



University of
Eldoret

flame of knowledge and innovation

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OF KENYA
LIBRARY

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UNIVERSITY OF ELDORET
ANNUAL REPORT AND FINANCIAL STATEMENTS
For The Financial Year Ended June 30, 2016

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

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I. KEY CORPORATE INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Principal Activities

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

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

Vision

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

Mission

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

Core Values

At University of Eldoret, we are committed to:

- i) Integrity;
- ii) Innovativeness;
- iii) Customer satisfaction;
- iv) Competitiveness;
- v) Equity; and
- vi) Responsiveness.

Objectives and Functions

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

Quality Assurance Statement

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

(c) Key Management

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

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

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2016 and who had direct fiduciary responsibility were:

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

(e) Fiduciary Oversight Arrangements

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

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

(f) University Headquarters

P.O. Box 1125 - 30100

Chepkoiel/Eldoret-Ziwa Road/Off Iten Road

Eldoret, KENYA

(g) University Contacts

Telephone: (254) (0) 5363111, (254) (0) 532033712, (254) (0) 532033712

E-mail: vc@uoeld.ac.ke

Website: www.uoeld.ac.ke

(h) University Bankers

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

(i) Independent Auditors

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

(j) Principal Legal Adviser

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

II. THE UNIVERSITY COUNCIL



Prof. Haroun N.K. Arap Mengech
(DoB - 1946)

MB, (Edinburgh), ChB,
DPM,(UoN) MRC Psych,
(Newcastle), MD, EBS



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

PhD(UNSW-Australia), MSc, B.Ed
(Sc) (KU), MRSC



Prof. Korwa Gombe Adar
(DoB - 1949)

Ph.D, M.A, (South Carolina, USA)
MSc, BSc, (Indiana State University
USA)



Mr. Donald B. Kimutai, EBS, MBS
(DoB - 1947)

M.A (York), B.A (Nbi) B. Phil (Nbi)



Eng. Peter Njagi Njeru, EBS
(DoB - 1958)

MBA (Finance) Egerton, B.Sc (Civil
Engineering) (Nbi) R.Eng, MIEK



Mrs. Alice Kemunto Mayaka, CBS
(DoB - 1951)

MSc (HRD) (Manchester, UK), PGDCL
(KU), B.Ed (Sc) (Nbi)



Dr. Musangi J. Mutua
(DoB - 1962)

Ph.D (Nbi), MPA (Canberra-Australia),
BA (Nbi) HD (HR, IHRM)



Mrs. Aileen Kajuju Mungiria
(DoB - 1966)

M.Ed (KEMU), B.Ed. (Kenyatta) -
Alternate of Principal Secretary Ministry
of Education, Science & Technology



Ms. Naumy Jebiegion Kemboi
(DoB - 1967)

MBA (Moi), CPA (K) (Strathmore),
Alternate Cabinet Secretary National
Treasury

III. MANAGEMENT TEAM



Prof. Teresa A. O. Akenga, MBS
Ph.D(UNSW-Australia), BSc, MSc
(KU), MRSC

Vice-Chancellor and
Secretary, University
Council



Prof. Pius Kipkemboi
Ph.D (Auckland, New Zealand), M.Sc
(Concordia, Canada), B.Sc (UoN)

Ag. Deputy Vice-
Chancellor,
Administration and
Finance



Prof. Ruth N. Otunga
Ph.D (Curriculum) (MU), M.E
(Curriculum) (KU), B.Ed (Home
Economics) (UoN)

Deputy Vice-Chancellor,
Academics & Student
Affairs



Prof. Paul K. Tarus
Ph.D (Chem) M.Sc (Chem) and B.Ed
(Science) (KU)

Registrar Academics



Dr. Joseph K. Koech
Ph.D, M.Ed (Uni. of Alberta) M.A,
B.Ed (UoN)

Registrar Administration



Dr Benjamin Mwasi
PhD (UVA), MA (Carleton),
BSc(UoN)

Ag. Registrar Planning



CPA. Ereu K. Totona
MBM (Moi), BA (Moi) CPA(K)

Ag. Finance Officer



Ms. Joyce J. Maina
LLB (UoN) Diploma (Law) (KSL)

Legal Officer

IV. CHAIRMAN'S STATEMENT

It is with great pleasure that I present this financial report for the last financial year ended 30th June 2016. Following the elevation of the institution into a fully-fledged University on 11th February 2013, we are excited to present our third financial report and financial statements. This status brought about several opportunities; increased enrolment; government support; network, linkages and collaborations. Along with these were also high levels of expectations from the student community, employees and other stakeholders.

