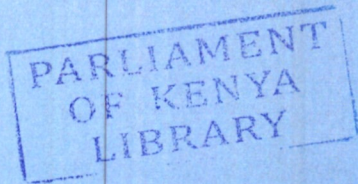


REPUBLIC OF KENYA

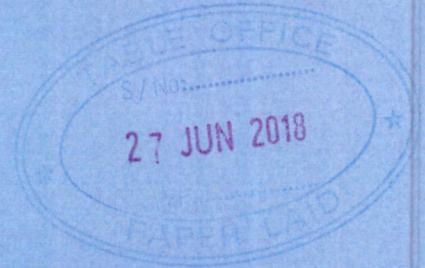


*Paper laid by the leader
of majority party
27/6/2018
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OFFICE OF THE AUDITOR-GENERAL



REPORT



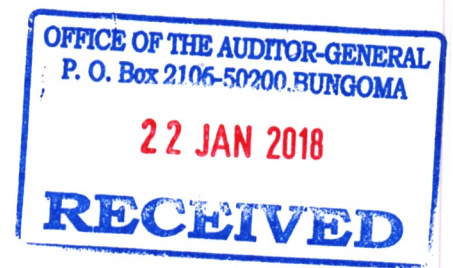
OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
KIBABII UNIVERSITY

FOR THE YEAR ENDED
30 JUNE 2017



Kibabii University

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED
JUNE 30, 2017

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

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I. KEY KIBABII UNIVERSITY INFORMATION AND MANAGEMENT

(a) BACKGROUND INFORMATION

The establishment of Kibabii University (KIBU) is traced to the origins of Kibabii Teacher Training College which is the precursor to the current Kibabii University. For more than twenty years, the proposed Kibabii Teachers Training College in Bungoma South district remained a mere dream until 19th September, 2007, when His Excellency President Mwai Kibaki graciously presided over a ground breaking ceremony at the proposed site.

The History of a Teacher Training College in Kibabii dates back to the pre-independence period. The idea was initiated by the Mill Hill Fathers in 1932. This college trained P4's between 1932 and 1942 and P3's between 1958 and 1961 in the current St. Mary's Kibabii High School. However, the college was moved to Eregi to become Eregi Teacher Training College in 1962.

The idea of Kibabii Teachers College was revisited by the local community in 1978. The Government accepted the idea and the Ministry of Education through the Projects Implementation Unit and African Development Bank Tender No. PIN/ADB/BLDG/01/94-95 on construction of Kibabii Primary Teachers Training College gave notice of prequalification of contractors. M/C Metric General Contractors was awarded the contract to put up Kibabii College in March 1997. However, the African Development Bank soon ceased funding the Kenya Education II project under which Kibabii Teachers College was to be financed.

In 2007, the Government gave Kibabii Teachers' Training College a new lease of life. What started as a dream was slowly becoming a reality after President Kibaki's ground breaking ceremony that led to the revival of the project. With the President's nod, facilities belonging to Ministry of Gender and Social Services in Tuuti within Kibabii area were leased to accommodate the first intake of students as construction works at the proposed site were embarked on. That was in December 2007. Due to limited space, second year students used to take lessons in tents provided by UNICEF. The construction works at the college were undertaken by MILICON'S LTD and his team of sub-contractors with a target that the college was to be fully operational by 25th of May, 2011. The project had a workforce of 700 workers thus contributing to employment creation in the area.

Due to a request by the leaders from Bungoma County, His Excellency, President Mwai Kibaki, declared that the newly constructed facilities for Kibabii Diploma Teachers' College be converted to Kibabii University College. This was formalized by the Kenya Gazette Notice of 12th August 2011 that established Kibabii University College as a constituent college of Masinde Muliro University of Science and Technology via Legal Notice No.115 of August 2011. This was followed by award of Charter by His Excellency Hon. Uhuru Muigai Kenyatta, President of the Republic of Kenya and Commander-in-Chief of the Defence Forces on 14th November, 2015 which gave the institution fully-fledged university status.

(b) PRINCIPAL ACTIVITIES

The mandate of the University, as contained in the Kibabii University Charter (2015) are to;

- a) Provide directly, or in collaboration with other institutions of higher learning, facilities for university education including technological, scientific, professional education and research;
- b) Advance knowledge and its practical application by research, innovation and other means;
- c) Disseminate the outcomes of research by various means, and commercially exploit the results of such research;
- d) Participate in technological innovation as well as in the discovery, creation, transmission and enhancement of knowledge, and to stimulate the intellectual life in the economic, social, cultural, scientific, and other organizations;
- e) Contribute to industrial and technological development of society in collaboration and partnership with industry and other organizations;
- f) Develop quality and relevant programmes for degrees, diplomas and certificates;
- g) Establish colleges, faculties, schools, centres, institutes, departments, and other resources and administrative units as may be appropriate;

- h) Inculcate and promote a culture of innovation, critical inquiry and creativity in art, science, technology, engineering, and education, amongst staff, students, and society;
- i) Develop an institution of excellence in teaching, training, scholarship, entrepreneurship, research, consultancy, community service, among other educational services and products, with emphasis on technology and its development, impact and application to society;
- j) Provide multi-level system of education and training that is relevant to the needs of the community covering a wide range of fields and levels with provision for recognition of prior learning and flexibility of transition between educational levels;
- k) Provide high quality facilities for educational, research, residential, commercial, cultural, social, recreational, sporting, and other activities;
- l) Facilitate student mobility between programmes of study at different universities;
- m) Participate in commercial ventures and activities that promote the objectives of the institution;
- n) Foster the general welfare of staff, students, and the community;
- o) Provide opportunities for development and further training for the staff of the institution;
- p) Develop and provide educational, cultural, professional, technical and vocational services to the community, and in particular foster corporate social responsibility;
- q) Facilitate the development, provision, and expansion of services, programmes, and other products in ways that are easily accessible and which reflect the principles of equity and social justice;
- r) Conduct examinations, and grant such academic awards as may be provided for in the Statutes, and to syndicate examinations for awards at other institutions as may be approved by Senate;
- s) Determine who may teach, what may be taught, and how it may be taught in the University;
- t) Promote social-economic development in line with the country's development agenda; and
- u) Ensure University sustainability and adoption of the best practices in University management and institutionalization of systems of checks and balances.

PHILOSOPHY

Kibabii University embodies the view that Science, Technology and Innovation are critical for sustainable utilization of material and human resources for the posterity of the universe.

VISION

To be a global and dynamic University of excellence in Science, Technology and Innovation.

MISSION

To achieve excellence in generation, transmission and enhancement of new knowledge in Science, Technology and Innovation through quality Teaching, Research, Training, Scholarship, Consultancy and Outreach programmes.

MOTTO

Knowledge for Development

CORE VALUES

To undertake its mission and realize its vision, Kibabii University upholds the following values:-

Excellence - The University shall ensure quality teaching, research and provision of excellence in teaching, research and provision of service to the public.

Accountability and Transparency - The University staff shall explain the rationale of activities done and avoid any actions that might border on any malpractice.

Integrity - The University staff shall have common decorum reflected in their personal appearances, interactions and conducts.

Academic freedom - The University shall encourage the spirit of free and critical thought, and reflective inquiry among students and staff.

Social responsibility - The University shall promote awareness and provide leadership in responding to issues and problems affecting the society.

Innovation - The University shall provide opportunities for the creation of new ideas and products for teaching, learning and well-being of the society.

(c) KEY MANAGEMENT

The *Kibabii University's* day-to-day management is undertaken by the following key organs:

- University Council
- University Management Board
- Senate
- Deans Committee

(d) FIDUCIARY MANAGEMENT

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

No.	Designation	Name
1.	Vice Chancellor	Prof. Isaac Ipara Odeo
2.	Deputy Vice Chancellor (Administration, Finance and Development)	Prof. Shem O. Aywa
3.	Deputy Vice Chancellor (Academics and Students Affairs)	Prof. Solomon I. Shibairo
4.	Deputy Vice Chancellor (Planning, Partnerships, Research and Innovation)	Prof. Dr.-Ing. Benedict M. Mutua
5.	Deputy Finance Officer	Benjamin M. Oduori
6.	Deputy Registrar (Administration)	David B. Namasaka
7.	Deputy Registrar (Academics and Students Affairs)	Michael S. Maleche
8.	In-Charge Library	Joshua Ilavonga
9.	Director ICT	Dr. Samuel Mbugwa
10.	Director PSSP	Dr. Risper N. Wepukhulu
11.	Deputy Dean of Students	Noel M. Malanda
12.	In-charge Procurement	Jackline Walutsachi
13.	In-charge Health Unit	Johnstone Eshirera

(e) REGISTERED OFFICE

Kibabii University
 Off Bungoma-Chwele Road
 P.O. Box 1699 – 50200,
 BUNGOMA.
 Tel. 020-2028660/0708-0859934/0734-831729
 Email: enquiries@kibu.ac.ke

(f) KIBABII UNIVERSITY CONTACTS

Telephone: (254) 020-2028660/0708-0859934/0734-831729
 E-mail: enquiries@kibu.ac.ke
 Website: www.kibu.ac.ke

(g) KIBABII UNIVERSITY BANKERS

1. Kenya Commercial Bank
 Bungoma Branch
 P. O. Box 380, 50200
BUNGOMA

2. Barclays Bank Limited
Bungoma Branch
P. O. Box 91, 50200
BUNGOMA
3. Standard Chartered Bank Kenya Limited
Bungoma Branch
P. O. Box 2531, 50200
BUNGOMA
4. Equity Bank Limited
Bungoma Branch
P. O. Box 2450 - 50200
BUNGOMA
5. National Bank of Kenya Limited
Bungoma Branch
P. O. Box 25 - 50200
BUNGOMA
6. Family Bank Limited
Bungoma Branch
P. O. Box 1068 – 50200
BUNGOMA







(h) INDEPENDENT AUDITORS




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

(i) PRINCIPAL LEGAL ADVISER






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

I. MEMBERS OF THE UNIVERSITY COUNCIL





	<p>Dr. Ernest Mwangi Njoroge, , Chairman of Council Joined in 2017 as the Chairman of Council. Holds Bachelor of Veterinary Medicine (UON), MSc (Clinical Studies, Medicine) (UON), MBA (Strategic Management) (Africa Nazarene University), and PhD (Clinical Studies, Epidemiology) (UON). He has over 24 years of teaching, management and leadership experience working with University of Nairobi, NGOs, European Union, and USAID Kenya and East Africa. He replaced Prof. Shem Migot Adholla in March 2017.</p>
	<p>Prof. Isaac Ipara Odeo, Date of Birth 19th May, 1955, Vice Chancellor Joined in 2013 as the the Principal and Secretary of Council. Holds B.ED (Arts) (UON), M.ED (Kenyatta University), and Ph.D (Moi University). He is an educationist with over 30 years of teaching experience at institutions of Higher learning. Prof. Odeo has also held various leadership positions at the same institutions.</p>
	<p>Mrs. Connie Okwisa Mogaka, Date of Birth 7th July, 1953, Member Joined in 2013 as a Member of Council. She is Chairperson, Appeals Board of Council. Holds M.A in Sociology, Jawaharlal Nehru University, Higher Dip (Professional Counseling), (KAPC) PGDE (NIEPA), and B.ED (UoN). She has wide experience in education matters having served the Government of Kenya as a PDE, Senior Assistant Director of Education, National Coordinator for Early Childhood Development, Education Attaché to New Delhi India and a consultant at the Aga Khan Foundation (EA).</p>
	<p>Prof. Mary Wanjiku Gikungu, Date of Birth 28th November, 1965, Member Joined in 2013 as a Council Member. She holds Ph.D in Mathematics and Natural Science (University of Bonn, Germany, MSc. in Biology of Conservation, (University of Nairobi), and BSc. in Botany & Zoology, University of Nairobi. Dr Gikungu has over 23 years' experience as a research scientist. Currently, She is Director of Research at the National Museums of Kenya.</p>
	<p>Mr. Lawrence Omuhaka, Date of Birth 5th July, 1969, Member Joined in 2013 as a Council Member. He is Chairman, Statutes, Terms and Conditions of Service Committee of Council. Mr. Omuhaka holds MBA in Human Resource, Kenyatta University and B.ED (Arts), University of Nairobi. He is a seasoned teacher and human resource management professional. His experience spans over 14 years. Currently, he is the Head of Human Resource, Kakamega County Government.</p>
	<p>Dr. Nicodemus Ojuma Anyang, Date of Birth 17th October, 1964, Member Dr. Anyang joined in 2013 as a Council Member. He is Chairman, Finance, General Purposes, Building and Development Committee of Council. He is holder of a Ph.D in Educational Administration, (Moi University), MEd, Kenyatta University, and BEd (Arts), Kenyatta University. He has over 10 years' experience in education management. Currently, he is the Uasin Gishu County Director of Education.</p>

	<p>Miss Cheptoo Caroline Irene, Date of Birth 13th September, 1980, Member Ms Cheptoo joined in 2013 as a Council Member. She is Chairperson Audit, Risk and Compliance Committee of Council. Holds Master of Art in Social Ministry with Specialization in Governance, Catholic University of Eastern Africa, PGD in Gender and Development Studies, University of Nairobi, and BA in Philosophy and Sociology, Catholic University of Eastern Africa. She has over 7 years' experience as a research associate. Currently, She is the Secretary/CEO West Pokot County Service Board.</p>
	<p>Mr. David N. Watene, Date of Birth 13th September, 1967, Principal Secretary, Representative, Principal Secretary Ex-Officio Member, Ministry of Education: Mr. Watene joined in 2013 as a Council Member representing the Principal Secretary, State Department for University Education. Holds M.ED (Administration & Planning), U.O.N, Kenya (2007), and B.ED (Arts, Accounting & Economics), U.O.N, Kenya (2004). He is currently Assistant Director State Department of Education with wealth of experience in education administration and planning.</p>
	<p>Mr. Michael Jasper Obonyo, Date of Birth 7th April, 1970, Principal Secretary, Rep. PS., Ex-Officio Member The National Treasury. He Joined in 2015 as a Council Member. He is highly experienced in information communication matters in areas of public relations. He is currently Public Relations Officer in the Pensions Department, National Treasury. Mr Obonyo holds Master of Philosophy in Communication Studies, UoN, Kenya (2011), PGD (Mass Communication) Kenya Institute of Journalism (KIMC), Kenya (1998), B. A. (Hons) UoN, Kenya (1992). He replaced Mr. James Muriuki Gatere in August, 2015 who left in June, 2015.</p>

