined a research firm –IREC- where he was in-charge of projects implementation. Currently, he is a Managing Director of a start-up technology firm. He a Council Member and a Chairman of the Finance and General Purposes Committee of Council.



Prof. Stephen G. Kiama- VC UoN

Prof. Stephen Gitahi Kiama is the Vice Chancellor of University of Nairobi which is a mentor University of Koitaleel Samoei University College. He is a Professor of Structural Biology from University of Bern in Switzerland. He was the Deputy Vice-Chancellor, Human Resource and Administration and the Acting Deputy Vice Chancellor in-charge of Finance, Planning and Development, a position he held till his appointment as the Vice Chancellor. Previously he served as the Principal, College of Agriculture and Veterinary Sciences from 2016 to 2019, Director of Wangari Maathai Institute for Peace and Environmental Studies from 2010 to 2016, Chairman of the Department of Veterinary Anatomy and Physiology from 2005 to 2010, Acting dean of the Faculty of Veterinary Medicine in 2014 and Associate Dean of the Faculty of Veterinary Medicine from 2003 to 2010.

Mr. Dan K. Mesis
Council Member Ministry Representative



Prof. Gideon K. Misoi
Ag Principal
Koitaleel Samoei University College

Prof. G. K. Misoi is a holder of a BSc. Engineering and a Ph.D. from the University of Nairobi. He is a member of The Kenya Engineers Board and a recipient of a Presidential Award, OGW (1994) and the University of Nairobi Staff Merit Award (2002). He has a wealth of experience in both Academic and Industrial sectors. His Administrative appointments includes; Managing Director NCPB (6 years), Receiver Manager KCC (3 years), Director Savings and Loan (KCB group) (19 years), Director NMC (14 years), Head of Scientific Advisory Team (D.o.D) (10 years) Head of Mechanical Engineering Department (6 years), Director of Research, School of Engineering U.o.N (10 years) and Membership of several National Committees and Task forces. His Academic experience spans over a period of more than three decades (1983 to date) and includes; Associate Professor Mechanical Engineering (U.o.N), Adjunct Professor (KU), External Examiner (Universities of Daresalaam, Moi University and Kenyatta University). He has carried out Research in diverse areas both locally and abroad (research at the University of Cambridge during his Ph.D. Course). He has attended various management seminars and has published both in local and international Journals. He has also served as a member of the Board of Governors in various training institutions.

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Name	Designation
1	Prof. Gideon K. Misoi	Ag. Principal
2	Prof. Josephat Lishenga	Director, School of Business
3	Dr. Andrew Riechi	Director, School of Education
4	Mrs. T. N Estambale	Registrar Administration
5	Mrs. Beatrice Wanjala	Registrar Academics
6	Mr. Stephen Kimeli	Deputy Finance Officer
7.	Ms. Everline Chebet	Procurement Manager

(e) Fiduciary Oversight Arrangements

The Koitaleel Samoel University Council is responsible for the overall management and governance of the institution.

COUNCIL MEMBERS

The Council is appointed in accordance with the Universities Act, 2012 (No. 42 of 2012) by the Cabinet Secretary and its mandate is to institute strong internal control mechanisms of finances, ensures there is regulatory compliance and adopts strategic plan to spear head the operations of the College.

COMMITTEES OF THE COUNCIL

The main standing committees of the Council include;

Finance and General Purpose Committee

Terms of Reference:

- i) To act on behalf of the Council in all matters touching on finances
- ii) To deliberate on annual financial and recommend to full council

Infrastructure and Construction Adhoc Committee

Terms of Reference:

To undertake supervisory role in putting up new buildings and renovation works.

Human Resource and Administration Committee

Terms of Reference:

- i) Recruitment of new staff.
- ii) Responsible for authorizing staff development and promotion.
- iii) To report progress to Council or the Finance and General Purpose Committee of the Council.

Audit and Risk Committee

An Internal Audit Department is headed by the Senior Internal Auditor. The Audit committee chair analyses the risks the college might face and how to possibly mitigate those risks. Management response towards outlining key risk areas helps in ensuring there is effective and efficient use of resource.

(f) Koitaleel Samoei University College

P.O. Box 5-30307
Mosoriot Building
Eldoret-Kapsabet Road
Eldoret, KENYA

(g) Koitaleel Samoei University College

Telephone: (254) 0202001635
E-mail: ksu.ac.ke
Website: www.ac.ke

(h) University Bankers

1. Barclays Bank of Kenya

Eldoret Branch
P.O Box 22-30100
Eldoret, Kenya

2. Kenya Commercial Bank

Eldoret East Branch
P.O. Box 6788–30100
Eldoret, Kenya

(i) Independent Auditors

Auditor General
Kenya National Audit Office
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

II. FORWARD BY THE CHAIRMAN OF COUNCIL



I am delighted to present the Annual Report and Financial Statements for the year ended June 30, 2020. It is imperative to report the major strides made by Koitaleel Samoei University College. Key among is collaboration with key education stakeholders and partnership for research Organizations.

Financial Performance

During the FY 2019/2020, the University registered a surplus of Kshs 34.6 Million. This includes money which was meant for recruitment of teaching and non -teaching staff in FY 2019/2020. In FY2019/2020 total internally generated revenue amounted to Kshs 3.5 Million before the first case of COVID-19 case was reported in the country where the government of Kenya ordered all learning institutions to close on March 16, 2020.

Future Outlook

The University will continue to embrace the “Big Four” Initiatives and other national priorities in order to improve the quality of lives of Kenyans and make Kenya globally competitive. The College has signed the Performance Contract in order to enhance service delivery in an efficient and effective manner.

Major Challenges

Several changes have happened in the external and internal environments of the University, which may influence this short-term implementation plan. These are outlined below

The Government of Kenya recently gazetted new public universities in the country, raising intense competition in the higher education sector in the country. The new as well as the old players in the sector have opened campuses and learning centres all over the country thereby reducing the market catchment areas for the Koitaleel Samoei University College.

Regulations of the higher education sector have changed. Universities are now required to operate within guidelines set by the regulators. Conforming to these regulatory requirements often has meant heavy capital expenditure, which is putting additional strain on the universities’ budgets. A failure to meet regulatory requirements may lead to halting students’ intake. This trend of increased regulation is expected to continue.

The demand for quality and relevant University education has become more persistent, while there has been a mounting feeling that universities are not undertaking enough research. Consequently, more research output is expected from these institutions.