Operating Environment

Indeed my Council is aware that the University came into being at a time when the higher education sector has changed drastically, with a historical record of increased numbers of higher education institutions in the Country. Inevitably, with the number of students qualifying to join University increasing significantly over the years, the ever changing government policies, the operating environment is becoming extremely competitive. In response to this growing demand and the existing operating environment, we have to be prepared to increase physical facilities that will give us a competitive advantage.

Strategic Plan

During the period under review, the Strategic Plan being implemented has envisioned to address the emerging challenges and take advantage of the existing opportunities in the operating environment.

The Strategic Plan provides a clear roadmap to the University Council and Management during the period 2014-2019 of the University's development. The projects and activities for the year were therefore, undertaken as per the Strategic Plan. It is expected that the Government, will contribute significantly towards the realization of our dreams as envisaged in the plan, in terms of provision of the required financial resources. Other avenues to fund the planned expansion of the physical facilities and infrastructure will also be explored with the main focus being centred on resources mobilization and Private Public Partnership initiatives. Towards this end, the Resource Mobilization and Strategic initiatives directorate and a PPP Node were initiated and a concept note approved during the year.

The University nevertheless continued to expand and improve its requisite physical facilities as a result of increased population in terms of student and staff numbers.

I am therefore, pleased to report that in the 2015/16 FY a number of projects meant for training facilities and infrastructure were initiated. The **School of Education** is among the key project that was handed over to the University in August 2015 and already in use.

The **School of Engineering Complex and Workshop** is approximately 95% complete. Engineering equipment worth **Ksh.7million** have been procured for installation once the complex is handed over by contractors.

During the year under review, phase II project of the **high mast flood lights** was initiated to compliment with those done in Phase I. The second (II) phase of **CCTV project** was also initiated at the New Education Complex and the New Site Lecture Halls. Also, building works in the School of Business and Economics Complex, construction of modern gate and perimeter wall were commenced.

Conclusion

I strongly believe that with all the planned strategies as envisaged, it is apparent that the future of the University is bright and secure. Our commitment as a Council is to continue setting the right tone at the top which is geared towards the realization of the University's vision and mission.

Finally, on behalf of Council, I take this opportunity to thank the Chancellor for her guidance and support during the year. To the Management, staff and students of University of Eldoret, I appreciate the commitment and hard work exhibited during the year. I also wish to thank the government, donors and all our stakeholders for their unwavering support. It is our expectation that the peaceful and productive environment witnessed during the year will continue into the coming year.



Dr. David I. Ojaka PhD, M. Sc., B.Ed. Sc
Chairman of Council

Date: 09/06/2017

V. REPORT OF THE VICE CHANCELLOR

I am pleased to present my report for the 2015/2016 financial year which ended on 30th June 2016. Indeed, in the last three years, the higher education sector witnessed a rapidly changing operating environment characterized by stiff competition, changing customer demands and declining resource allocation to public Universities.

Core Mandate

Despite the many challenges now inherent in this new operating environment, the University continued to discharge its mandate of teaching, research and outreach successfully throughout the year. By 30th June 2016, the student enrolment stood at **15,244** No. of students (**Table 1**). This figure comprises of Diploma, undergraduate and postgraduate students. The student population is projected to continue growing due to marketing strategies in place.