II. OFFICERS OF THE UNIVERSITY

	<p>His Excellency Hon. Uhuru Kenyatta, C.G.H., BA (Amherst), D.Litt. (Hon) (Moi) President of the Republic of Kenya, and Commander-in-Chief of the Defence Forces and Chancellor of Kibabii University. Date of Birth 26th October, 1961.</p> <p>Has been the Chancellor of Kibabii University since November, 2015. H.E. Hon. Uhuru Kenyatta holds a Bachelor of Arts in Political Science and Economics from Amherst College, United States), D.Litt. (Hon) (Moi). President Uhuru Kenyatta was elected the 4th President of the Republic of Kenya on the 4th of March 2013. In line with the country's vision of creating a globally competitive and prosperous nation, in 2015, Hon. Uhuru Kenyatta initiated The Presidential Digital Talent Programme (PDTP) whose focus was: To develop ICT freshly qualified graduates by equipping them with business principles for the management of ICT through a yearlong internship programme. He has a wealth of experience gained after many years in leadership, administration and management both in public and private sectors.</p>
	<p>Dr. Ernest Mwangi Njoroge, , Chairman of Council</p> <p>Joined in 2017 as the Chairman of Council. Holds Bachelor of Veterinary Medicine (UON), MSc (Clinical Studies, Medicine) (UON), MBA (Strategic Management) (Africa Nazarene University), and PhD (Clinical Studies, Epidemiology) (UON). He has over 24 years of teaching, management and leadership experience working with University of Nairobi, NGOs, European Union, and USAID Kenya and East Africa. He replaced Prof. Shem Migot Adholla in March, 2015.</p>
	<p>Prof. Isaac Ipara Odeo, Date of Birth 19th May, 1955, Vice Chancellor Joined in 2013 as the Chief Executive and Secretary of Council. Holds B.ED (Arts) (UON), M.ED (Kenyatta University), and Ph.D (Moi University). He is an educationist with 30 years of teaching experience at Institutions of Higher learning. Prof. Odeo has also held various leadership positions at the same institutions.</p>
	<p>Prof. Shem Omukunda Aywa, Date of Birth 15th December, 1962, Deputy Vice Chancellor (Administration, Finance & Development)</p> <p>Joined in 2013 as a Member of Management Board. Holds B.ED (Sci.) (Kenyatta University), M.Sc (Kenyatta University), and Ph.D (Potchefstroom University). He is an educationist with wide teaching experience of over 23 years at the University level. Prof. Aywa has also held various leadership positions at the same institutions.</p>
	<p>Prof. Solomon Igosangwa Shibairo, Date of Birth 17th October, 1960, Deputy Vice Chancellor (Academic & Students Affairs)</p> <p>Prof. Shibairo joined in 2013 as a Member of Management Board. He holds B.Sc (Agric) (UON), M.Sc (Agronomy) (UON), Ph.D (Plant Science) (University of British Columbia) and has over 24 years teaching experience at institutions of higher learning. He has also held various leadership positions at the same institutions.</p>

	<p>Prof. Dr.-Ing. Benedict M. Mutua, Date of Birth 30th November, 1966, Deputy Vice Chancellor (Planning, Partnerships, Research and Innovation)</p> <p>Joined in 2016 as a Member of the Management Board. He holds a B.Sc. (Eng.) (Egerton University), MEng. Sc. The University of Melbourne Australia, Ph.D and Post Doc. (Universität für Bodenkultur-BOKU, Vienna Austria).</p> <p>He has over 25 years of teaching and research at the University level. He has held various leadership positions at Egerton University and been involved in research projects both at National and Global levels. He has special research interests in Water Resources Engineering and Applied Hydrology.</p>
	<p>David B. Namasaka, Date of Birth 25th May, 1971, Deputy Registrar (Administration)</p> <p>Mr Namasaka joined in 2012 as Ag. Senior Assistant Registrar (Administration). Holds B. ED (Arts) (UON), and MSC (Disaster Management & Humanitarian Assistance) (MMUST) & MSC (Human Resource) (Kibabii University). He has over 5 year's administrative experience at the institutions of higher learning.</p>
	<p>Mr. Michael S. Maleche, Date of Birth 20th November 1968, Deputy Registrar (Academic and Students Affairs)</p> <p>Joined in 2015 as a Deputy Registrar (Academic Affairs), Mr. Maleche holds a Bachelor of Arts (With Education) (UEA, Baraton) and Master of Philosophy in History (Moi). He has 23 years of experience, 21 years in University Administration at Moi University and Masinde Muliro University of Science and Technology.</p>
	<p>Dr. Risper N. Wepukhulu, Date of Birth 12th October, 1970, Director PSSP</p> <p>Joined in 2015 as Director PSSP. She holds a B. ED (Arts), M. PHIL (Religion and Ethics) and D. PHIL (Religion and Ethics) (Moi University). Dr. Wepukhulu has over 23 years' experience in public service of which 10 years as a lecturer of religion and ethics at institutions of higher learning.</p>
	<p>Mr. Joshua Ilavonga, Date of Birth 6th August, 1978, In-Charge Library</p> <p>Mr. Ilavonga joined in 2016 as in-charge Library Services. He holds a Bachelor of Information Science (Library & Technology Option). Previously worked for Masinde Muliro, Maseno and Moi University libraries. He has over 15 years work experience in institutions of higher learning libraries.</p>
	<p>Benjamin Musina Oduori, 1st August, 1972, Deputy Finance Officer</p> <p>Joined in 2013 as Deputy Finance Officer. Mr. Oduori holds BBM (Accounting & Finance) (Moi), MBM (Accounting) (Moi), and CPA (K). He is a professional accountant with over 18 years' experience in auditing and assurance and finance at the institutions of higher learning. He is a member of ICPAK and ICIFA.</p>

	<p>Dr. Samuel Mbugwa, Date of Birth 10th October, 1964, Director ICT</p> <p>Joined in 2014 as Director ICT and Senior Lecturer in the Department of Information Technology. He holds a PhD in Information Technology from Masinde Muliro University of Science and Technology and Master of Science in Computer Based Information Systems of the University of Sunderland. He is a Chartered Engineer and an assessor for Chartered Engineer registration for the Engineering Council (UK). Dr. Mbugwa is a member of the ACM and BCS. He has over 20 years of service in both civil service and institutions of higher learning.</p>
	<p>Ms Noel M. Malanda, Date of Birth 3rd October, 1971, Deputy Dean of Students</p> <p>Joined in 2014 as Deputy Dean of Student. She holds a Master of Educational Psychology (Maseno University), Bachelor of Education (Home Economics) (Kenyatta University), and Higher National Diploma in Human Resource Management. Ms. Malanda is a member of the International Society for the Study of Behavioral Development, Society for Research in Child Development and International Cross-cultural Psychology Association.</p>
	<p>Mrs. Jacqueline Walutsachi, Date of Birth 2nd October, 1979, In-charge Procurement</p> <p>Joined in 2014 as In-Charge Procurement Department. She holds a Bachelor of Business Management (Purchasing and Supplies Option). Mrs Walutsachi has over 3 years' experience in procurement and supplies functions and is also a member of the Institute of Purchasing and supplies Management.</p>
	<p>Mr. Eshirera E.M. Johnstone, Date of Birth 29th October, 1970, Senior Clinical Officer</p> <p>Joined Kibabii University in 2012 as Deputy Senior Clinical Officer and Head of Department of Health services. Previously worked for Masinde Muliro University and Ministry of health respectively. Has both administrative and clinical experience of more than 18 years of service. Trained up to master's level in Community Health at Great Lakes University, University of Liverpool (UK), Moi University and Kenya Medical Training College. Holds professional Diplomas in Community Health, Sexual and Reproductive Health in Developing Countries and Clinical Medicine and Surgery.</p>

III. CHAIRMAN'S STATEMENT

It is with great pleasure that I present the Kibabii University Financial Report for the year ended 30th June, 2017. During the year the University endeavoured to increase the number of programmes to enhance access to higher education since the award of charter.

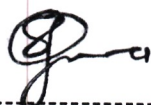
The Vision of the University is to be a global and dynamic University of excellence in Science, Technology and Innovation. Various administrative structures have been developed by the University Council which include; Senate, Deans Committee, Management Board and Faculty/School boards to ensure effective and efficient stewardship of the University functions.

The University seeks linkages with the private and public sectors to enhance quality of teaching, particularly during industrial training and school practice.

I wish to appreciate the Government of Kenya and organizations like the Higher Education Loans Board (HELB) for continuing to support our students in paying their fees. An increasing number of students have difficulties in meeting the cost of education and HELB as well as other bursary providers have assisted in ensuring our students successfully pursue their studies. I appeal for further support from the private sector and Non-Governmental Organizations.

The University Council would like to appeal to the Government to consider enhancing our recurrent and capital development grants to enable the University meet its financial obligations. The University faces huge challenges in putting up critical infrastructure including learning and accommodation facilities. The University requests for additional support by the Government to enable it initiate new projects to meet increasing academic as well as administrative activities.

I thank our students, parents, and other stakeholders for choosing to invest in the institution and urge that together we should strive to achieve higher levels of excellence in the coming years.



SIGNATURE: -----

DATE: -----

22/01/18

DR. ERNEST MWANGI NJOROGE

CHAIRMAN – KIBABII UNIVERSITY COUNCIL

IV. VICE CHANCELLOR'S REPORT ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2017

The financial year ending 30th June, 2017 provided thrilling experience and exciting achievement by the University as it continued its independent operations. During this period the University continued with implementation of its five year strategic plan. One of the key ingredients of the plan is a system of academic commitment by aimed at fostering a climate of productivity, professionalism, excellence, accountability and transparency, equity, and innovation in order to be competitive. The strategic plan provides for regular review of curricula and the establishment of linkages with institutions in the public and private sectors.

The University expanded its programmes and opened up a learning centre outside its main campus in Bungoma with the aim of enhancing access to higher education for eligible students.

Financial Performance Highlights

The University recorded an improved revenue base because of the expansion of programmes and continuous admissions in January and May intakes which increased the number of students. However, the expansion of programmes also resulted in increased operational costs. Our major challenge is developing mechanisms of instituting cost reduction while implementing quality assurance systems to ensure the quality of programmes is not compromised.

The University received Kshs. 521,170,750.00 in Recurrent and Capital Grants. These grants accounted for 66% of the total receipts by the University while 34% was generated through internal sources. The Recurrent capitation grant has not been increased proportionately to match the ever increasing needs as a result of the University position and high demands from students and staff. The Government released only Kshs. 235,500,000.00 allocated for capital development in the 2016/2017 financial year which was fully utilized.

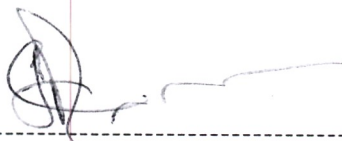
Although there has been progress, the University still has shortcomings as a result of lack of adequate teaching space including laboratories as well as offices for academic and administrative staff. This is due to low funding and capitation/development grant by the Exchequer.

Appreciation

On behalf of the University Council, I would like to thank the Government of Kenya through the Ministry of Education (MOE) for their continued financial support.

Lastly, I would like to thank the University Council, staff, students and other stakeholders for their overwhelming co-operation in running the University during the year under review.

SIGNATURE: _____



DATE: _____

22/05/2018

**PROF. ISAAC IPARA ODEO
VICE CHANCELLOR, KIBABII UNIVERSITY**

V. CORPORATE GOVERNANCE STATEMENT

The members of Council have committed themselves to the service of Kibabii University and to uphold the tenets of good corporate governance by being innovative, transparent, accountable, persons of integrity, socially responsive, as well as promote excellence and exercise fairness in all their dealings.

The Council

The Council consists of nine members inclusive of the Vice Chancellor as the secretary. The Council members and their meeting attendance are indicated below;

NO	NAME	1 ST	2 ND	2 ND	2 ND	3 RD	3 RD	3 RD	4 TH
		QUARTE	QUARTE	QUARTER	QUARTER	QUARTE	QUARTE	QUARTE	QUARTE
		R	R			R	R	R	R
		DATE	DATE	DATE	DATE	DATE	DATE	DATE	DATE
		23 rd	28 th	12 th	23 rd	13 th	2 nd	25 th	8 th
		Sept,	October,	Novembe	Novembe	January,	March,	March,	April,
		2016	2016	r, 2016	r, 2016	2017	2017	2017	2017
							(Special	(Chair	
							Council)	Handing	
								over)	
1.	Prof. Shem Migot-Adholla	✓	✓	✓	✓	✓	✓	✓	-
2.	Dr. Ernest Mwangi Njoroge	-	-	-	-	-	-	✓	✓
3.	Prof. Mary Gikungu	✓	✓	✓	✓	✓	✓	✓	✓
4.	Mr. David Watene	✓	✓	✓	✓	✓	✓	✓	✓
5.	Mr. Michael Obonyo	✓	✓	✓	✓	✓	✓	✓	✓
6.	Mrs. Connie Mogaka	✓	✓	✓	✓	✓	✓	✓	✓
7.	Ms. Caroline I. Cheptoo	✓	✓	✓	✓	✓	✓	✓	✓
8.	Dr. Nicodemus Anyang	✓	✓	✓	-	✓	✓	✓	✓
9.	Mr. Lawrence Omuhaka	✓	✓	✓	✓	✓	✓	✓	✓
10.	Prof. Isaac I. Odeo	✓	✓	✓	✓	✓	✓	✓	✓

The biographies of the Council Members are published on page vi-vii. These Council Members possess a broad range of skills, qualifications and experiences required to direct the affairs of the University.