The College has embraced e learning technology to effectively conduct both teaching and examinations this is in line with the Ministry of Health Protocols of combating COVID19 pandemic.

In conclusion, I would like to thank the Government for the support accorded to us in FY 2019/2020. In the year ended June 30, 2020 the government of Kenya disbursed total of Kshs. 95 Million as recurrent capitations and Kshs. 5.2 million for the implementation of CBA 2017-2021

A handwritten signature in blue ink that reads "Risley Kavungu Ngala". The signature is written in a cursive style and is positioned above a horizontal line.

PROF. RISLEY KAVU NGALA, PhD
Chairperson
Koitaleel Samoei University College Council

REPORT OF THE CHIEF EXECUTIVE OFFICER



I am pleased to present the Annual Report and Financial Statements of Koitaleel Samoei University College for the year ended June 30, 2020. The University has developed its Strategic Plan in line with the Big-Four Agenda to spearhead the operations and to competitively expand its market niche excellence. We have mounted an aggressive campaign programme to leverage on Module 11 and income generating activities. Funding from the government has consistently fallen below the requirements of the universities, which are under pressure to raise resources to finance their operations. As a result, salaries are paid only after mobilizing additional money from internal sources, leaving very little income to finance operations. There is an urgent need to rethink financing the University as austerity measures and cost-cutting containment may not fully solve the problem.

The Budget allocation is inadequate especially to the nearly born Koitaleel University College. There is demand for increased staff so as to ensure there is smooth learning. The current wage bill is expected to increase to more than 50% of the total Budget. Smooth operations will be affected. Covid-19 has affected both the internal environment and external environment. Meeting Ministry of Education guidelines and protocols require significant Budgetary Allocations. COVID -19 pandemic has impacted negatively on the operations of the College. A substantial amount of money has been spent in order to adhere to the protocols and guidelines by the Ministry of Health. Social distancing has affected marketing of Academic programmes that could lead to increase in Module 11 students and revenue stream as well.

It is essential that University operations continue without interruptions, but closures of the University occasioned by staff or student indiscipline do occur, though they should not occur, as they disrupt academic programmes, dent the image of the University and interrupt revenue inflows. To address the challenge of a huge wage bill that is not matched by Government funding, the University management has operationalized the Government circular on post retirement contract. During the FY 2019/2020, the University posted a surplus of Kshs 34.6 Million, total revenue amounted to Kshs 626.9 Million and recurrent grants received was Kshs 95 Million

The current financial performance has had its challenges in terms of decline in internally generated revenues, increased costs of academic programmes, and increased compensation to staff on secondment and a larger number on temporary engagement against reduced Government Capitation due to reforms in the education sector. The COVID 19 Pandemic has largely affected the operations in the College.

Finally, my special gratitude goes to the Koitaleel Samoei community for their tireless efforts in marketing the institution and the peaceful co- existence the University has enjoyed. Our academic programmes are market driven which aims at churning out candidates who can competitively acquire jobs.

PROF. GIDEON K. MISOI, PhD
Ag. Principal – KSUC



REVIEW OF KOITALEEL SAMOEI UNIVERSITY COLLEGE REGULATORY & NON – COMMERCIAL ENTERPRISE 'S PERFORMACE FOR FY 2019/2020

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

Koitaleel Samoei University has didn't have strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. It borrowed heavily on University of Nairobi Strategic plan. However, it has developed a strategic plan for the FY 2019/2020-2023/2024 whose strategic pillars are as follows:

- Pillar 1: Financial Stewardship and Discipline
- Pillar 2: Service Delivery
- Pillar 3: Core Mandate
- Pillar 4: Implementation of Presidential Directive
- Pillar 5: Access to Government Procurement Opportunities
- Pillar 6: Gender Mainstreaming
- Pillar 7: Safety and Security Measures

Koitaleel Samoei University College develops its annual work plans based on the above 7 pillars. Assessment of the Board's performance against its annual work plan will be done on a quarterly basis.

MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

University College's Operational and Financial Performance

During the quarter ended 30 June 2020, Koitaleel Samoei University College registered a surplus of Kshs.34.6 million in financial year 2019/2020. Total revenue was Kshs. 103.7 million, total expenditure Kshs.69.1 million and total assets Kshs.449.5 Million. The 1st cohort of 55 students was received in September 15, 2019.

Revenues

Government Capitation

Koitaleel Samoei University College being a Government owned entity is allocated Recurrent and Development Capitation to finance its operations;

The recurrent Capitation grant allocation to the University was kshs.95 million in FY 2019/2020. The development Capitation Grant was 84.8 million. Further remittance towards the sustenance of the CBA 2017-2020 of Kshs. 5,209,227 million was disbursed to the University and accrued in our Financial Statements as at 30th June 2020.

Student Fees

These comprises fees from government sponsored students (Module 1) and self-sponsored Students (Module 11). The total amount received in FY 2019-2020 is Kshs 1,607,631 from Module 1 students and Kshs.1, 648,300 from Module 11 students.

The decline in Module 11 fees is attributed to the Covid-19 pandemic financial constraints to carry out marketing of academic programmes.

Other Incomes

Included under this category are revenues from Accommodation from students, income Generating Units and Rental Income Koitaleel Samoei staff houses totalling Kshs.243, 375.35

SECTION B

Compliance with Statutory Requirements

The University College endeavours to ensure full compliance with statutory requirements and other Government regulations.

The University prepares its financial statements in accordance with the Public Financial Management Act (PFM) 2012, the PFM Act Regulations, the State Corporations Act, the University Act and the International Public Sector Accounting Standards (IPSAS).

SECTION C

Key projects and investment decisions the University is planning/implementing

The Nandi-Hills administration block and Mosoriot Phase 1, phase 11, phase 111 and Phase IV renovations are among the infrastructural projects recently undertaken by the College and are expected to further smoothen the business of teaching, learning and conducting research.

SECTION D

Major risks facing the University

Challenges

Several changes have happened in the external and internal environments of the College, which may influence this short-term implementation plan. These are outlined below.

External Environment

This is a summary of significant changes in the external environment.

Competition

The College was gazetted on 6th September 2018 through a Gazette Supplement Notice No.117 and admitted the first cohort of 55 students in September 2019. Being new in the market it attracted low number of students since most parents want to identify themselves with the giants in the education sector thus taking their children to the best-established and World class Universities. Lack of permanent staff both teaching and administrative staff has also impacted negatively on the learning outcomes.