Council Responsibilities

The University Council undertakes the following responsibilities;

1. The Council is the governing body of the University through which the University acts and undertakes the following;
 - a) Administers the property and funds of the University in a manner and for the purposes which promotes the interest of the University; but the Council does not charge or dispose of immovable property of the University except in accordance with the procedures laid down by the Government of Kenya;
 - b) Receives, on behalf of the University, donations, endowments, gifts, grants or other moneys and make disbursements there from to the University or other bodies or persons;
 - c) Provides for the welfare of the staff and students of the University;
 - d) May enter into association with other universities, University's or other institutions of learning, whether within Kenya or otherwise, as the Council may deem necessary and appropriate; and
 - e) May, after consultation with the Academic Board, make regulations governing the conduct and discipline of the students of the University.
2. All documents, other than those required by law to be under seal, made on behalf of the Council, and all decisions of the Council may be signed under the hand of the Chairman, the Vice Chancellor or any other members of the Council generally or specifically authorized by the Council in that behalf.
3. Ensures that a proper management structure is in place and that the structure functions to maintain corporate integrity, reputation and responsibility.
4. Monitors and evaluates the implementation of strategies, policies, and management criteria and plans of the University.
5. Constantly reviews the viability and financial sustainability of the University, and does so once every year.
6. Ensures that the University complies with all the relevant laws, regulations, governance practices, accounting and auditing standards.

Council Committees

The Council Committees facilitate decision-making to assist the Council in the execution of its duties, powers and authority. However delegation of authority to the Committees does not in any way mitigate or dissipate the discharge by the Council of its duties and responsibilities. Council Committees have been established with formal written terms of reference and observe the same rules of conduct and procedures as the Council.

In the financial year 2013/2014 the Council approved the following Committees;

APPEALS BOARD

Membership was as indicated in the table below but the Committee did not have any meeting since there was no issue to be deliberated on.

NO.	NAME	TITLE
1.	Mrs. Connie Okwisa Mogaka	Chairperson
2.	Mr. Lawrence O. Omuhaka	Member
3.	Dr. Nicodemus O. Anyang	Member
4.	National Treasury	Member

Mandate

The role of the appeals board considers appeals and make appropriate recommendations to Council.

APPOINTMENTS AND PROMOTIONS COMMITTEE

This is committee discharges the responsibility of appointments and promotions of Professors, Associate Professors and Equivalent Administrative and Library Grades.

Membership and meeting attendance of the appointment and promotions committee is as indicated below;

NO.	NAME	1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER
		DATE	DATE	DATE	DATE
			27 th October, 2016		
1.	Prof. Shem Migot-Adholla		✓		
2.	Prof. Mary Gikungu		✓		
3.	Mr. David Watene		✓		
4.	Mr. Michael Obonyo		✓		
5.	Mrs. Connie Mogaka		✓		
6.	Mr. Lawrence Omuhaka		✓		
7.	Dr. Nicodemus Anyang		✓		
8.	Prof. Isaac I. Odeo		✓		
9.	Ms. Caroline Cheptoo		✓		

Mandate

- To consider qualified candidates for filling vacant positions in the University for Professors, Associate Professors and Equivalent Administrative and Library Grades.
- To interview candidates who are considered to have met the job requirements in accordance with the announcement inviting applications for the positions of Professors, Associate Professors and Equivalent Administrative and Library Grades.
- To recommend to Council the appointment of suitable candidates(s) after considering all the requirements for the post or in case of there being no suitable candidate to recommend re-advertisement for the positions of Professors, Associate Professors and Equivalent Administrative and Library Grades

AUDIT, RISK AND COMPLIANCE COMMITTEE

Membership and meeting attendance:

NO.	NAME	1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER
		DATE	DATE	DATE	DATE
		-	15 th December, 2016	24 th March, 2017	22 nd June, 2017
1.	Prof. Mary Gikungu	-	✓	✓	✓
2.	Ms. Caroline I. Cheptoo	-	✓	✓	✓
3.	Mr. David Watene	-	✓	✓	✓
4.	Mr. Lawrence Omuhaka	-	✓	✓	✓

Mandate

- a) Examine Internal and External Auditors' findings and recommendations for the improvement of the internal controls. Monitor management's response to and implementation of internal control recommendations.
- b) Assisting the Vice Chancellor in enhancing internal controls in order to improve efficiency, transparency and accountability.
- c) Resolving unsettled and unimplemented measures raised by Public Investment Committee's (PIC).
- d) Enhancing communication between management, internal and external audit and fostering an effective internal audit function.
- e) Evaluating adequacy of management procedures with regard to issues relating to risk management, control and governance.
- f) Reviewing the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws regulations, procedures, plans and ethics.
- g) Initiating special audit/investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Vice Chancellor.
- h) Review and assess, at least annually, the Audit Committee's Charter and submit changes to the Charter for approval by the Council.
- i) Advice on Quality and Performance Monitoring.
- j) Perform other oversight functions as may be requested by the University Council from time to time.

AWARDS, HONORARY DEGREES AND SEALING COMMITTEE

The Committee held two meetings in 2016/2017 financial year. The members were as indicated in the table below:

NO.	NAME	1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER
		DATE	DATE	DATE	DATE
		-	4 th November, 2016	11 th November, 2016	-
1.	Prof. Shem Migot-Adholla	-	✓	✓	-
2.	Ms. Connie Okwisa Mogoka	-	✓	✓	-
3.	Dr. Mary W. Gikungu	-	✓	✓	-
4.	Mr. David Watene	-	✓	✓	-
5.	Prof. Isaac Ipara Odeo	-	✓	✓	-

Mandate

- a) To receive and consider proposals to Council and nominations for the award of honorary degrees.
- b) To recommend to Council award of honorary degrees
- c) To authorize on behalf of the Council the application of the University seal to documents.

FINANCE, GENERAL PURPOSES, BUILDING AND DEVELOPMENT COMMITTEE

Membership and meeting attendance;

NO.	NAME	1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER
		DATE	DATE	DATE	DATE
		16 th September, 2016	-	16 th February, 2017	7 th April, 2017
1.	Dr. Nicodemus O. Anyang	✓	-	✓	✓
2.	Prof. Mary Gikungu	✓	-	✓	✓
3.	Mr. David Watene	✓	-	✓	✓
4.	Mr. Michael Obonyo	✓	-	✓	✓
5.	Prof. Isaac I. Odeo	✓	-	✓	✓

Mandate

1. To take charge of all arrangements for erection of new buildings once the finances have been made available.
2. To receive and consider reports on the performance of various contractors.
3. To be responsible for authorizing expenditure for all maintenance work with the provision that the Committee will have the authority to delegate the minor maintenance work to an executive sub-committee of the University.
4. To provide progress reports to Council or the Finance and General Purposes Committee.
5. To recommend and effect as appropriate any modification in physical facilities as may be necessary.
6. To consider and make recommendations to the Council on acquisition of new fixed assets including land and to advise the Council on utilization of such assets and land.

DISCIPLINARY COMMITTEE (ASLA)

The Committee did not hold any meeting in 2016/2017 financial year. The members were as indicated in the table below:

NO.	NAME	TITLE
1.	Dr. Mary W. Gikungu	Chairperson
2.	Mr. David Watene	Rep. PS (MOEST)
4.	Union Representatives of the concerned staff	
5.	Prof. Isaac Ipara Odeo	Principal/Secretary

Mandate

To handle matters related to the discipline of University staff in Academic, Senior Library and Administrative functions.

STATUTES, TERMS AND CONDITIONS OF SERVICE COMMITTEE**Membership and meeting attendance:**

NO.	NAME	1 ST QUARTER	2 ND QUARTER	3 Rd QUARTER	4 TH QUARTER
		DATE	DATE	DATE	DATE
		-	14 th October, 2017	-	-
1.	Mr. Lawrence Omuhaka	-	✓	-	-
2.	Dr. Nicodemus O. Anyang	-	✓	-	-
3.	Mrs. Connie Mogaka	-	✓	-	-
4.	Ms. Caroline Irene Cheptoo	-	✓	-	-
5.	Mr. David Watene	-	✓	-	-
6.	Prof. Isaac I. Odeo	-	✓	-	-

Mandate

- To make recommendations to Council on staff welfare related issues.
- To recommend to Council improvement in the job grading classification as the Committee may consider appropriate.
- To review and make recommendations to Council on Salaries, Terms and Conditions of Service as and when necessary or when directed to do so by Council from time to time for all University employees.
- To examine the format and the contents of the University Statutes and make appropriate recommendations to Council for appropriate legislation as provided for in the Kibabii University Legal Notice No. 115.

EXECUTIVE COMMITTEE OF COUNCIL

The Committee did not hold any meeting in 2016/2017 financial year. The members were as indicated in the table below:

NO.	NAME	TITLE
1.	Prof. Shem Migot-Adholla	Chairman
2.	Ms. Connie Okwisa Mogaka	Member
3.	Dr. Nicodemus A. Ojuma	Member
4.	Mr. James Gatere	Rep. PS. (National Treasury)
5.	Mr. David Watene	Rep. PS (MOEST)
6.	Prof. Isaac Ipara Odeo	Principal/Secretary

Mandate

To deal/handle matters of Council as deemed appropriate by Council.

VI. MANAGEMENT DISCUSSIONS AND ANALYSIS

Operational Performance

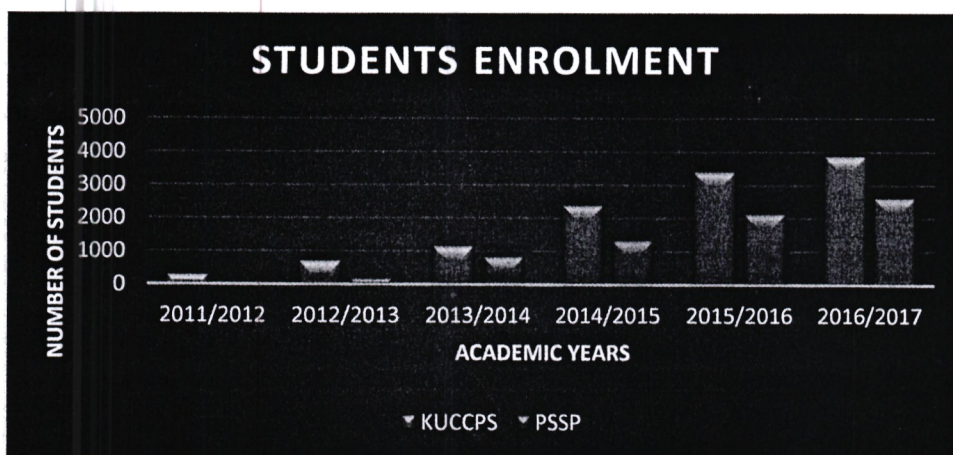
The University's operations is inspired by the desire to offer the best services to customers in line with the core value of operational excellence in line with our strategic pillars. In the year under review the University ensured that the core mandates were attained as a result of its dedicated team of professional employees. The institution operates in a highly regulated and competitive environment which requires it to innovate so as to remain relevant. Kibabii University worked towards this goal through the following initiatives;

Review of Academic Programmes

The University in the year under review initiated the process of reviewing its programmes to remain relevant and competitive in view of the likely decline in Privately Sponsored Students Programmes (PSSP) admissions. This as a result of the Government of Kenya admitting all candidates with C+ and above to the Universities.in the 2016 Kenya Certificate of Secondary Education Examinations. The University reviewed 45 (forty five) programmes which are yet to be submitted to the Commission for University Education for approval and accreditation.

Students Enrolment

The students population over the years from 2012/2013 to 2016/2017 academic years has grown from 333 to 6,467 students in various programmes ranging from certificate to Doctoral levels.



Quality Assurance

The quality assurance unit of the University undertook continual evaluation of the teaching staff each semester to ensure that high quality of education/Training is achieved hence promote customer satisfaction and build confidence among the student population. Concerns from the reports included expansion of the teaching space, improvement on WIFI, equipment of the laboratories among others were addressed by the university management, In this regard the quality measurement parameters improved from Good to very good. The university have put measures to ensure that internal control of teaching and other public service is within the expected standard through quality management system of ISO 9001:2008 certification, performance management system and ERP implementation.

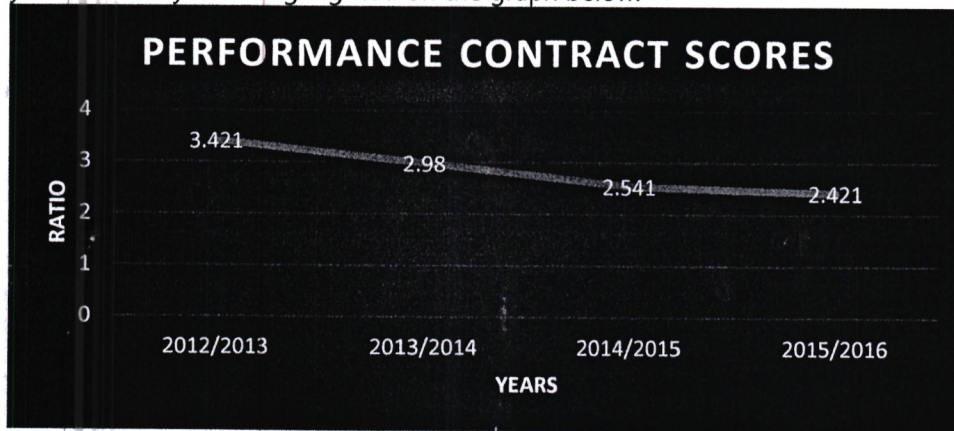
Human Resource

The University has maintained consistency in terms of employee recruitment over the years as the gender ration requirements are achieved. In the year under review the University had a total of 329 employees which was highest since inception of the institution where the employees were 68 (sixty eight) in number. The growth in staffing numbers is highlighted in the graph below.



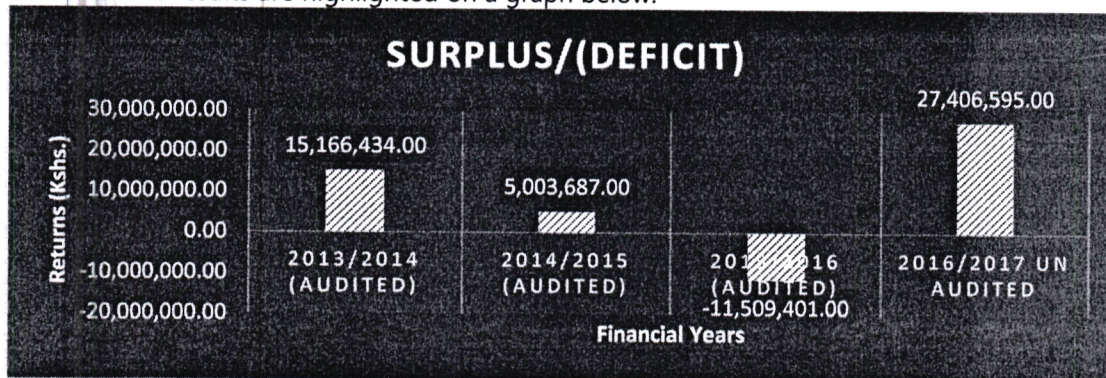
Performance Contracting

The University over the years has always signed performance contracts and its performance has improved year after the year as highlighted on the graph below.