Regulatory environment

Regulations of the higher education sector have changed. Universities are now required to operate within guidelines set by the regulators. Conforming to these regulatory requirements often has meant heavy capital expenditure, which is putting additional strain on the universities' budgets. A failure to meet regulatory requirements may lead to halting students' intake. This trend of increased regulation is expected to continue.

Quality, relevant education and more research

The demand for quality and relevant University education has become more persistent, while there has been a mounting feeling that universities are not undertaking enough research. Consequently, more research output is expected from these institutions.

Funding

There is increased demand for funding for renovation of buildings and to expand the existing structures in Mosoriot Campus and Construction works in Nandi Hills main campus. The wage bill accounts for more than 50% of the total Recurrent grants leaving out very little money to fund other day to day operations.

Similarly, the number of regular students placed to the University was fewer than the capacity.

Koitaleel Samoei University College
Annual Reports and Financial Statements
For the year ended June 30, 2020

COVID -19 Challenges

This has affected both the internal environment and external environment. Meeting Ministry of Education guidelines and protocols require significant Budgetary Allocations.

Human resources issues

The College has proposed to the council for adoption of human resource policy on recruitment and establishment. Most of the staff are on temporary engagement and contract for staff seconded from University of Nairobi.

Strategic Direction

The College strategic plan runs from 2019-2024

The strategic themes are derived from the results of the environmental analysis. These strategic themes were identified:

1. Teaching and Learning
2. Research, Innovation, and Technology Transfer
3. Students' Welfare
4. Institutional Development
5. Governance and Leadership
6. Financial Resources
7. Human Resources
8. Technology and Innovation.

SECTION E

Material arrears in statutory /financial obligations

The University does not have a commercial loan or material pending bills, tax default, outstanding staff and pension obligations /actuarial deficit on pension schemes, on payment of dividends and loan redemption to the National Exchequer.

III. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Koitaleel Samoei University College exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on seven pillars: putting the customer/Citizen first, delivering relevant goods and services, and improving operational excellence.

Community Engagements-

The College has partnered with the community by providing safe and affordable accommodation to students and staff. The College participated in hosting friendly matches, Athletics Kenya Marathon, thanks giving ceremony in awarding trophies to best students who performed well in KCPE and KCSE in Chesumei Constituency.

In addition, the College has partnered with Mosoriot Sub –County Hospital and Moi Teaching and Referral Hospital in providing health and other referral services.

REPORT OF THE COUNCIL MEMBERS

The Council Members submit their report together with the audited financial statements for the year ended June 30, 2020 which show the state of the entity's affairs.

Principal activities

The principal activities of the entity are;

- i) To produce holistic graduates and contribute to community and national development through training, research and innovative technology transfer
- ii) Student welfare, community service, consultancy and continuing education.

Results

The results of the entity for the year ended June 30, 2020 are set out on page 22.

Council Members

The members of the Council who served during the year are shown on page 6 and their contract is still subsisting.

Koitaleel Samoei University College
Annual Reports and Financial Statements
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IV. STATEMENT OF COUNCIL MEMBERS RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and Section 47 of the Universities Act require the University to prepare financial statements in respect of the University, which give a true and fair view of the state of affairs of the University at the end of the financial year and the operating results of the University for that year. The Council Members are also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council Members are also responsible for safeguarding the assets of the University.

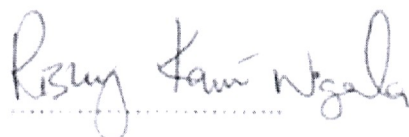
The Council Members are responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year ended on June 30, 2020. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council Members accept responsibility for the 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 Universities Act. The Council Members are 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, 2020, and of the University's financial position as at that date. The Council Members further confirm 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.

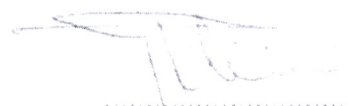
Nothing has come to the attention of the Council Members to indicate that the University will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The entity's financial statements were approved by the University Council on 23/07/2020 2020 and signed on its behalf by:



PROF. RISLEY KAVU NGALA, PhD
Chairperson
Koitaleel Samoei University College



PROF. GIDEON K. MISOI, PhD
Ag. Principal
Koitaleel Samoei University College

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Enhancing Accountability

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON KOITALEEL SAMOEI UNIVERSITY COLLEGE FOR THE YEAR ENDED 30 JUNE, 2020

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Koitaleel Samoei University College set out on pages 22 to 48, which comprise the statement of financial performance, statement of financial position, statement of changes in net assets, statement of cash flows, statement of comparison of budget and actual amounts, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the basis for qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of the Koitaleel Samoei University College as at 30 June, 2020, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Universities Act, 2012.

Basis for Qualified Opinion

1. Inaccurate Presentation and Disclosure of the Financial Statements

Audit of the financial statements submitted revealed the following anomalies:

- i. The statement of financial position reflects net assets and total assets and liabilities balance of Kshs.440,555,776 and Kshs.450,789,951, respectively resulting to an imbalance position of Kshs.10,234,176.
- ii. Statement of changes in net assets reflects surplus for the year balance of Kshs.33,668,661 under capital reserve instead of the revenue reserve. Further capital reserve balance of Kshs.417,121,290 has been omitted in the statement.
- iii. Property plant and equipment reflects opening balance (as at 1 July,2018) under Land amounting to Kshs.240,000,000 which contradicts the presentation of the financial statements being the year of inception.
- iv. The statement of cashflows is not balanced as detailed below;-
 - increase in inventories should be Kshs.-12,281,516
 - investing activities amounting to Kshs.58,918,632 have been omitted

- financing activities amounting to Kshs.417,121,290 have been omitted
- v. Note 14 to the financial statements reflects a balance of Kshs.10,974,457 which varies with the financial position of Kshs.12,281,516
- vi. The account balances and amounts in the financial statements have been presented in decimals and not rounded off.
- vii. The statement of financial position as at 30 June, 2020 reflects revenue reserves balance of Kshs.33,668, 661 while the statement of changes in net assets shows nil balance for the same account item.
- viii. The statement of financial position as at 30 June, 2020 reflects capital reserves balance of Kshs.417,121,290 while the statement of changes in net assets shows a balance of Kshs.33,668, 661 for the same account item.

Consequently, the completeness, accuracy and presentation and disclosure of financial statements could not be confirmed.

2. Unconfirmed Inventories

The statement of financial position reflects inventories balance of Kshs.12,281,516 and as disclosed in Note 14 to the financial statements. However, a review of stores records revealed that inventories amounting to Kshs.1,307,059 were issued out without requisition and approval from the respective user departmental head. Further, there was no documentary evidence to show that the items were issued out vide counter issue voucher/note (S11).

Consequently, the accuracy and completeness of the inventories balance of Kshs.12,281,516 could not be confirmed.

3. Unconfirmed Cash and Cash Equivalents

The statement of financial position reflects cash and cash equivalents balance of Kshs.149,099,853 and as disclosed in Note 12 to the financial statements. However, a re-computation of the cash and cash equivalents as at 30 June, 2020 using the bank reconciliation statements, bank balance certificates and cash book balances resulted in a balance of Kshs.158,685,510. The resulting variance of Kshs.9,585,657 was not explained or reconciled.

Consequently, the accuracy and completeness of the cash and cash equivalents balance of Kshs.149,099,853 could not be confirmed.

4. Unconfirmed Trade Payables

The statement of financial position reflects trade and other payables(creditors) balance of Kshs.10,234,176 and as disclosed in the Note 16 to the financial statements, the balance comprises Kshs.3,103,888 and Kshs.7,130,288 relating to purchase of standby generator and construction of elevated water tank, respectively.

However, delivery note, invoice and inspection and acceptance committee report on purchase of stand by generator, and construction of elevated water tank were not provided for audit.

In the circumstances, the accuracy and completeness of trade and other payables(creditors) balance of Kshs.10,234,176 could not be confirmed.

5. Unconfirmed Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.288,353,526 and as disclosed in Note 15 to the financial statements which includes net balance of Kshs. 235,200,000 relating to land and buildings (Cost - Kshs.240,000,000 and Depreciation - Kshs.4,800,000). However, details including a breakdown of land and buildings stated at a cost Kshs. 240,000,000 were not provided for audit.

Consequently, the accuracy, completeness and ownership of the balance of Kshs.235,200,000 as at 30 June, 2020 for land and buildings could not be confirmed.

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

Key Audit Matters

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

Other Matter

Budgetary Control and Performance

The statement of comparative budget and actual amounts reflects final receipts budget and actual on comparable basis of Kshs.626,925,900 and Kshs.103,708,533, respectively resulting to an under-funding of Kshs.523,217,367 or 83% of the budget. Similarly, the College expended Kshs.70,039,872 against an approved budget of Kshs.626,925,900 resulting to an under-expenditure of Kshs.556,886,027 or 89% of the budget.

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

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Name of the University College Indicated as Koitaleel

The financial statements for the year ended 30 June, 2020 shows the name of the University College as Koitaleel Samoei which varies with the name indicated in the Kenya Gazette Supplement No. 17 dated 6 September, 2018 Part II (3)(1) which states, "there is established a university college to be known as the Koitaleel Samoei University College which shall be a constituent college of the University of Nairobi."

2. Non-Preparation and Submission of Financial Statements

Koitaleel Samoei University College was established on 6 September, 2018 vide Kenya Gazette Supplement No. 17 dated 6 September, 2018. However, the University College did not prepare and submit the financial statements for the nine months' period ended 30 June, 2019.

In addition, the financial statements for the year ended 30 June, 2020 were submitted to the Auditor General on 30 November, 2021, two (2) months later than the statutory deadline for submission of the financial statements contrary to Section 47(1) of the Public Audit Act, 2015.

3. Irregular Recruitment of Part Time Lecturers

As disclosed in Note 5 to the financial statements, the statement of financial performance reflects salaries and wages amounting to Kshs.27,523,212 which includes payments of Kshs.1,540,630 made to part time lecturers'. However, a scrutiny of the appointment letters of seven (7) part time lecturers. indicated that they were appointed on contract on 27 November, 2019 but back dated to September, 2019 for lectures that were supposed to be carried out from September, 2019 to December, 2019. No records of declaration of vacancies for part time lecturers, approval of the vacancies by the University Council, application for recruitment by qualified candidates, shortlisting and interviews were availed for audit.

Further, examination of payment vouchers and supporting documents for seventeen (17) part time lecturers revealed that payments totalling to Kshs.1,091,230 were made to part time lecturers who were offering the services prior to being appointed legally by University College. Their appointment letters show that they were appointed on 21 November, 2019 to offer lecture services.

Consequently, the regularity and validity of the expenditure amounting to Kshs.1,540,630 incurred on part time lecturers could not be confirmed.

4. Lack of Handing Over Report

The University College is currently based in the former Mosoriot Teachers Training College (TTC). However, no handing over report between Mosoriot Teachers' Training College and Koitaleel Samoei University College was provided for audit . Therefore, it was not possible to confirm that the TTC was handed over formally to the University College.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that

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

REPORT ON EFFECTIVENESS INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

Basis for conclusion

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

Responsibilities of Management of the University College Council

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

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

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

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

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

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate. As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

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

- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathuru, CBS
AUDITOR-GENERAL

Nairobi

14 February, 2022

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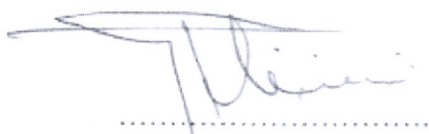
VI. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2020			
Particulars		2019-2020	018-2019
	Note	Kshs	Kshs
Revenue from non-exchange Transactions			
Capitation Grant-Recurrent	1	95,000,000.00	0
CBA 2017/2021 Arrears Accrued Portion	2	5,209,227.00	0
		100,209,227.00	0
Revenue from exchange Transactions			
Tuition and other fees module I and 11	3	3,255,931.00	0
Accommodation and other income	4	243,375.35	
Total Revenue		103,708,533.35	0
Expenses			
Salaries and Wages	5	27,523,211.65	0
Other Operating Expenses			
Academic Departments	6	8,623,144.00	0
Administration and Central Services	7	18,299,167.74	0
Maintenance of Buildings , Plants and Stations	8	2,387,409.00	0
Staff and students facilities and welfare	9	1,330,540.00	0
Cleaning services	10	1,923,265.00	0
Council Expenses	11	9,953,135.00	0
Total Expenses		70,039,872.39	0
(Deficit)/Surplus for the period		33,668,660.96	0

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VII. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