Financial Performance

The University since 2013/2014 continued to post positive returns over the years except for 2015/2016 financial year where a deficit of kshs. 11,509,401 was realized due to wrong treatment of depreciation from building constructed by development funds allocated by the Government of Kenya. This has since been corrected in the 2016/2017 financial year books hence the University will remain focused and continue to post positive returns in the future periods. The positive outcomes were attributed to growth in revenue base from recurrent capitation and more importantly from appropriation in aids majorly tuition fees from students. The results are highlighted on a graph below.



Recurrent Grants

Kibabii University in the year under review was allocated recurrent grants amounting to Kshs. 285,670,750.00. This was way below the Universities needs especially in meeting the wage bill hence made the University to source for funding from its scarce appropriation in aid to supplement the wage bill. Despite the enormous

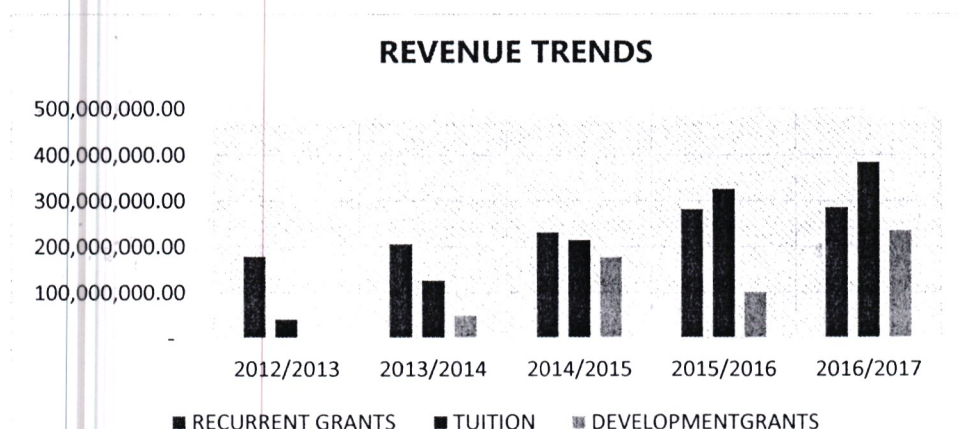
funding challenges the Government of Kenya continued to increase the capitation (recurrent grants) every financial year as reflected in the graph below.

Development Grants

In the years under review the Government of Kenya continued to support the University in developing infrastructures by providing development funds. The Government of Kenya allocated kshs. 235,500,000.00 in 2016/2017 financial year which was the highest allocation since inception of the University as evidenced on the graph shown below. This has gone a long way to enable the University cope with the student’s demands on teaching space.

Tuition Collection

The University has witnessed growth in tuition fees over the years since 2012/2013 financial year to 2016/2017 financial year. This is attributed to demand for high education which resulted to increased enrolment especially in the privately sponsored student’s programmes. This growth is highlighted on the graph below.



Key Projects and Investment decisions

In the financial year under review the University implemented the construction of Educational Tuition Block Phase II which is ongoing. The project was allocated kshs. 235,500,000.00 by the Government of Kenya and is expected to be completed in the financial year 2017/2018.

Compliance with statutory requirements

In the financial year under review Kibabii University complied with all the statutory obligations except for the NSSF contributions accrued since inception for staff in the middle and senior levels as a result of practices inherited from Masinde Muliro University of Science and Technology. Negotiations are under way to resolve the matter and implementation in the future period. The University had one court case (Employment Court Case No. 14 of 2016: Emmanuel Kayala Mate Vs Kibabii University) whose liability was determined hence finalized and a final debt accrued paid to the University lawyers i.e. Shitsama & Company Advocate as a result of a court case Bungoma HC CIVIL CASE No. 153 of 2011 whose liability has been determined hence finalized. The University currently, has two ongoing cases Number Bungoma NC Petition no 15 of 2016. David Murambi and 2 other VS. The Country Government and Kibabii University trespass to property whose liability has not been determined and another case between Kenya Union of Domestic Hotels, Educational Institutions, Hospitals & Allied Workers VS Kibabii University on termination of casual worker whose liabilities has not been determined.

I. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

Kibabii University has its Corporate Social Responsibility enshrined in its mission statement and one of its core values hence is an integral component of our business activities. The institution continued to dedicate part of its earnings to social responsibility activities aimed at enhancing the livelihoods of those living within its environs and all Kenyans in general. During the year under review, the University focused on activities aimed at making a positive impact on various communities while creating a cordial relationship and raising the institution's profile. Areas of focus included education, provision of water, environmental conservation, security, support to sporting activities and health care provision.

Education

In the financial year under review the University converted the Needy Students Fund initiated by the institution's Council into an endowment fund. The endowment fund will ensure future sustainability of the fund since the available funds will initially be invested hence returns from investment are utilized in supporting bright but disadvantaged students in the University. Currently, Kshs. 2,000,000.00 (Two million) were invested in a fixed deposit account which upon maturity the interest will be disbursed to needy students. Kibabii University will continue to solicit funds from its business partners in order to support the ever increasing number of needy students.

Conference and Workshops

During the year under review, the University hosted its second Interdisciplinary International Scientific Conference between 14th and 15th June 2017 at its Main Campus. The conference accorded scholars from within and without the nation, an opportunity to present their research findings and exchange research best practices under the theme: Innovative Research and Knowledge for Global Competitiveness and Sustainable Development. Prof. Richard S. Musangi, Chancellor, University of Kabianga. A total of over 100 papers were presented during the conference.



Group photo during the Second Interdisciplinary International Scientific Conference held between 14th and 15th June 2017.

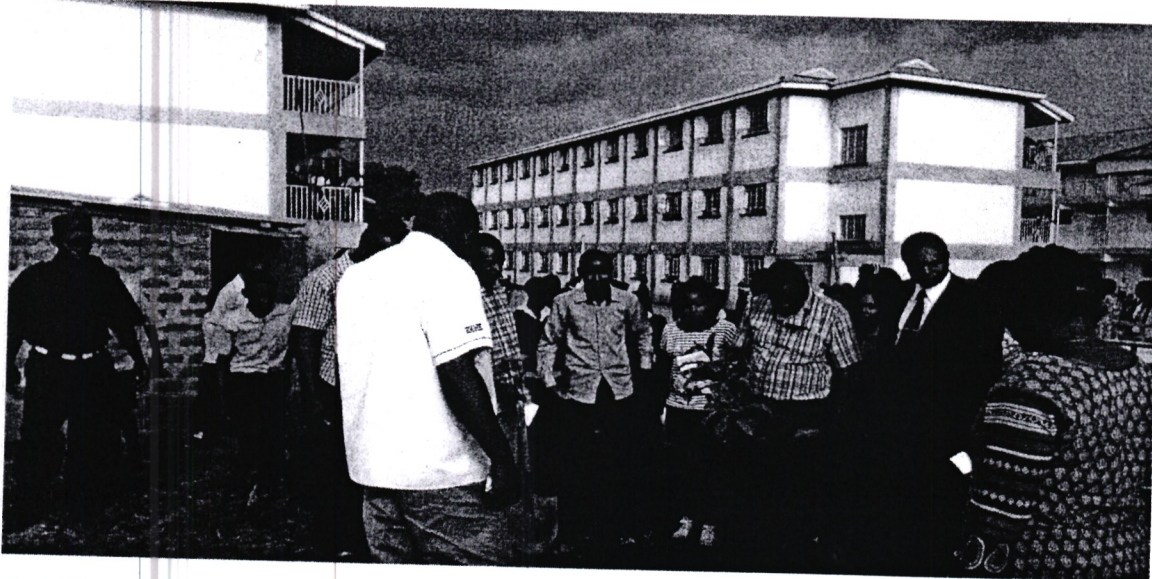
In terms of participation in conferences and workshops, the University participated in the Commission for Universities (CUE) 15th exhibition at Catholic University of Eastern Africa in Nairobi from 27th Feb to 3rd March, 2017. The Theme of the 15th exhibition for Kenyan Universities was: ***Positioning Universities in Innovation Entrepreneurship and Technology Transfer in the Digital Era***

Kibabii University displayed five (5) innovations which was a plus for the University and a rich marketing strategy. Kibabii University stand was received very well by the participants and was honoured to host the closing ceremony by the Commission for University Education Chairperson, Prof. Chacha Nyaigoti Chacha.

Environmental Conservation

In Kenya, the effects of climate change and other environmental challenges have an enormous impact not only on human life, but also on businesses. The pressure on natural resources and the environment in general is huge and calls for concerted efforts to alleviate the situation. Kibabii University has actively participated in environmental conservation initiatives aimed at conserving catchment areas and other delicate ecosystems. In the year under review the University participated in tree planting activities, environmental cleaning and community sensitization on environmental issues.

In recognizing that environmental issues go beyond the University, in the year under review, Kibabii University co-organized with the National Environmental Management Organization (NEMA) and participated in tree planting exercise to mark World Environment Day 2017. The event was held at Mupeli Primary School in Kanduyi Constituency, Bungoma Town on 9th June 2017. During this occasion, Kibabii University was honoured when Prof. Shem Aywa, Deputy Vice Chancellor (AFD) was invited to grace the function as the Chief Guest. A total of 100 assorted seedlings were planted in the School. The school underwent a major reconstruction and that left the compound bare as most trees and grass were uprooted in the process of reconstruction. The occasion was also attended by the County Forest Officer, NEMA staff, Kibabii University Environment Management Mainstreaming Committee Members and Students, and Pupils, Teachers, and Management Committee Members of Mupeli Primary School.



Prof. Shem Aywa, Deputy Vice Chancellor (AFD) and Chief Guest Leads other Invited Guests in planting a tree to mark World Environment Day at Mupeli Primary School on 9/6/2017.

Community Outreach

The University through the Division of Planning, Partnerships, Research and Innovation organised for a training for Dairy Farmers through the "Cow-Signal" Programme. The one (1) training was facilitated by experts from the Netherlands, Ministry of Agriculture and Livestock and Kibabii Staff. The training included theoretical and practical sessions.

Tree Planting

In the year under review, the University organized for tree planting exercise as part of its Corporate Social Responsibility at Sinoko Primary School in Kanduyi Bungoma on 9th March, 2017 where a total of 200 assorted seedlings procured by the University were planted. The occasion was also attended by the local committee, pupils, teachers and school management committee members.



Prof. Dr.-Ing. Benedict Mutua, Deputy Vice Chancellor (PPRI) addressing pupils and staff of Sinoko Primary School during tree planting exercise on 9th March, 2017. Also in attendance are Prof. Shem Aywa, Deputy Vice Chancellor (AFD) and Dr. P. Obino, Chairman of the Environment Management and Mainstreaming Committee of the University

Health

The University supports various health related initiatives that enables its stakeholders minimize infections. In the year under review, the University Health Unit in collaboration with Lumboka Hospital and Trinity optical organised a free medical camp for Kibabii University community. The University also collaborated with Kenya Red Cross Bungoma Chapter to organize for community medical camp from 24th - 25th March, 2017. The free medical services outreach helped in building awareness and empowering the local community in managing health matters concerning them. During this campaign, deworming, anti-jigger campaign, blood donation, and family planning issues were addressed. The outreach was conducted in Namikelo, Stoma and Matongi Primary Schools and their immediate local communities.



Kibabii University staff, students and Kenya Red cross during a free medical camp event to the Bumgoma community organized by the University in collaboration with Kenya Red Cross, Bungoma

Security

In the financial year under review Kibabii University supported Tuuti AP camp in construction of three houses to enable more deployment of Police Officers commensurate with the population around the environment and within Kibabii University.



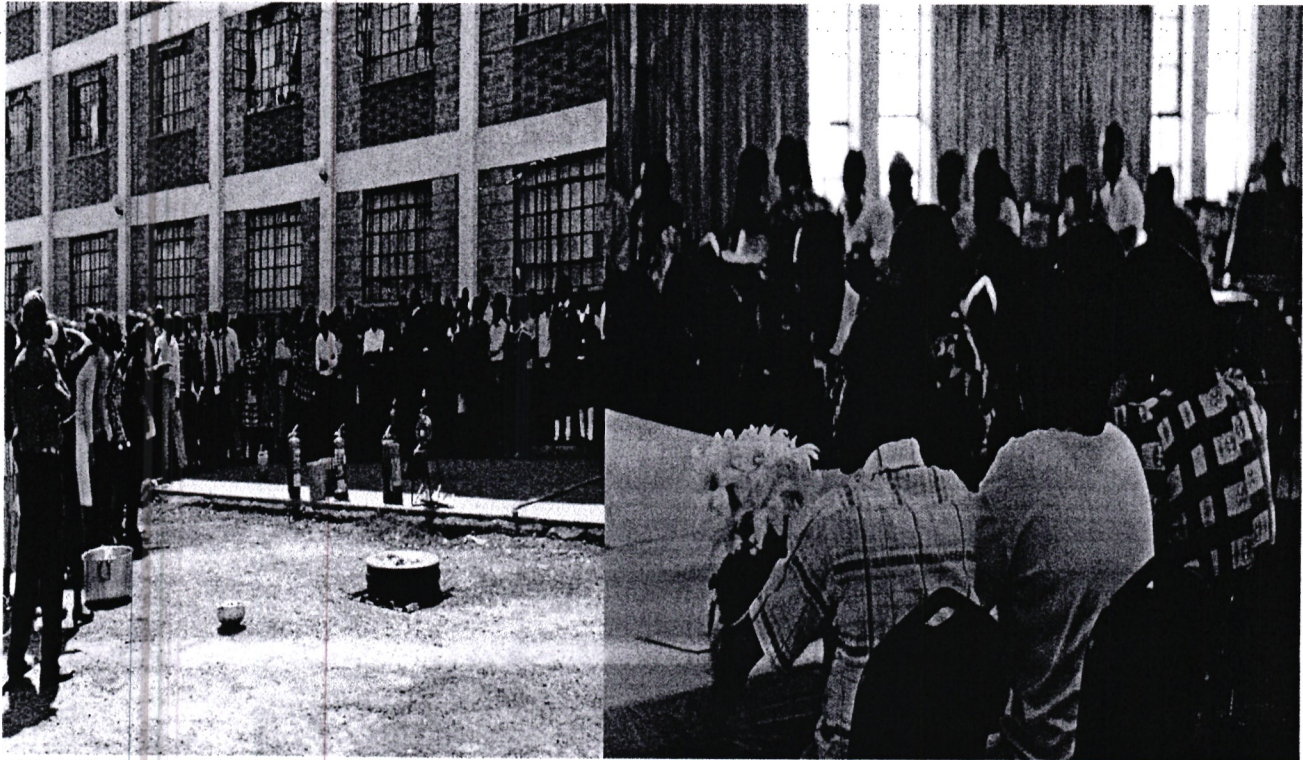
Tuuti AP camp houses constructed with support from Kibabii University to enable provision of security to students and the Kibabii University community.