		2019/2020	2018/2019
		Kshs	Kshs
ASSETS	Note		
Current Assets			
Cash and Cash Equivalents	12	149,099,853.20	0
Trade and Other Receivables (debtors)	13	1,055,056.00	0
Inventories	14	12,281,516.20	0
Total Current Assets		162,436,425.40	0
Non-Current Assets			
Property, Plant and Equipment	15	288,353,526.00	0
Total Non-Current Assets		288,353,526.00	0
Total Assets		450,789,951.40	0
Liabilities			
Current Liabilities			
Trade and Other Payables (creditors)	16	10,234,175.85	0
Total Current Liabilities		10,234,175.85	0
Non-Current Liabilities			0
Total Liabilities		10,234,175.85	0
Net assets		440,555,775.55	0
Capital Reserves		417,121,290.44	0
General Fund			
Revenue Reserves		33,668,660.96	0
Total Assets and Liabilities		450,789,951.40	0

The Financial Statements set out on pages 1 to 48 were signed on behalf of the University Council



Ag. Principal
 Prof. Gideon K. Misoi

Date: 29/06/2021



Deputy Finance Officer
 ICPAK Member No. 20016

Date: 29/06/2021



Chairman of Council
 Prof. Risley K. Ngala

Date: 29/06/2021

Koitaleel Samoei University College
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IX. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020			
		2019-2020	2018-2019
	NOTES	Kshs	Kshs
Surplus for the year		33,668,660.96	0
Adjustments for:			
Depreciation	15	10,565,106.00	0
Operating Surplus before working capital changes		44,233,766.96	0
Increase in inventories	14	12,281,516.20	0
Increase in trade and other payables	16	10,234,175.85	0
Increase in trade and other receivables	13	(1,055,056.00)	0
Total cash generated from operating activities		65,694,403.01	0
Cash flows from investing activities			
Purchase of property, plant and equipment			
Net cash flows from investing activities			
Cash flows from financing activities			
Capital grants from GoK		83,405,450.19	0
Net cash flows used in financing activities			
Net increase/(decrease)in cash and cash equivalents		149,099,853.20	0
Cash and cash equivalents at 1 July 2019		0	0
Cash and cash equivalents at 30 June 2020		149,099,853.20	0

VIII. STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2020

	Capital Reserves	Revenue Reserves	Total
	Kshs'000	Kshs'000	Kshs'000
Balance as at 1 July 2018			
Surplus for the year	0.00		0.00
Capital Development Grants received during the year	0.00		0.00
Balance as at 30 June 2019			
Balance as at 1 July 2019			
Surplus for the year	33,668,660.96		33,668,660.96
Capital Grants received during the year			
Balance as at 30 June 2020	33,668,660.96		33,668,660.96

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X. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2020						
DESCRIPTION	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	%
	2019-2020	Kshs	Kshs	Kshs	2019-2020	
REVENUE						
Student fees Module I Fees	2,422,500.00		2,422,500.00	1,607,631.00	814,869.00	66%
Student fees Module II Fees	18,075,000.00		18,075,000.00	1,648,300.00	16,426,700.00	9%
Student Accommodation	428,400.00		428,400.00	243,375.35	185,024.65	57%
External Research Grants	1,000,000.00		1,000,000.00		1,000,000.00	0%
Capitation Grant(GoK)-Recurrent	95,000,000.00		95,000,000.00	95,000,000.00	0.00	100%
CBA Arrears Accrued				5,209,227.00	-5,209,227.00	0%
Capitation Grant(GoK)-Development	100,000,000.00		100,000,000.00		100,000,000.00	0%
KSUC Funds at UoN-Recurrent	144,000,000.00		144,000,000.00		144,000,000.00	0%
KSUC Funds at UoN-Development	266,000,000.00		266,000,000.00		266,000,000.00	0%
Total income	626,925,900.00	-	626,925,900.00	103,708,533.35	523,217,366.65	17%
Expenses:						
Personal emoluments						
Basic Salary	71,449,230		71,449,230	12,060,621.00	59,388,609.00	17%
Direct Service providers	3,036,600		3,036,600	1,540,630.00	1,495,970.00	51%
Gratuity & Pensions	13,792,946		13,792,946	3,059,438.65	10,733,507.35	22%
House Allowance	32,320,107		32,320,107	4,296,827.00	28,023,280.00	13%
National Housing Development Fund	1,071,724		1,071,724		1,071,724.45	0%
Other Personal allowances	10,541,792		10,541,792	5,492,273.00	5,049,519.10	52%
House to office Allowance	9,246,900		9,246,900	1,073,422.00	8,173,478.00	12%
Leave Travelling Allowance, Passage & University Medical Scheme	1,070,000	-	1,070,000		1,070,000.45	0%
Motor Vehicles Operating Expenses	8,000,000		8,000,000	756,345.00	7,243,655.00	9%
Local Travel, Transport & Accomodation	3,000,000		3,000,000	967,701.00	2,032,299.00	32%
External Travel & Accommodation	5,000,000		5,000,000	2,530,310.00	2,469,690.00	51%
Postage & Telegrams	2,000,000		2,000,000		2,000,000.00	0%
Telephone Expenses	50,000		50,000	50,000.00	50,000.00	0%
Electricity, Water & Conservancy	500,000		500,000	353,975.00	146,025.00	71%
Teaching and Office Expenses	2,520,000		2,520,000	2,313,439.09	206,560.91	92%
Printing & publishing	18,000,000		18,000,000	8,536,444.00	9,463,556.00	47%
Purchase of uniforms	200,000		200,000	150,600.00	49,400.00	75%
University Library	300,000		300,000		300,000.00	0%
Quality Assuarance(CUE)	18,000,000	-	18,000,000		18,000,000.00	0%
Purchase of Stationery (Exams)	392,000		392,000	67,000.00	325,000.00	17%
Advertising Publicity & Recruitment	1,500,000		1,500,000	64,625.65	1,435,374.35	4%
Rents & Rates	4,000,000		4,000,000	471,435.00	3,528,565.00	12%
Internet Expenses	16,000		16,000		16,000.00	0%
	3,000,000		3,000,000	811,156.00	2,188,844.00	27%
Miscellaneous & other charges:						
(1) Legal Fees	500,000		500,000		500,000.00	0%
(2) Insurance	500,000		500,000	75,960.00	424,040.00	15%
(3) Membership Subscription	858,000		858,000		858,000.00	0%
(4) Students union/Student Activities	750,000		750,000	102,760.00	647,240.00	14%
(5) Students Mentorship	100,000		100,000		100,000.00	0%
(6) Students Sports and Games	2,000,000		2,000,000		2,000,000.00	0%
External Examiners	1,000,000		1,000,000	19,700.00	980,300.00	2%
Cleaning Services	4,000,000		4,000,000	1,923,265.00	2,076,735.00	48%
Conferences & Seminars	800,000		800,000		800,000.00	0%
Council and Committees	9,478,400		9,478,400	9,953,135.00	-474,735.00	105%
Chancellors Vote	500,000		500,000		500,000.00	0%
Univerity Executive Board	100,000		100,000		100,000.00	0%
Tender Expenses/Tender Committee	1,000,000		1,000,000		1,000,000.00	0%
Audit committee	100,000		100,000		100,000.00	0%
Funeral Expenses	500,000		500,000		500,000.00	0%
Resource Mobilization	4,000,000		4,000,000		4,000,000.00	0%
Local Exhibitions	800,000		800,000		800,000.00	0%