In the wake of heightened threat of terrorism around the country, the University engaged the County Security Committee and agreed on police deployment at the University premises for 24 hours throughout the financial year. The institution also offered transport for the officers to and from their official residence. This collaboration has minimized and deterred criminal activities.



A Police Officer deployed to the University premises providing surveillance due to terrorism threats across the country.

The University through Security department organized training on fire safety, first aid, disaster management and terrorism that targeted staff and students. This was aimed at ensuring that the University community is equipped with knowledge and skills in emergency preparedness.



Kibabii University students and staff undergoing training on fire safety, first aid, disaster management and terrorism mitigation measures.

VIII. REPORT OF THE COUNCIL

The Council submit their report together with the audited financial statements for the year ended June 30, 2017 which show the state of the Kibabii University's affairs.

Principal activities

The principal activities of Kibabii University are to offer higher education, research and extension services.

Results

The results of the Kibabii University for the year ended June 30, 2017 are set out on page 27.

Council Members

The Council Members who served during the year are shown on page 6-7. During the year under review the Chairman of Council, Prof. Shem Migot Adholla, EBS was appointed to the Kenyatta University Council and was replaced by Dr. Ernest Mwangi Njoroge as Chairman of Council with effect from March 9, 2017. The University is established under the Kibabii University Charter, 2015, Kibabii University Statutes and Universities Act, 2012.

Auditors

The Auditor General is responsible for the statutory audit of Kibabii University in accordance with the Section 68 of the Public Finance Management (PFM) Act, 2012, Section 38 and 39 of the Public Act, 2015 and Article 229 of the Constitution of Kenya, 2010 which empowers the Auditor General to nominate other auditors to carry out the audit on his behalf.

By Order of the Council



Prof. Isaac I. Odeo

Council Secretary/ Vice Chancellor

Bungoma

Date: 22/01/2018

IX. STATEMENT OF THE COUNCIL

Section 81 of the Public Finance Management (PFM) Act, 2012, section 14 of the State Corporations Act and the Universities Act, 2012 section 47 require the Council Members to prepare financial statements in respect of Kibabii University, which give a true and fair view of the state of affairs of the University at the end of the financial year/period and the operating results of the University for that year/period. The Council 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 (period) ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council 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 Financial Reporting Standards (IFRS), and in the manner required by the PFM Act 2012 and the State Corporations Act 2012. 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, 2017, 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 Kibabii University's financial statements were approved by the Council on _____ 2017 and signed on its behalf by:


for _____
Council Chairman

Council Member

Council Member

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P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KIBABII UNIVERSITY FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements set out on pages 30 to 66, which comprise the statement of financial position as at 30 June 2017 and the statement of comprehensive income, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kibabii University as at 30 June 2017 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 Kibabii University Charter, 2016.

In addition, as required by Article 229(6) of the Constitution, except for the matter described in the Other Matter section of my report, based on the procedures performed, I confirm that nothing has come to my attention to cause me to believe that public money may not have been applied lawfully and in an effective manner.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kibabii University in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Other Matter

Employee Cost

The statement of financial performance under employee cost of Kshs.569,819,005 as at 30 June 2017 includes medical aids totaling Kshs.30,931,385. However, it was noted that the

Report of the Auditor-General on the Financial Statements of Kibabii University for the Year ended 30 June 2017

staff medical aid is open ended without limit levels attached to staff of various cadres. The future sustainability of the employee medical aid programme depends on amicable agreement with the trade union on the employee benefits limit and adoption of the draft medical policy.

Further, it was noted that the employee cost of Kshs.569,819,005 constitute 67% of the total revenue of Kshs.845,972,657 contrary to Section 26(1a) of the Public Finance Management Act,2012- National Government Regulations,2015, which puts a cap at 35% of the total receipts.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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 such 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.

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

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

Those charged with governance are responsible for overseeing the University's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

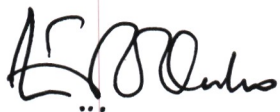
The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. 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 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.

As part of an audit in accordance with ISSAIs, I exercise professional judgment 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern. 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 consolidated/ financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities to express an opinion on the financial statements.

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

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



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

Nairobi

05 May 2018

XI. KIBABII UNIVERSITY
STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2017


	Note	2016-2017	2015-2016
Revenue from non-exchange transactions			
Exchequer grants	5	285,670,750	281,558,795
Public contributions and donations	6	3,212,630	8,313,630
Transfers from other government agencies	7	310,000	0
Other income	8(a & b)	22,203,106	0
		311,396,486	289,872,425
Revenue from exchange transactions			
Rendering of services	9	20,136,550	14,627,552
Tuition fees	10	384,566,000	325,877,048
Rental revenue from facilities and equipment	11	2,866,800	1,804,800
Other income	12	127,006,821	81,444,988
		534,576,171	423,754,388
Total revenue		845,972,657	713,626,813
Expenses			
Administrative expenses	13 (a)	812,703,919	717,198,052
Marketing expenses	14	5,862,144	7,938,162
Total expenses		818,566,063	725,136,214
Other gains/(losses)			
Surplus before tax		27,406,595	-11,509,401
Taxation			
Surplus for the period		27,406,595	-11,509,401
Attributable to:			
Surplus attributable to owners of the controlling entity		27,406,595	-11,509,401

The notes set out on pages 43 to 64 form an integral part of the Financial Statements


**XII. KIBABII UNIVERSITY
STATEMENT OF FINANCIAL POSITION
As at 30 June 2017**

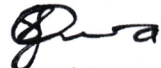
	Note	2016-2017 Kshs	2015-2016 Kshs
Assets			
Current assets			
Cash and cash equivalents	15	136,044,749	92,582,687
Receivables from exchange transactions	16	190,356,801	175,252,853
Inventories	17	8,041,155	7,758,744
		334,442,705	275,594,284
Non-current assets			
Property, plant and equipment	18(a),(b) & (c)	2,037,163,399	1,789,979,642
		<u>2,037,163,399</u>	<u>1,789,979,642</u>
Total assets		<u>2,371,606,104</u>	<u>2,065,573,926</u>
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	19	173,509,917	198,739,400
Non-current liabilities			
		<u>0</u>	<u>0</u>
Total liabilities		<u>173,509,917</u>	<u>198,739,400</u>
Net assets			
		2,198,096,187	1,866,834,526
Capital reserves		601,070,335	362,552,705
Revaluation reserves		1,434,485,296	1,407,099,296
Accumulated surplus		162,540,556	97,182,525
Total net assets and liabilities		<u>2,198,096,187</u>	<u>1,866,834,526</u>

The Financial Statements set out on pages 30 to 33 were signed on behalf of the University Council by:


Vice Chancellor
Prof. Isaac I. Odeo

Date 22/01/18


Deputy Finance Officer
Benjamin M. Oduori
ICPAK Member Number: 7492
Date.....


Chairman of the Council
Dr. Ernest M. Njoroge

Date 22/01/18

**XIII. KIBABII UNIVERSITY
STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2017**

	Capital Reserves	Revaluation Reserves	Revenue Reserves	Total
	Kshs	Kshs	Kshs	Kshs
As at 1 July 2015	261,557,991	1,407,099,296	108,691,926	1,777,349,213
Surplus/(Deficit) for the Year	0	0	-11,509,401	-11,509,401
Capital Funds	100,994,714	0	0	100,994,714
As at 30 June 2016	362,552,705	1,407,099,296	97,182,525	1,866,834,526
As at 1 July 2016	362,552,705	1,407,099,296	97,182,525	1,866,834,526
Prior years Deferred income on buildings	0	0	37,952,866	37,952,867
Surplus/(Deficit) for the Year	0	0	27,406,595	27,405,164
Capital Funds	238,517,630	27,386,000	0	265,903,630
As at 30 June 2017	601,070,335	1,434,485,296	162,540,556	2,198,096,187

NOTES

- The prior year deferred income (depreciation on buildings) of Kshs. 37,952,866.00 are the accumulated values charged to the statement of financial performance in the periods between 2012/2013 and 2015/2016 financial years as administrative expense while the same had not been recognised as deferred income under other incomes in the statements of financial performance hence this has been adjusted in the statement of changes in net assets under revenue reserves to effect the omission. The brake down is as follows;

FINANCIAL YEAR	AMOUNT KSHS.	ACCUMMULATED AMOUNTS KSHS.
2012/2013	368,811.00	368,811
2013/2014	-	368,811
2014/2015	18,138,512.00	18,507,323
2015/2016	19,445,543.00	37,952,866
	TOTAL ACCUMMULATED DEPRECIATION (DEFERRED INCOME)	37,952,866

- The capital fund include capital development grants received form the Government of Kenya and donations of Kshs. 235,500,000.00 and Kshs. 3,017,630.00 respectively.
- Revaluation value of Kshs. 27,386,000.00 include revaluation of motor vehicles in the year under review done by AA Kenya.

**XIV. KIBABII UNIVERSITY
STATEMENT OF CASH FLOWS
AS AT 30 JUNE 2017**

	Note	2016-2017 Shs	2015-2016 Shs
Cash and cash equivalents at the beginning of the financial year	15	92,582,687	46,917,443
Cash flows from operating activities			
Receipts			
Public contributions and donations		195,000	8,313,630
Government grants and subsidies	5	285,670,750	281,558,795
Transfers from other government agencies	7	310,000	
Rendering of services	9	20,136,550	14,627,552
Tuition fees	10	384,566,000	325,877,048
Rental revenue	11	2,866,800	1,804,800
Other income, and agency fees	12	127,006,821	81,444,988
Total Receipts		820,751,921	713,626,813
Payments			
Employees Costs		558,792,138	482,394,182
Marketing costs	14	5,862,144	7,938,162
Administrative expenses		202,646,204	193,585,516
Total Payments		767,300,486	683,917,860
Net cash flows from operating activities		53,451,435	29,708,953
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	18	(255,332,497)	(144,296,508)
(Decrease)/increase in Trade & other payables		25,229,483	112,736,435
(Decrease)/increase in Trade & other receivables		(15,103,948)	(56,231,284)
(Decrease)/(Increase) in inventories		(282,411)	2,752,934
Net cash flows used in investing activities		(245,489,373)	(85,038,423)
Cash flows from financing activities			
Capital reserves		235,500,000	100,994,714
Net cash flows used in financing activities		235,500,000	100,994,714
Net increase/(decrease) in cash and cash equivalents		43,462,062	45,665,245
Cash and cash equivalents as at 30 June 2017	15	136,044,749	92,582,687

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

ITEM CODE	BUDGET SUMMARY DETAILS	REVISED BUDGET		ADJUSTMENTS		FINAL BUDGET		ACTUAL ON COMPARABLE BASIS		PERFORMANCE DIFFERENCE		VARIANCE %	NOTE
		2016/2017 KShs.	2016/2017 KShs.	2016/2017 KShs.	2016/2017 KShs.	2016/2017 KShs.	2016/2017 KShs.	2016/2017 KShs.	2016/2017 KShs.				
	INCOME												
	Income from Exchequer												
100	Exchequer Grants	285,670,750.00	-	285,670,750.00	-	285,670,750.00	0.30	0.00					
	Appropriations in Aid (A-I-A)												
101	Tuition fee	330,875,200.40	16,543,760.02	347,418,960.30		384,566,000.00	(37,147,039.70)	-10.69					1
102	Administrative & Related Charges	63,382,590.00	35,956,032.00	99,338,622.50		105,420,919.00	(6,082,296.50)	-6.12					
103	Students Accommodation Fees	10,368,000.00	-	10,368,000.00		13,338,533.00	(2,970,533.00)	-28.65					2
104	10 % Research Income & public contributions & donations	-	-	0		505,000.00	(505,000.00)	100.00					3
107	Field Trips/Attachment/School Practice Courses	11,169,275.99	8,363,824.01	19,533,099.99		21,585,902.00	(2,052,802.01)	-10.51					4
	Sub - Total	415,795,066.40	60,863,616.03	476,658,682.79		525,416,354.00	(48,757,671.21)						
	Income from IGU's												
105	Rental Income & other income	7,062,230.00	-	7,062,230.00		9,664,817.00	(2,602,587.00)	-36.85					5
106	Consultancy Fees	-	-	-		-							
	Sub - Total	7,062,230.00	-	7,062,230.00		9,664,817.00	(2,602,587.00)						
	Total A-I-A	422,857,296.40	60,863,616.03	769,391,662.79		535,081,171.00	234,310,491.79						
	Gross Income	708,528,046.40	60,863,616.03	769,391,662.80		820,751,920.70	(51,360,257.90)						

EXPENDITURE									
(i) Administrative Costs									
(a) Compensation to Employees									
000	Personal Emoluments	216,274,778.40	(2,582,676.60)	213,692,101.80	200,926,075.58	12,766,026.22			5.97
001	Gratuity & pensions	62,526,474.00	(5,662,800.13)	56,863,673.87	53,483,486.33	3,380,187.54			5.94
002	House allowance	111,675,075.00	2,000,000.00	113,675,075.00	123,788,604.72	(10,113,529.72)			-8.90
003	Other personal allowances	33,386,840.00	(5,215,091.50)	28,171,748.50	30,563,589.72	(2,391,841.22)			-8.49
004	House to office	33,771,600.00	(3,842,900.00)	29,928,700.00	32,588,124.27	(2,659,424.27)			-8.89
005	Passage & leave expense	2,386,127.00	1,603,468.25	3,989,595.25	4,226,272.00	(236,676.75)			-5.93
006	Part-Time Lecturers costs and PSSP disbursements	58,000,000.00	(3,704,371.60)	54,295,628.40	42,138,296.03	12,157,332.37			22.39
	Sub - Total	518,020,894.40	(17,404,371.58)	500,616,522.82	487,714,448.65	12,902,074.17			
	(b) Staff and Students Welfare								
200	Medical expenses	13,000,000.00	15,000,000.00	28,000,000.00	28,068,752.23	(68,752.23)			-0.25
201	Inter-University Games & other students activities	1,775,528.42	72,071.09	1,847,599.51	1,847,599.58	(0.07)			0.00
202	Purchase of Uniforms & Clothing	112,247.53	-	112,247.52	-	112,247.52			100.00
203	Public Celebrations & Staff Welfare	107,061.70	99,999.98	207,061.68	205,438.00	1,623.68			0.78
204	Students Expenses	364,648.73	1,912,126.26	2,276,774.99	2,258,353.00	18,421.99			0.81
205	Choir, Drama & Clubs	543,270.17	682,299.99	1,225,570.16	1,225,120.00	450.16			0.04
206	Coaching & Mentoring	260,769.68	-	260,769.68	184,515.00	76,254.68			29.24
207	HIV & AIDS, Gender Mainstreaming, Disability Mainstreaming and other related activities	437,765.38	-	437,765.36	125,128.00	312,637.36			71.42
208	Purchase of Sports Equipment's	279,707.15	-	279,707.16	265,500.00	14,207.16			5.08

210	Students Admission Expenses	236,842.29	220,999.99	457,842.28	352,035.00	105,807.28	23.11	10
211	SGC Elections & Training	1,258,959.21	-	1,258,959.60	1,244,500.00	14,459.60	1.15	
212	Car Loan & Mortgage Scheme	-	-	-	-	-	-	
213	KIBUCOSA-SGC	1,920,000.00	280,000.00	2,200,000.00	2,124,408.00	75,592.00	3.44	
300	Transport Operating Expenses	5,367,425.99	2,900,000.01	8,267,426.00	8,217,447.80	49,978.20	0.60	
301	Travelling & Accommodation Expenses	2,637,817.02	4,210,000.02	6,847,817.04	6,824,869.98	22,947.06	0.34	
302	External Travelling & Accommodation Exp.	841,856.50	58,504.48	900,360.98	900,361.20	(0.22)	0.00	
303	Postal & Telegram Expenses	405,113.90	-	405,113.90	237,663.92	167,449.98	41.33	11
304	Telephone Expenses	729,608.96	1,800,000.00	2,529,608.96	2,567,974.04	(38,365.08)	-1.52	
305	Office Expenses	289,598.63	188,000.01	477,598.64	453,619.37	23,979.27	5.02	
306	Purchase of Stationery	5,000,000.00	200,000.00	5,200,000.00	5,123,525.00	76,475.00	1.47	
307	Council Expenses	9,000,000.00	2,000,000.00	11,000,000.00	11,175,791.00	(175,791.00)	-1.60	
310	Audit Fees & Expenses	286,231.21	299,999.99	586,231.20	464,000.00	122,231.20	20.85	12
311	Purchase of Computers, Printers & Other ICT Infrastructure	4,723,760.60	1,493,247.30	6,217,007.90	6,150,420.10	66,587.80	1.07	
313	Legal & Insurance Expenses	4,500,000.00	1,428,787.00	5,928,787.00	5,928,787.00	-	0.00	
314	Recruitment & Training Expenses	954,104.03	953,295.01	1,907,399.04	1,900,845.00	6,554.04	0.34	
315	Purchase of Motor Vehicles	4,233,600.00	1,461,000.00	5,694,600.00	5,694,600.00	-	0.00	
316	Purchase of Plant, Furniture & Equipment	1,515,341.69	-	1,515,341.68	1,562,805.00	(47,463.32)	-3.13	
317	Performance Contracting Projects	722,475.33	-	722,475.33	118,600.00	603,875.33	83.58	13
318	Purchase of ERP System	10,000,000.00	-	10,000,000.00	9,905,006.86	94,993.14	0.95	

409	Books & Journals	3,841,782.49	-	3,841,782.56	3,670,860.00	170,922.56	4.45
410	Bookshop Expenses	367,500.00	-	367,500.00	367,500.00	-	0.00
411	Caution Money	448,990.13	-	448,990.12	448,000.00	990.12	0.22
412	Hire of Transport, Plant & Machinery	56,123.77	-	56,123.76	9,800.00	46,323.76	82.54
413	Community Based education & extension services	53,317.58	371,114.40	424,431.98	424,432.00	(0.02)	0.00
414	University Research Programme	1,263,556.95	-	1,263,557.02	1,249,166.00	14,391.02	1.14
415	Quality Assurance	4,489,901.31	2,432,858.70	6,922,760.01	6,905,960.00	16,800.01	0.24
416	Laboratory Equipment's	3,367,425.99	-	3,367,426.00	3,349,360.00	18,066.00	0.54
417	Teaching Materials	2,244,950.66	-	2,244,950.64	1,514,720.00	730,230.64	32.53
	Sub - Total	36,040,908.86	19,987,293.02	56,028,201.88	54,193,357.86	1,834,844.02	
	(d) Support Services						
500	Utilities (Electricity, Water & Conservancy)	7,296,089.63	5,246,227.40	12,542,317.03	13,452,231.34	(909,914.31)	-7.25
501	Payment of Rent & Rates	12,000,000.00	2,000,000.00	14,000,000.00	13,549,329.98	450,670.02	3.22
502	Maintenance of Catering & Hostel facilities	404,748.00	-	404,748.00	345,977.00	58,771.00	14.52
503	Cleaning Services	18,700,000.00	4,300,000.00	23,000,000.00	20,337,616.65	2,662,383.35	11.58
504	Maintenance of Plant, Furniture & Equipment	352,964.61	29,999.99	382,964.60	380,124.00	2,840.60	0.74
505	Maintenance of Computers	25,255.69	-	25,255.68	-	-	0.00
506	Maintenance of Buildings	1,683,712.99	-	1,683,713.00	2,370,227.00	(686,514.00)	-40.77
507	Affiliation, Contract Services, Subscriptions & Accreditation	617,361.43	4,665,110.08	5,282,471.51	5,311,371.50	(28,899.99)	-0.55
508	Maintenance of Water Supplies & Sewerage	170,055.01	1,764.17	171,819.18	30,000.00	141,819.18	82.54

509	Maintenance of Playgrounds & Parks	299,139.68	47,860.32	347,000.00	347,000.00	-	0.00
511	Security Services	13,000,000.00	-	13,000,000.00	12,985,580.71	14,419.29	0.11
512	Telecommunication Maintenance	-	-	-	-	-	-
513	Fungicides & Insecticides & Sprays	896,743.71	400,000.01	1,296,743.72	1,556,131.30	(259,387.58)	-20.00
510	Catering Expenses	13,384,302.00	2,000,000.00	15,384,302.00	15,355,803.00	28,499.00	0.19
	Sub – Total	68,830,372.76	18,690,961.96	87,521,334.72	86,021,392.48	1,499,942.24	
	Total Administrative Costs	702,124,591.12	57,933,745.11	760,058,336.23	739,833,787.43	20,224,548.80	
	(ii) Marketing Costs						
308	Advertising & Publicity	5,700,000.00	2,814,870.00	8,514,870.00	7,514,861.73	1,000,008.27	11.74
407	Publishing & Printing Expenses	467,735.47	-	467,735.48	183,480.00	284,255.48	60.77
309	Show Expenses & University Exhibitions	235,719.82	114,999.98	350,719.80	350,100.00	619.80	0.18
	Sub – Total	6,403,455.29	2,929,869.99	9,333,325.28	8,048,441.73	1,284,883.55	
	Total Marketing Costs	6,403,455.29	2,929,869.99	9,333,325.28	8,048,441.73	1,284,883.55	
	Gross Expenditure	708,528,046.40	60,863,615.11	769,391,661.51	747,882,229.16	21,509,432.35	
	Budget Surplus/Deficit						

The original budget was approved by the University Council on 20/6/2016. The final revision was also approved by the University Council on 8/4/2017.

NOTE TO THE BUDGET VARIANCES

1. Tuition fee

This is attributed to a significant increase in enrolment in both GSSP and PSSP which resulted to a variance of 11%.

2. Students Accommodation Fees

There was an increase in income collected from student accommodations which was due to full occupancy of rooms.

3. Research Income & public contributions & donations

There was a collection of Kshs. 310,000 from research grants and Kshs 195,000 towards international conference and graduation which was donated by well-wishers. This attributed to 100% variance which was not anticipated in the year under review.

4. Field Trips/Attachment/School Practice Courses

Field Trips/Attachment/School Practice income increased significantly due to increase in number of students proceeding on Field Trips/Attachment/School Practice which was not anticipated.

5. Rental Income & other income

Through ERP system we were able to know the exact amount the institution collects from staff house rent and catering units. This is attributed to increase in number of students taking meals at the University cafeteria.

6. Part-time lecturers costs and PSSP disbursement

There was underutilization of part-time funds by 22%, due to prudence in management of payment to part timers and creditors based on actual collection from fees.

7. Purchase of uniforms and clothing

In this financial year we were unable to purchase staff uniforms and clothing because of insufficient funds. A total of Kshs 360,000 was needed for the purchase of uniforms and therefore will be included in the next financial year 2017/2018.

8. Coaching and mentorship

The University Management board came up with cost cutting strategies which included reducing student's activities and having one motivational speaker in this financial year. This resulted in 29% of funds budgeted for coaching and mentorship being saved.

9. HIV & AIDS ,Gender, Disability Mainstreaming and other activities

The vote for HIV & AIDs, gender, disability mainstreaming and other activities was underutilized by 71% due to minimal activities that were involved in 2016/2017 financial year. The students strike also disrupted the Aids control unit calendar and therefore most activities were not done.

10. Students Admission expenses

This financial year there was no January intake, this was due to the national strike for University workers and therefore there was savings of 44% of student's admission expenses.

11. Postal & Telegram expenses

There was savings of 51%, resulting from cost cutting strategies, where the institution passed a resolutions of using emails for official communication in and outside the institution.

12. Audit fees and expenses

In this financial year, there was savings of 21% on audit expenses due to delays in release of the audit report that hence the printing of the annual report and financial statement will done in 2017/2018 financial year.

13. Performance contracting projects

There was savings of 86% of performance contracting projects funds, this was as a result a delay by the Commission for University Education in issuance of invoice for accreditation of cooperative and entrepreneurship management programme and Water Recyling plant was still in the procurement process for the equipment and materials to be supplied.

14. Consultancy& valuation expenses

There was 60% savings of consultancy and valuation expenses this occurred because of few consultancy and valuation activities that was encountered. The University had intended to value computers and motor vehicles but only motor vehicles valuation was done while valuation of computers was not done due lack of relevant computer valuation experts.

15. Town Learning Centre expenses

There was a significant reduction of Town Learning Centre expenses. This was because some of the expenses incurred by the centre in purchasing stationery was committed in the stationery expenses, while those for electricity and water bills were voted in the utilities expenses vote.

16. Performance Contracting

Activities that were planned for Performance Contracting were not undertaken due to inadequate funds resulting in underutilization of 18% of the funds. On the other hand some activities were financed from other votes within the budget.

17. IGU Development Expenses

There was savings of 71%, resulting from cost cutting strategies, where the institution passed a resolutions of giving attention to urgent items only.

18. Deans & Senate Committees

In this financial year the Deans and Senate meetings were reduced which led to reduction in refreshment cost therefore resulting to 11% savings.

19. Hire of transport, plant and machinery

Cost of hiring transport, plant and machinery was reduced. This was because of acquisition of additional motor vehicles and therefore we were able to save 83% of hiring cost.

20. Teaching materials

We were able to procure 77% of teaching materials and the remaining fraction of teaching materials needed more than kshs 730,230.64 and therefore it forced the institution to defer the expenditure to the next financial year.

21. Maintenance of Catering & Hostel facilities

Due to minimum breakages on catering and hostel facilities we were able to save 15% of cost.

22. Cleaning services

Due to new contract with ROBU cleaning services the institution was able to save 12% as compared with the previous contractor who was much higher.

23. Maintenance of computers

In FY 2016/2017 the institution did not incur any cost on maintenance of computers, since there was no default and therefore we were able to save 100%.

24. Maintenance of buildings

The institution overspend 41% to repair windows and painting the buildings which was damaged by students during the strike. These was charged to students as fines hence the overspent was recovered.

25. Maintenance of water supplies and sewerage

Due to minimum breakages of water supplies and sewerage we were able to save 83% of cost.

26. Fungicides & Insecticides & Sprays

The cost of fungicides ,insecticides and sprays increased by 20% because of cases of bedbugs and extension of semester due to strike which led to extension sanitary services.

27. Advertising & Publicity

In this financial year most of advertising and publicity was done online by use of University website. Through this the University was able to minimize advertising and publicity expenses resulting in a savings of 12%.

28. Publishing & Printing Expenses

Most of documents like brochures, financial reports, master plan and University magazine were not published and printed resulting in a savings of 61% of the funds.

VI. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Kibabii University is established by Kibabii University Charter 2015 and derives its authority and accountability from Universities Act 2012. The University is wholly owned by the Government of Kenya and domiciled in Kenya. The University's principal activity is teaching, research and innovation.

2. Statement of compliance and basis of preparation

The Kibabii University's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS) pronounced by the Public Sector Accounting Standards Board as a requirement of the Public Finance Management Act, 2012. The University Adopted International Public Sector Accounting Standards (IPSAS) for the first time with effect from 30th June, 2014.

The financial statements are presented in Kenya shillings, which is the functional and reporting currency of the University and all values are rounded to the nearest thousand (Ksh000). The accounting policies have been consistently applied to all the years presented.