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Staff development:					
(i) Management Development	250,000		250,000		250,000.00 0%
(ii) Non-Teaching Staff	200,000		200,000	-	200,000.00 0%
iii) Pedagogy ,Andragogy and Hydragogy	250,000		250,000		250,000.00 0%
(iv) Staff Training Levy	82,200		82,200		82,200.00 0%
Purchase of Motor vehicles	10,000,000		10,000,000		10,000,000.00 0%
Furniture and Equipment	10,000,000		10,000,000		10,000,000.00 0%
ICT Investment	17,000,000		17,000,000		17,000,000.00 0%
Maintenance of Plant & Teaching	1,000,000		1,000,000		1,000,000.00 0%
Maintenance of Buildings & Stations	3,000,000		3,000,000	2,853,704.00	146,296.00 95%
University Master Plan Development	500,000		500,000		500,000.00 0%
Students Welfare	1,000,000		1,000,000		1,000,000.00 0%
Capital Development	339,000,000		339,000,000	10,565,106.00	328,434,894.00 3%
External Research Grants	850,000		850,000		850,000.00 0%
Internal Research Programmes	500,000	-	500,000		500,000.00 0%
Contracted Security services	3,000,000	-	3,000,000		3,000,000.00 0%
HIVand AIDS	150,000		150,000		150,000.00 0%
National Value and Cohesion	150,000		150,000		150,000.00 0%
Valuation of Assets/Tagging of Assets	4,000,000		4,000,000		4,000,000.00 0%
TOTAL EXPENDITURE	626,925,900		626,925,900	70,039,872.39	556,886,027.61 11%
Surplus for the period				33,668,660.96	-33,668,660.96

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Budget notes on variances

- (a) University Library vote was unspent due to delay in supply of books which were ordered to date the supplier has not supplied textbooks. Textbooks totalling Kshs.13Million was committed in FY 2019/2020 and partial deliveries done in subsequent financial year.
- (b) Decrease in accommodation fees was due to most students opting to seek accommodation outside campus.
- (c) Underutilization of teaching expenses was due to disruption of face to face learning and reduction in marketing academic programmes.
- (d) Decrease in Capital grants was due to establishment and expansion of the campus and main campus. However, we didn't receive what we budgeted for in full.
- (e) The decrease in Module revenue due to challenges facing the economy and in particular due to covid-19 pandemic

XII. SIGNIFICANT ACCOUNTING POLICIES

GENERAL INFORMATION

Koitaleel Samoei University College is established by and derives its authority and accountability from PFM Act. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal activity is learning.

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

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

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act (include any other applicable legislation), and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

ADOPTION OF NEW AND REVISED STANDARDS

Relevant new standards and amendments to published standards effective for the year ended 30 June 2020

Standard	Impact
IPSAS 40: Public Sector Combinations	Applicable: 1 st January 2019 The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3(applicable to acquisitions only). Business combinations and combinations arising from non-exchange transactions are covered purely under Public Sector combinations as amalgamations.

Early adoption of standards

The entity did not early – adopt any new or amended standards in year 2020.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

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

Rendering of services

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

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

Sale of goods

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

Interest income

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

Revenue from exchange transactions

Dividends

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

Rental income

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

Budget information

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

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comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

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

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under page 26 of these financial statements.

Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

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

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

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

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

Investment property

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

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

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

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

Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. Depreciation has been provided at the rate of 20% for Motor vehicles, 33.3% for Furniture and Equipment, 10% for Computers, and 2% for buildings. The valuation for land and buildings was done by University of Nairobi mainly for the purpose of insurance.

Leases

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

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

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

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

Intangible assets

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

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

Research and development costs

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

The technical feasibility of completing the asset so that the asset will be available for use or sale
Its intention to complete and its ability to use or sell the asset

How the asset will generate future economic benefits or service potential

The availability of resources to complete the asset

The ability to measure reliably the expenditure during development

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

Financial instruments

Financial assets

Initial recognition and measurement

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and

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receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Entity determines the classification of its financial assets at initial recognition.

Loans and receivables

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

Held-to-maturity

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

Impairment of financial assets

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

The debtors or an entity of debtors are experiencing significant financial difficulty

Default or delinquency in interest or principal payments

The probability that debtors will enter bankruptcy or other financial reorganization

Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

Financial liabilities

Initial recognition and measurement

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

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

Loans and borrowing

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

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

Inventories

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

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

Raw materials: purchase cost using the weighted average cost method

Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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

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

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

Provisions

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

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

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

Contingent liabilities

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

Contingent assets

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

Changes in accounting policies and estimates

Changes in accounting policies and estimates

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

Employee benefits

Retirement benefit plans

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

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

Foreign currency transactions

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

Borrowing costs

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

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

Related parties

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

Service concession arrangements

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized

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are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

Cash and cash equivalents

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

Comparative figures

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

Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2020.

SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

FINANCIAL RISK MANAGEMENT

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

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

Market risk

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

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

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

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

Foreign currency risk

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

Foreign currency sensitivity analysis

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

Fair value of financial assets and liabilities

Financial instruments measured at fair value

Determination of fair value and fair values hierarchy

IPSAS 30 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the entity's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The entity considers relevant and observable market prices in its valuations where possible.

RELATED PARTY BALANCES

Nature of related party relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

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

EVENTS AFTER THE REPORTING PERIOD

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

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XII. NOTES TO THE FINANCIAL STATEMENTS

	2019/2020	2018/2019
1. Capitation Grant	Kshs	Kshs
Jul-19	7,916,666	0
Aug-19	7,916,667	0
Sep-19	7,916,667	0
Oct-19	7,916,666	0
Nov-19	7,916,667	0
Dec-19	7,916,667	0
Jan-20	7,916,666	0
Feb-20	7,916,667	0
Mar-20	7,916,667	0
Apr-20	7,916,666	0
May-20	7,916,667	0
Jun-20	7,916,667	0
	95,000,000	0
2. Accrued CBA 2017-2018	5,209,227.00	0
3. Tuition and other fees		
Tuition Fees Module 1	1,607,631.00	0
Tuition Fees Module 11 Receivable	1,648,300.00	0
	3,255,931.00	0
4. Accommodation and other income		
Staff house rent	71,002.35	0
Students accomodation	172,373.00	0
	243,375.35	0
EXPENDITURE		
5. Salaries and Wages		
Basic pay	12,060,621.00	0
House allowance	4,296,827.00	0
Employers contribution to provident fund	1,369,863.00	0
Other Allowances	5,492,273.00	0
Transport Allowance	1,073,422.00	0
Part time Lecturers	1,540,630.00	0
Gratuity Allowance	1,689,575.65	0
Grand Total	27,523,211.65	0
Other Operating Expenses		
6. Academic Departments		
Teaching and Office Expenses	8,536,444.00	0
Quality Assurance	67,000.00	0
External Examiners	19,700.00	0
	8,623,144.00	0

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7. Administration and Central Services		
Electricity, Water and Conservancy	2,313,439.09	0
Travelling and Transport.	2,530,310.00	0
Publishing and Printing	150,600.00	0
Telephones	353,975.00	0
ICT, Internet service and licences	811,156.00	0
Insurances	75,960.00	0
Bank Charges	64,625.65	0
Fees, Commission & Honoraria	466,295.00	0
Depreciation	10,565,106.00	0
Transport Operating Expenses	967,701.00	0
	18,299,167.74	0
8. Maintenance of Premises		
Maintenance of Buildings	2,387,409.00	0
	2,387,409.00	0
9. Staff and Students facilities and welfare		
University Medical Scheme	569,755.00	0
Publicity , Advertising	471,435.00	0
Students Medical Expenses	186,590.00	0
Students Associations	102,760.00	0
	1,330,540.00	0
10. General cleaning Services		
Cleaning Materials	1,923,265.00	0
	1,923,265.00	0
11. Council Expenses		
Council Expenses	9,953,135.00	0
	9,953,135.00	0
12. Cash and Cash Equivalents		
Cash at Bank ABSA Bank	20,321,084.80	0
Cash at Bank KCB Bank	128,778,768.40	0
	149,099,853.20	0

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13. Trade and other Receivables
STUDENTS DEBTORS

KOITALEEL SAMOEI UNIVERSITY COLLEGE							
FEES BALANCE FOR MODULE II STUDENTS (WITH BALANCES) AS AT 30-Jun-2020							
Degree Programme: ALL PROGRAMMES							
No	Reg Number	Student Names	Debits (DR)	Credit (CR)	Overpayment	Balance	
1	D61/0001/2019	KIRUI SHADRACK	100,000.00	20,000.00	0	80,000.00	
2	D61/0002/2019	JEBWAMBOK JACKLINE	100,000.00	60,000.00	0	40,000.00	
3	D61/0003/2019	SEREM GRACE CHEROTICH	100,000.00	10,000.00	0	90,000.00	
4	D61/0004/2019	KEIYO JOAN	100,000.00	20,000.00	0	80,000.00	
5	D61/0005/2019	KIRUI JUSTUS KIPKOGEI	100,000.00	12,000.00	0	88,000.00	
6	D61/0006/2019	MARU JAMIN KIPLAGAT	100,000.00	50,000.00	0	50,000.00	
7	D61/0007/2019	SUGUT BOAZ KIPLIMO	100,000.00	35,000.00	0	65,000.00	
8	D61/0009/2019	MELLY CHERUIYOT, PHILEMON	100,000.00	20,000.00	0	80,000.00	
9	D61/0010/2019	RONO NELLY	100,000.00	1,000.00	0	99,000.00	
10	D61/0011/2019	SIRMA EVANS KIPLIMO	100,000.00	10,000.00	0	90,000.00	
11	D61/0012/2019	BOIT LYDIA	100,000.00	40,000.00	0	60,000.00	
12	D61/0013/2019	KITALA JOYCE CHEMUTAI	100,000.00	89744	0	10,256.00	
13	E35/0088/2019	CHEPKORIR JOSEPHINE	139,700.00	82,500.00	0	57,200.00	
14	D61/0016/2019	EZEKEIEL BOR	100,000.00	50,000.00	0	50,000.00	
Yearly Degree Totals			1,439,700.00	500,244.00	0	939,456.00	
GRAND PROGRAMME TOTALS			1,439,700.00	500,244.00	0.00	939,456.00	

SUNDRY DETORS- KSUC TENANTS

PAYROLL NO.	NAME	CATEGORY	TOTAL
22550	MR. JAMES LOCHOMIN	2 BD	12,000.00
224280	MS. AGNES JEPTOO	2 BD	12,000.00
22926	MS. JOAN CHEPCHUMBA	SINGLE	4,500.00
218520	MR. HILLARY KITUR	2 BD	12,000.00
137710	PROF. JOSPHAT LISHENGA	3 BD	15,000.00
228920	MRS T.N ESTAMBALE	2 BD	12,000.00
21550	MR. RICHARD MUTAI	2 BD	12,000.00
228940	MS. RUTH CHERUIYOT	2 BD	9,700.00
147640	MS. ALICE OKONG'O	2 BD	11,400.00
22900	MR. NATHAN LELEI	SINGLE	4,500.00
229580	MR. REUBEN SANG	SINGLE	3,000.00
229760	MS. LILIAN SHUNZA	SINGLE	4,500.00
230310	MS. MARTHA ISSA	SINGLE	3,000.00
TOTAL			115,600.00