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

3. ADOPTION OF NEW AND REVISED STANDARDS

i. Relevant new standards and amendments to published standards effective for the year ended 30 June 2017

Standard	Impact
IPSAS 33: First time adoption of Accrual Basis IPSAS	(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 33, First-time Adoption of Accrual Basis IPSASs. IPSAS 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time, providing a major tool to help entities along their journey to implement IPSASs. It allows first-time adopters three years to recognize specified assets and liabilities. This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the transition period.

Standard	Impact
	<p>The Kibabii University adopted IPSAS in the year ended 30 June 2014 and therefore provisions of first time adoption of accrual basis does not apply to the University.</p>
<p>IPSAS 34: Separate Financial Statements</p>	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 34, Separate Financial Statements. IPSAS 34 prescribes the accounting and disclosure requirements for investments in controlled entities, joint ventures and associates when an entity prepares separate financial statements. The University does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.</p>
<p>IPSAS 35: Consolidated Financial Statements</p>	<p>Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 35, Consolidated Financial Statements. IPSAS 35 establishes principles for the preparation and disclosure of consolidated financial statements when an entity controls one or more entities. It requires an entity that controls one or more other entities to assess control over those entities based on the following:</p> <ul style="list-style-type: none"> - Its power over the other entity - Its exposure or rights to variable benefits from involvement with the other entity - Its ability to control the nature, timing and amount of benefits from the other entity. <p>Once control is assessed the controlling entity is supposed to prepare consolidated financial statements unless it meets all the criteria under section 5 of IPSAS 35. The University does not have any subsidiaries, joint ventures or investments and therefore the standard does not apply.</p>
<p>IPSAS 36: Investments in Associates and Joint Ventures</p>	<p>(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 36, Investments in Associates and Joint Ventures. The Standard prescribes for the accounting for investments in associates and joint ventures and to set out requirements for the application of the equity method when accounting for investments in associates and joint ventures. The standard shall be applied by all entities with significant influence over, or joint control of, an investee where the investment leads to the holding of a quantifiable ownership interest.</p>

Standard	Impact
	The University does not have investments in associates or joint ventures and therefore the standard does not apply.
IPSAS 37: Joint Arrangements	(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 37, Joint Arrangements. IPSAS 37 establishes principles for financial reporting by entities that have an interest in arrangements that are controlled jointly. The University does not have an interest in a joint arrangement and therefore the standard does not apply.
IPSAS 38: Disclosure of Interests in Other Entities	(Effective for annual periods beginning on or January 1, 2017) In January 2015, the IPSASB published IPSAS 38, Disclosure of Interests in Other Entities. IPSAS 38 requires an entity to disclose information that enables users of its financial statements to evaluate the nature of and risks associated with, its interests in controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and the effects of those interests on its financial position, financial performance and cash flows. The University does not have an interests in other entities and therefore the standard does not apply.

ii. **New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2017**

Standard	Effective date and impact:
IPSAS 39: Employee Benefits	Applicable: 1st January 2018 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach.
IPSAS 40: Public Sector Combinations	Applicable: 1st 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

Standard	Effective date and impact:
	transactions which are covered purely under Public Sector combinations as amalgamations.

iii. Early adoption of standards

The Kibabii University did not early – adopt any new or amended standards in the financial year 2016/2017.

4. Summary of significant accounting policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from the other Government entities

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

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 University and the fair value of the asset can be measured reliably.

ii) Revenue from exchange transactions

Rendering of services

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

Interest income

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

Rental income

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

b) Budget information

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

c) Taxes

Current income tax

The University is exempted from taxation under the first schedule of the Income Tax Act Cap 470.

e) 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 University recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

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

The annual depreciation rates in use are:

Building	2%
Furniture, plant and equipment	12.5%
Motor vehicles	25%
Computers	33.3%
Library books	20%

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

f) 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.

i) Research and development costs

The University expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the University 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.

h) Financial instruments

Financial assets and financial liabilities are recognised in the University's statement of financial position when the company becomes a party to the contractual provisions of the instrument.

Financial Assets

Government securities

Government securities comprise treasury bonds which are debt securities issued by the Government of Kenya. Government securities are classified as held to maturity and are stated at amortised cost.

Short term deposits

Short term deposits are classified as held to maturity and are stated at amortised cost.

Receivables

Trade receivables are carried at anticipated realised value. An estimate is made for bad and doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off when all reasonable steps taken to recover them have failed.

Impairment of financial assets

When a receivable is known to be uncollectible, all the necessary legal procedures have been completed, and the final loss has been determined, the receivable is written off against the related provision for receivable impairment. Such receivables are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are included in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in profit or loss.

Financial liabilities

Trade payables

Trade payables are current and are stated at their nominal value.

i) 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 condition 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 University.

j) Provisions

Provisions are recognized when the University 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 University 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.

The University provides for bad and doubtful debts at a rate of 5% on the value of debtors at the end of the financial year. This amount is recognised as an expense in the statement of financial performance.

Contingent liabilities

The University 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.

k) Changes in accounting policies and estimates

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

l) Employee benefits**Retirement benefit plans**

The University provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which the University pays fixed contributions into a separate Kibabii University (a fund) account, 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.

Staff Annual Leave Accrual

Employee entitlements of annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by the employee up to the balance sheet date.

m) 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.

n) 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.

o) Related parties

Kibabii University 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 University or vice versa. Members of key management are regarded as related parties and comprise the University Council and Management.

p) Cash and cash equivalents

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

q) Comparative figures

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

r) Significant judgments and sources of estimation uncertainty

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

Estimates and assumptions

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

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:

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

s) Nature and purpose of reserves

The University creates and maintains reserves in terms of specific requirements.

Revaluation reserves

This represents the change in the values of assets after a revaluation undertaken during the financial year 2013/2014, by Odongo Kabita & Company Valuers. This represents the values of Assets previously owned by the Kibabii Diploma Teachers Training College transferred to Kibabii University. If the carrying amount of a class of assets is increased as a result of a revaluation, the increase is credited directly to revaluation surplus. If the carrying amount of a class of assets is decreased as a result of a revaluation, the decrease is recognized in surplus or deficit. Revaluation increases and decreases relating to individual assets within a class of property, plant, and equipment is offset against one another within that class. Some or the entire revaluation surplus included in net assets/equity in respect of property, plant, and equipment is transferred directly to accumulated surpluses or deficits when the assets are derecognized either by disposing or retiring it.

Capital reserves

This represents the values of Assets capitalized as a result of capital development funding received from the Government of Kenya through the Ministry of Education State Department of University Education.

Revenue reserves

This represents surplus or deficits incurred/ accumulated over time by the University as a result of its activities.

u) 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, 2017.

5. Exchequer Grants

	2017	2016
	Kshs.	Kshs.
July	23,805,896	23,805,896
August	23,805,896	23,805,896
September	23,805,896	23,805,896
October	23,805,895	23,805,896
November	23,805,895	23,805,896
December	23,805,895	23,805,896
January	23,805,895	23,805,896
February	23,805,895	23,805,896
March	23,805,895	23,805,896
April	23,805,895	23,805,896
May	23,805,895	21,749,918
June	23,805,902	21,749,917
TOTAL	<u>285,670,750</u>	<u>281,558,793</u>

6. Public Contributions and Donations

	2017	2016
	Kshs.	Kshs.
Family Bank	75,000.00	0
Nzoia water services - graduation	100,000.00	0
Andrian technology co. ltd	20,000.00	0
Donation of books	3,017,630	0
	<u>3,212,630</u>	<u>0</u>

7. Transfers from other government agencies

	2017	2016
	Kshs.	Kshs.
Research grants to students	310,000	0
Total revenue from the research grants	310,000	0

8(a). Other income - Revenue from non-exchange Transactions

Deferred income (Depreciation on buildings)	21,348,676	0
Revaluation surplus	854,430	0
Total income from non-exchange transactions	22,203,106	0

8(b). Recognition of deferred income

Development grants from national government or other development partners should be accounted for in accordance with IPSAS 23 – Revenue from non-exchange transactions. As described under IPSAS 23: 14 -16, such transfers/grants have stipulations which can be either conditions or restrictions on the transferred assets on which the entity is expected to use or consume the future economic benefits or service potential embodied in an asset for a particular purpose. The transfers from National Government have conditions, i.e. they can only be used for development purposes and hence should be accounted for as provided for under IPSAS 23: Paragraph 17 and 44 which states that the entity should recognize the assets and a liability. The liability is then recognized in the income statement over the useful life of development assets acquired using the development grants. This will happen after the asset is completed. While the asset is still in progress, no recognition should be done in the income statement.

9. Rendering of services

	2017	2016
	Kshs.	Kshs.
Catering services	6,627,770	4,156,767
Accommodation services	13,338,533	10,232,950
Grass & Farm income	18,730	6,650
Photocopying & Bindery Services	105,342	38,858
Hire income	46,175	192,327
Total revenue from the rendering of services	20,136,550	14,627,552

10. Tuition

	2017	2016
	Kshs.	Kshs.
Tuition Fees	384,566,000	325,877,048
Total revenue from the tuition	384,566,000	325,877,048

11. Rental revenue from facilities and equipment

	2017	2016
	Kshs.	Kshs.
Rent income	2,866,800	1,804,800
Total rentals	2,866,800	1,804,800

12. Other income

	2017	2016
	Kshs.	Kshs.
Activity Fee	7,486,950	6,249,000
Agency Fee	157,976	480,473
Amenity Fee	7,186,100	6,008,000
Application Fee	811,212	948,385
Alumni fee	799,000	0
Computer Charge - Fines & Penals	9,793,100	2,059,483
Computer Fees	30,841,430	21,182,000
Examination fees	9,594,925	7,726,550
Identity Card	998,500	651,750
Kuso Collections	2,986,900	2,492,000
Library fee	405,180	2,433,350
Medical Subsidy	11,804,500	10,174,100
Registration Fee	1,380,100	1,354,900
School Practice & Attachment	21,585,902	16,154,500
Supervision	6,037,050	2,191,000
Thesis Examination Fees	3,664,875	1,339,497
CUE Fees	2,396,250	0
KUCCPS Fees	1,791,000	0
Graduation fee	6,005,550	0
Workshops & Conferences Fee	446,500	0
Sundry Income	833,821	0
	127,006,821	81,444,988

13. (a) Administration expense

	2017	2016
	Kshs.	Kshs.
Employment costs (Note 13 (b))	569,819,005	482,394,181
Academic board expenses	398,290	1,539,177
Affiliation fees	4,068,339	2,093,900
Audit fees	507,180	0
Bank charges	312,578	108,784
Caution money refund	0	217,308
Choir, drama & clubs	1,225,120	1,312,800
Cleaning services	21,995,608	18,751,194
Community based education. Environment & Extension services	364,382	400,510
Computer expenses	8,252,728	7,425,899
Couching & mentoring	201,450	301,877
Council Expenses	10,981,628	11,805,861
Cultural & careers week	926,795	818,730
Depreciation	40,240,142	41,218,354
Electricity, water & conservancy	14,007,405	13,152,978
ERP & ICT expenses	1,336,926	1,919,168
Examination expenses	1,993,230	2,226,610

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External examiners	2,285,791	1,322,205
External Travel & accommodation	8,247,599	5,620,730
Graduation expenses	9,267,796	1,619,218
Hire of transport	0	95,000
HIV/AIDS expenses	125,128	187,230
Income generating units development expense	103,980	0
Income generating units expense	15,934,736	13,456,714
Insurance and legal expenses	6,579,568	3,257,144
Inter-university games	1,862,700	1,717,400
ISO, Performance Contracting & University Charter	3,108,944	12,282,881
Library expenses	1,468,078.00	6,123,386
Maintenance expenses	7,777,475	8,672,514
Motor vehicle expenses	7,865,868	5,994,268
Official entertainment	670,001	643,272
Passage & package	0	1,010,900
Performance contracting projects	2,156,869	2,545,357
Postal and telegrams	237,334	940,654
Provision for audit fees	582,231	508,686
Provision for bad and doubtful debts (Increase)	742,361	4,127,007
Public celebrations & funerals	169,438	190,760
Purchase of sports equipment	265,500	213,384
Purchase of stationery	9,104,655	6,121,024
Quality assurance	4,409,289	0
Rent and rates	14,177,174	12,104,577
Research expenses	1,196,461	850,305
School practice	8,077,839	8,399,119
Security services	14,104,056	8,704,558
Seminars & conferences	1,037,990	0
SGC elections & training	480,000	2,044,729
SGC expenses	2,206,950	2,120,360
Staff training & development expenses	1,350,775	1,693,860
Strategic Plan & Master Plan expenses	0	1,948,800
Student expenses	2,549,235.00	3,428,218
Teaching material	3,998,828	10,089,433
Telecommunication maintenance	0	0
Telephone expenses	3,016,875.00	1,020,586
Tender expenses & other administrative charges	913,020	2,456,442
Total	812,705,350	717,198,052

13. (b) Employee costs

	2,017	2016
	Kshs.	Kshs.
Employee related costs - salaries and wages	484,620,589	421,177,595
Part time expenses	54,267,031	48,429,346
medical aids	30,931,385	12,787,241
Employee costs	569,819,005	482,394,181

14. Marketing Costs

	2017	2016
	Kshs.	Kshs.
Advertising & Publicity	4,550,814	6,684,552
Publishing and printing	976,230	833,400
University Shows and Exhibitions	335,100	420,210
Total finance costs	<u>5,862,144</u>	<u>7,938,162</u>

15. Cash and cash equivalents

	Account number	2017	2016
		Kshs.	Kshs.
Cash in Hand	N/A	54,250	80,265
Petty Cash	N/A	68,533	186,860
Cheques in Transit	N/A	10,000	671,800
Kenya Commercial Bank Limited	1132024889	30,855,582	5,299,582
Kenya Commercial Bank Limited- Deposit	1137408375	15,498,457	7,047,534
Kenya Commercial Bank Limited -Payment	1137408286	22,030,827	51,398,345
National Bank of Kenya Limited-PENSION	01281076872600	510,383	928,173
National Bank of Kenya Limited - Fees Collection	01001076872600	14,604,147	8,539,785
EQUITY BANK Limited-508	0480261211508	7,494,459	3,614,767
EQUITY BANK Limited-898	0500261717898	3,633,173	3,564,323
Standard Chartered Bank (K) Ltd	0102028272100	12,282,363	3,643,065
Family Bank Limited	077000029979	28,265,972	7,510,685
Barclays Bank of Kenya Limited	2028252628	736,603	97,503
Total cash and cash equivalents		<u>136,044,749</u>	<u>92,582,687</u>