NOTES TO THE FINANCIAL STATEMENTS

14. CLOSING INVENTORY			
DEPARTMENT	AMOUNT		
FINANCE	44,622.00		
REGISTRAR ADMINISTRATION	81,504.00		
PRINCIPAL'S OFFICE	27,203.00		
REGISTRAR ACADEMICS	44,074.00		
ICT	61,145.00	258,548.00	
LIBRARY	10,974,457.20		
STUDENTS CLINIC	210,150.00		
SCHOOL OF BUSINESS	11,770.00		
SCHOOL OF EDUCATION	14,379.00		
AUDIT	413.00		
SECURITY	393,284.00		
DEAN OF STUDENTS	79,195.00		
STAFF PARLOUR	5,500.00		
CENTRAL STORE	181,414.00		
HALLS & MAINTENANCE	20,010.00		
PROCUREMENT	60,396.00		
INFRASTRUCTURE	72,000.00	1,048,511.00	
TOTAL	12,281,516.20	1,307,059.00	10,974,457.20

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APPENDIX I: PROJECTS IMPLEMENTED BY THE ENTITY

Projects

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

Project title	Project Number	Donor	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Administration Block	UON/T/4/2019-2020	GOV'T	3 Years	Fully	No	Yes

Status of Projects completion

Status of Projects					
S/NO	Project	Total project Cost	Total expended to date	Balance	Status
		Kshs	Kshs	Kshs	
1	Purchase of Standby Generator	4,439,400	4,001,420	437,980	Complete and in use
2	Renovation of Lecture Halls	26,749,681	25,862,763	886,918	Complete and in use
3	Construction of Elevated Water Tank	16,648,316	14,756,462	1,891,854	Awaiting Handing over. Not in Use
4	Construction of Administration Block	628,504,063	77,292,000	551,212,063	On-going. Foundation and walling on going
	Total	676,341,460	121,912,645	554,428,815	

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NOTES TO THE FINANCIAL STATEMENTS

15. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Capital Work in progress	Total
Cost	Shs	Shs	Shs	Shs	Shs	Shs	Shs
At 1 July 2018	240,000,000	0	0	0	0	0	240,000,000
Additions	0	0	0	-	-	0	0
Disposals	(0)	(0)	-	-	-	(0)	(0)
Transfers/adjustments	0	(0)	0	(0)	-	0	(0)
At 30th June 2019	240,000,000	0	0	0	0	0	240,000,000
Additions	0	10,848,916	8,509,984	7,614,981	0	31,944,751	58,918,632
Disposals	(0)	-	-	-	-	(0)	(0)
Transfer/adjustments	(0)	0	0	(0)	-	0	(0)
At 30th June 2020	240,000,000	10,848,916	8,509,984	7,614,981	0	31,944,751	298,918,632
Depreciation and impairment							
At 1 July 2019	(0)	(0)	(0)	(0)	-	(0)	(0)
Depreciation	(0)	(0)	(0)	(0)	-	(0)	(0)
Impairment	(0)	-	-	-	-	-	(0)
At 30th June 2019	240,000,000	0	0	0	0	0	240,000,000
Depreciation	(4,800,000)	(2,169,783)	(2,833,825)	(761,498)	(0)	(0)	(10,565,106)
Disposals	0	-	-	-	-	0	0
Impairment	(0)	(0)	-	-	-	-	(0)
Transfer/adjustment	(0)	(0)	(0)	(0)	-	(0)	(0)
At 30th June 2020	235,200,000	8,679,133	5,676,159	6,853,483	0	31,944,751	288,353,526
Net book values							
At 30th June 2020	235,200,000	8,679,133	5,676,159	6,853,483	0	31,944,751	288,353,526
At 30th June 2019	240,000,000	0	0	0	0	0	240,000,000

16. TRADE AND OTHER ACCOUNTS PAYABLES				
LIST OF CREDITORS AS AT 30TH JUNE 2020				
TENDER NO	INTERIM CERTIFICATE NO	SUPPLIER/CONTRACTOR	DETAILS/ ITEMS SUPPLIED	AMOUNT
UON/T/01/2019-2020	CERTIFICATE NO.1014425	ORION NEBULA LTD	CONSTRUCTION OF ELEVATED WATER TANK	7,130,287.67
UON/T/02/2019-2020	CERTIFICATE NO.1014424	NETLINE TECHNOLOGIES LTD	PURCHASE OF STANDBY GENERATOR	3,103,888.180
	CERTIFICATE NO. 1026278		TOTAL	10,234,175.85

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	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Construction Of Administration Block in Nandi Hills	628,504,063	77,292,000	2022	628,504,063	383,000,000	Government

Transfers from Ministries, Departments and Agencies

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund.	Total grant income during the year	2019-2020
			KShs	KShs	KShs
Ministry of Education	95,000,000.00	-	83,405,450.19	178,405,450.19	178,405,450.19
Total	95,000,000.00	-	83,405,450.19	178,405,450.19	178,405,450.19

(The details of the reconciliation have been included under appendix iii.)

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APPENDIX III: INTER-ENTITY TRANSFERS

NAME OF ENTITY		KOITALEEL SAMOEI UNIVERSITY COLLEGE	
Recurrent Grants	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
	08/08/2019	7,916,667.00	Q1-2019/2020
	29/08/2019	7,916,667.00	Q1-2019/2020
	27/09/2019	7,916,666.00	Q1-2019/2020
	01/11/2019	7,916,667.00	Q2-2019/2020
	29/11/2019	7,916,667.00	Q2-2019/2020
	27/12/2019	7,916,666.00	Q2-2019/2020
	04/02/2020	7,916,667.00	Q3-2019/2020
	02/03/2020	7,916,667.00	Q3-2019/2020
	03/04/2020	7,916,666.00	Q3-2019/2020
	08/05/2020	7,916,667.00	Q4-2019/2020
	05/06/2020	7,916,667.00	Q4-2019/2020
	26/06/2020	7,916,666.00	Q4-2019/2020
	KSUC sub-total	95,000,000.00	
GRAND TOTAL RECURRENT FUNDS			
Development Grants			
	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
	29/11/2019	37,047,805.00	Q2-2019/2020
	13/03/2020	46,357,645.19	Q3-2019/2020
	KSUC sub-total	83,405,450.19	
Direct Payments			
	Total	178,405,450.19	

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

Sign  -----

Sign-----

Finance Manager
Koitaleel Samoei University College

Head of Accounting Unit
Education Ministry

Koitaleel Samoeli University College
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I. 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.

The Auditor General's Report for FY 2018/2019 is not there because it is a new entity.

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)