16. Receivables from exchange transactions

Current receivables

	2017	2016
	Kshs.	Kshs.
Students fees debtors	188,557,595	173,739,008
Provision for bad debts	(9,427,880)	(8,686,950)
Staff debtors	1,923,291	897,000
Other debtors (MMUST)	9,303,795	9,303,795
Total current receivables	<u>190,356,801</u>	<u>175,252,853</u>

17. Inventories

	2017	2,016
	Kshs.	Kshs.
Consumable stores	3,565,574	3,429,189
Medical & Laboratory supplies	615,430	553,629
Building, Electrical & plumbing materials	2,411,955	2,706,701
Catering	1,448,196	1,069,225
Total inventories at the lower of cost and net realizable value	<u>8,041,155</u>	<u>7,758,744</u>

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18 (a) Property, Plant and Equipment

	LAND	BUILDINGS	W.I.P	PLANT AND EQUIPMENT	COMPUTERS, PRINTERS & COPPIERS	FURNITURE & FITTINGS	MOTOR VEHICLES	LIBRARY BOOKS	TOTAL
AS AT 1 JULY, 2015	96,152,728	888,787,074	630,356,768	11,577,045	10,457,616	37,637,714	13,257,544	0	1,688,226,489
VALUATION	0	0	0	0	0	0	0	20,666,838	20,666,838
ADDITIONS	0	0	111,260,714	1,586,025	267,060	380,500	0	1,821,741	115,316,040
DONATION	0	0	0	0	0	0	0	8,313,630	8,313,630
TRANSFERS FROM CAPITAL WORK IN PROGRESS	0	83,490,123	-83,490,123	0	0	0	0	0	0
AS AT 30 JUNE, 2016	96,152,728	972,277,197	658,127,359	13,163,070	10,724,676	38,018,214	13,257,544	30,802,209	1,832,522,997
CHARGE FOR THE YEAR	0	19,445,544	0	2,133,017	4,757,088	6,060,644	2,298,850	6,160,441	40,855,584
AS AT 30 JUNE, 2016	96,152,728	952,831,653	658,127,359	11,030,053	5,967,588	31,957,569	10,958,695	24,641,767	1,791,667,412
AT 30 JUNE 2016 COST	96,152,728	990,784,520	658,127,359	16,675,060	21,546,133	49,864,014	28,360,158	30,802,209	1,892,312,181
ACCUMULATED DEPRECIATION	0	37,952,867	0	5,645,007	15,578,545	17,906,445	17,401,463	6,160,441	100,644,768
AS AT 1 JULY, 2016	96,152,728	952,831,653	658,127,359	11,030,053	5,967,588	31,957,570	10,958,695	24,641,767	1,791,667,413
VALUATION	-	-	-	-	-	-	27,386,000.00	-	27,386,000
ADDITIONS	-	-	242,300,000.00	-	5,723,382.00	3,218,800.00	-	4,090,315.00	255,332,497
DONATION	-	-	-	-	119,000.00	-	-	2,898,630.00	3,017,630
AT 30 JUNE, 2017	96,152,728.00	952,831,653.00	900,427,359.00	11,030,053.00	11,809,970.00	35,176,370.00	38,344,695.00	31,630,712.00	2,077,403,540
CHARGE FOR THE YEAR	-	21,348,676.00	-	2,133,017.00	2,589,723.00	6,610,494.50	-	7,558,231.00	40,240,142
AS AT 30 JUNE, 2017	96,152,728.00	931,482,977.00	900,427,359.00	8,897,036.00	9,220,247.00	28,565,875.50	38,344,695.00	24,072,481.00	2,037,163,399
AT 30 JUNE, 2017 COST	96,152,728.00	990,784,520.00	900,427,359.00	16,675,060.00	27,388,515.00	53,082,814.00	55,746,158.00	37,791,154.00	2,178,048,308
ACCUMULATED DEPRECIATION	-	59,301,543.00	-	7,778,024.00	18,168,268.00	24,516,939.50	17,401,463.00	13,718,672.00	140,884,910
CLOSING NET BOOK VALUE	96,152,728.00	931,482,977.00	900,427,359.00	8,897,036.00	9,220,247.00	28,565,874.50	38,344,695.00	24,072,482.00	2,037,163,399

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18. (b). Donations

This relates to donation of books to the University Library in the year under review relates to donation from Adventist University of Africa, African Theological Seminary College, Partha Prema Das Temple, and many other individuals of goodwill to Kibabii University.

18. (c)

The valuation value in the year under review represent the amount of motor vehicles valued including the once that had been fully depreciated in the prior year. This valuation was done at the end of the financial year. The total valuation amounts to Kshs. 27,386,000.00. In the year under review there were fully depreciated assets in form of computers, printers and copiers acquired in the financial years 2012/2013, 2013/2014 and 2014/2015. This assets could not affect the financial statement substantially hence the University plans to carry out their valuation in the financial year 2017/2018. The gross carrying amount of the fully depreciated assets was kshs. 13,067,292.00. The notional depreciation for the fully depreciated assets was Kshs. 4,253,588.00.

19. Trade and other payables from exchange transactions

	2017	2016
	Kshs.	Kshs.
Trade payables	16,453,210	49,942,060
Payments received in advance (prepaid fees)	37,884,572	32,157,035
Third-party payments (Part-timers claims)	1,054,200	21,312,158
Project Retention Money	22,772,858	0
Payroll due- June, 2016	26,924,227	29,046,490
Unremitted pension contributions (June, 2016)	4,199,053	3,608,051
Students accounts	5,000	0
HELB account	2,215,993	9,885,000
CDF	8,304,838	5,028,679
County bursary	4,821,831	0
Other sponsors	496,191	0
Leave Days Due	22,589,104	24,782,723
Service Gratuity Due	16,455,333	10,696,526
Staff imprest recoveries	441,517	0
Provision for audit fees	586,231	508,686
Kibabii University College Pension Scheme	249,546	928,173
Kibabii University Needy Students Fund	2,382,363	3,564,323
Caution money	5,673,850	7,279,500
Total trade and other payables	<u>173,509,917</u>	<u>198,739,403</u>

20. Related party disclosures

The following transactions were carried out with related parties

	2017	2016
(i) Key management compensation		
Salaries and other short term employment benefits	<u>28,586,046</u>	<u>20,465,093</u>
(ii) Council remuneration		
Allowances paid to council members	<u>10,981,628</u>	<u>11,805,861</u>
(iii) Grants from related parties		
Grant from GOK	<u>521,170,750</u>	<u>382,553,507</u>
(vi) Due from related parties		
Masinde Muliro University of Science & Technology	<u>9,303,795</u>	<u>9,303,795</u>

21. Events after the reporting period

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

22. Risk management policies

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

The University has exposure to the following risks:

- i) Market risks
- ii) Liquidity risk
- iii) Credit risks

The Council has overall responsibility for the establishment and oversight of the University's risk management framework.

The University's risk management policies are established to identify and analyze the risks faced by the University, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in economic conditions and the organization's activities. The Vice Chancellor oversees how management monitors compliance with the University's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the University.

Market risk management

Interest rate risk

The University has no interest bearing borrowings or investments and is financed by cash generated from its operations. This risk is therefore not applicable.

Foreign currency risk

The University undertakes certain transactions denominated in foreign currencies, mainly the US Dollar. This results in exposures to exchange rate fluctuations. The balances impacted in this regard are the balance due to payments in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising matching of assets and liabilities.

Liquidity risk

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

	Less than 1 month Sh	Between 1-3 months Sh	Over 5 months Sh	Total Sh
At 30 June 2017				
Fees paid in advance	26,140,355	7,576,914	4,167,303	37,884,572
Borrowings	0	0	0	0
Trade payables	0	16,453,210	0	16,453,210
Caution fees	0	0	5,673,850	5,673,850
	-----	-----	-----	-----
	26,140,355	24,030,124	9,841,153	60,011,632
	=====	=====	=====	=====
At 30 June 2016				
Fees paid in advance	22,042,483	6,576,296	3,538,256	32,157,035
Borrowings	0	0	0	0
Trade payables	0	49,942,060	0	49,942,060
Caution fees	0	0	7,279,500	7,279,500
	-----	-----	-----	-----
	22,042,483	56,518,356	10,817,756	89,378,595
	=====	=====	=====	=====

Credit risk

Credit risk is the risk of financial loss to the University if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the organization's receivables from customers. The University receives fees from students which minimizes the credit risk exposure. The University has a student's fees payment policy which defines how and when fees are supposed to be paid hence minimizes credit risk.

Classification of credit risk bearing assets

The table below represents University's maximum exposure to credit risk as at 30 June 2017 and 2016.

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At 30 June 2017

	Fully performing Shs	Past due Shs	Impaired Shs	Total Shs
Trade receivables	192,381,142			192,381,142
Bank balances	134,020,408	0	0	134,020,408
Total	326,401,550	000	000	326,401,550
	=====	=====	=====	=====

At 30 June 2016

Trade receivables	175,252,852			175,252,852
Bank balances	92,582,687	0	0	92,582,687
Total	267,835,539	000	000	267,835,539
	=====	=====	=====	=====

All the University's receivables are fully performing and are expected to be repaid.

Bank balance includes cash in hand and deposits held with banks. Bank balances are not restricted to any use by the client.

Capital Risk Management

The objective of the University's capital risk management is to safeguard the Council's ability to continue as a going concern. The University capital structure comprises of the following funds:

	2016-2017	2015-2016
	Kshs	Kshs
Revaluation reserve	1,434,485,296	1,407,099,296
Retained earnings	162,540,556	97,182,525
Capital reserve	601,070,335	362,552,705
Total funds	2,198,096,187	1,866,834,526
Total borrowings	0	0
Less: cash and bank balances	(134,020,408)	(92,582,687)
Net debt/(excess cash and cash equivalents)	(134,020,408)	(92,582,687)
Gearing	-6%	-5%

23. Contingent liabilities

During the year under review the University had two on going cases Number Bungoma NC Petition no 15 of 2016. David Murambi and two (2) other VS. The Country Government and Kibabii University trespass to property and a case between *Kenya Union of Domestic Hotels, Educational Institutions, Hospitals & Allied Workers VS Kibabii University* on termination of casual worker whose liabilities has not been determined.

24. Events after the reporting period

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

25. Ultimate and Holding Entity

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.

26. Currency

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

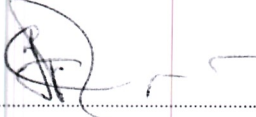
PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
N/A	N/A	N/A	N/A	N/A	N/A

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within Kibabii University responsible for implementation of each issue;
- (iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Vice Chancellor 

Prof. Isaac I Odeo
Date 22/01/2018

Chairman of the Council 

Dr. Ernest Mwangi Njoroge
Date 22/01/2018

I. Appendix 1: 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)
N/A	N/A	N/A	N/A	N/A	N/A	N/A

Status of Projects completion

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

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1st Quarter							
1	Proposed Educational Tuition Block Phase I	206,922,059.70	187,922,059.70	100%	187,922,059.70	206,922,059.70	GoK
2	Proposed Educational Tuition Block Phase II	299,585,573.26	52,799,580.00	60%	58,875,000.00	52,799,580.00	GoK
2nd Quarter							
	Proposed Educational Tuition Block Phase I	206,922,059.70	187,922,059.70	100%	187,922,059.70	206,922,059.70	GoK
	Proposed Educational Tuition Block Phase II	299,585,573.26	61,149,183.00	75%	58,875,000.00	61,149,183.00	GoK
3rd Quarter							
	Proposed Educational Tuition Block Phase I	206,922,059.70	187,922,059.70	100%	187,922,059.70	206,922,059.70	GoK
	Proposed Educational Tuition Block Phase II	299,585,573.26	62,676,237.80	85%	58,875,000.00	62,676,237.80	GoK
4th Quarter							
	Proposed Educational Tuition Block Phase I	206,922,059.70	187,922,059.70	100%	187,922,059.70	206,922,059.70	GoK
	Proposed Educational Tuition Block Phase II	299,585,573.26	58,874,999.20	95%	58,875,000.00	58,874,999.20	GoK

NOTE

- Educational Tuition Block Phase I at the being of the financial year 2016/2017 had an outstanding balance of Kshs. 19,000,000.00 unpaid to the contractors. This is still outstanding to date.

2. Educational Tuition Block Phase II has an outstanding balance of kshs. 64,085,573.26. The total outstanding for the two projects is kshs 83,085,573.26.


II. Appendix 2: INTER-ENTITY TRANSFERS

ENTITY NAME:			
Break down of Transfers from the State Department of University Education			
FY 16/17			
a. Recurrent Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	KCB BANK LTD		
	ACCOUNT NO. 1132024889		
	10-Aug-16	23,805,895.85	2016/2017
	26-Aug-16	23,805,895.85	2016/2017
	30-Sep-16	23,805,896.00	2016/2017
	9-Nov-16	23,805,895.00	2016/2017
	13-Dec-16	23,805,895.00	2016/2017
	30-Dec-16	23,805,895.00	2016/2017
	22-Feb-17	23,805,895.00	2016/2017
	15-Mar-17	23,805,895.00	2016/2017
	KCB BANK LTD ACCOUNT NO. 11374083757-Apr-17	23,805,895.00	2016/2017
	KCB BANK LTD ACCOUNT NO. 11320248892-May-17	23,805,895.00	2016/2017
	2-Jun-17	23,805,895.00	2016/2017
	27-Jun-17	23,805,902.00	2016/2017
	Total	285,670,749.7	
b. Development Grants			
	<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
	KCB BANK LTD		
	ACCOUNT NO. 1132024889		
	30-Sep-16	6,075,420.00	2016/2017
	18-Nov-16	52,799,580.00	2016/2017
	20-Dec-16	57,073,763.00	2016/2017
	23-Mar-17	60,676,237.00	2016/2017
	29-Mar-17	2,243,689.00	2016/2017
	10-May-17	56,631,311.00	2016/2017
	Total	235,500,000	

The above amounts have been communicated to and reconciled with the parent Ministry
Deputy Finance Officer
Kibabii University

Head of Accounting Unit
Ministry of Education

Sign


22/1/2018

Sign