Table 1: Students Enrollment per School

S/No	School	Diploma	Bachelors	Masters	PhD	Total
1	Agri. & Biotechnology	215	1,873	116	38	2,242
2	Business & Mgt. Sciences	249	2,257	35	0	2,541
3	Economics	5	281	0	0	286
4	Education	148	4,926	88	35	5,197
5	Engineering	0	371	2	0	373
6	Environmental Studies	31	433	96	37	597
7	Human Resource Devpt.	139	0	0	0	139
8	Natural Resource Mgt	14	826	6	0	846
9	Science	5	2,895	77	46	3,023
	Total	806	13,862	420	156	15,244

The third graduation ceremony of the University was successfully held on 27th November, 2015 with a total of **3,852** students graduating distributed as follows:

Table 1: Graduands distribution for 3 years

Year	2013	2014	2015	Totals
Diploma	669	1,002	1,121	2,792
Bachelors	1,413	1,372	2,605	5,390
Postgraduate Diploma	0	0	2	2
Masters	83	76	105	264
PhD.	21	21	19	61
Total	2,186	2,471	3,852	8,509

During the 2015/2016FY twenty five (25) Agreements/MOUs were drafted and/or reviewed and executed with various partners. The MOUs were mainly on collaborations in research, teaching, capacity building, sharing of facilities; exchange of staff and students. As a higher institution of learning, research and teaching, this is a good effort in the right direction for the University.

I am also excited to report that in 2015/2016 financial year, the University attracted **Kshs.41, 867,641/=** from seven (7) externally funding research projects ranging from a period of 1 to 3 years. To further enhance research activities, the University through its internal research grants system approved funding of fourteen (14) research projects worth **Kshs.6,700,000/=** with each project running for one (1) year. This happened through various initiatives by our teaching staff and students: a further confirmation of our continued commitment to research and innovation.

Financial Performance

As in the previous year, the main source of funding to the University during this period under review was the Exchequer with a contribution of a total of **Kshs.1.132 billion** for recurrent expenditure purposes as compared with **Kshs.1.148 billion** in the previous year, after a reduction of **Ksh.0.016 million** as a result of supplementary budget from the Parent Ministry. Internally generated revenue at **Kshs.1.028 billion** during the year with fees paid by both the Government Sponsored (GSSP) and Privately Sponsored Students Programme (PSSP) was the second major source of funding at **Kshs.685.98 million**. In addition, the University generated a sum of **Kshs.7.22 million** from other commercial activities (IGAs); **Kshs.47.76 million** from accommodation fees and **Kshs.270.93 million** from other students' levies. In general, the University recorded an aggregate income of **Kshs.2.159 billion** during the year, while the recurrent expenditure stood at **Kshs.2.153 billion** with other losses of **Kshs.1.03 million**. In general, the University recorded an improvement in financial performance of **Kshs.5.83 million** during the year.

On the other hand, the Capital Development grants received by the University stood at **Kshs.117.4 million** during the year against an allocation of **Kshs.212.86million**. The amount was received at the end of the financial year and was only expended in the School of Education complex and Engineering Complex. Indeed the construction works on the on-going projects progressed well during the year.

Refund and Pension Component of 2010/2013 CBA

The University has continued to face cash flow challenges following a refund of **Ksh.115.7 million** in 2013/14 financial year, resulting from a directive from the Parent Ministry. However, as part of the return to work formula, the Ministry had promised to remit **Ksh.74.9 million** towards pension component of the CBA. This has not been received and has continued to have an impact on the cash flow situation of the University.

Transfer of Land

I am pleased to report that LR NO.22427 Chepkoilel Land was transferred to the University on 27th May, 2016 and the said transfer duly registered. The process was handled by the University's external lawyers, Gumbo & Associates Advocates. Arrangements are underway for the Title Deed to be kept in the safe custody of a bank.

Biometric Students Registration

Due to the rising cases of insecurity and terrorism affecting our learning institutions, the Government in April, 2016 directed that all Universities capture biometric data of students. I wish to report that through the Enterprise Resources Planning (ERP), we have electronic database showing student name, admission number, programme, gender, student type and department among other important details.

ISO 9001:2008 Certification

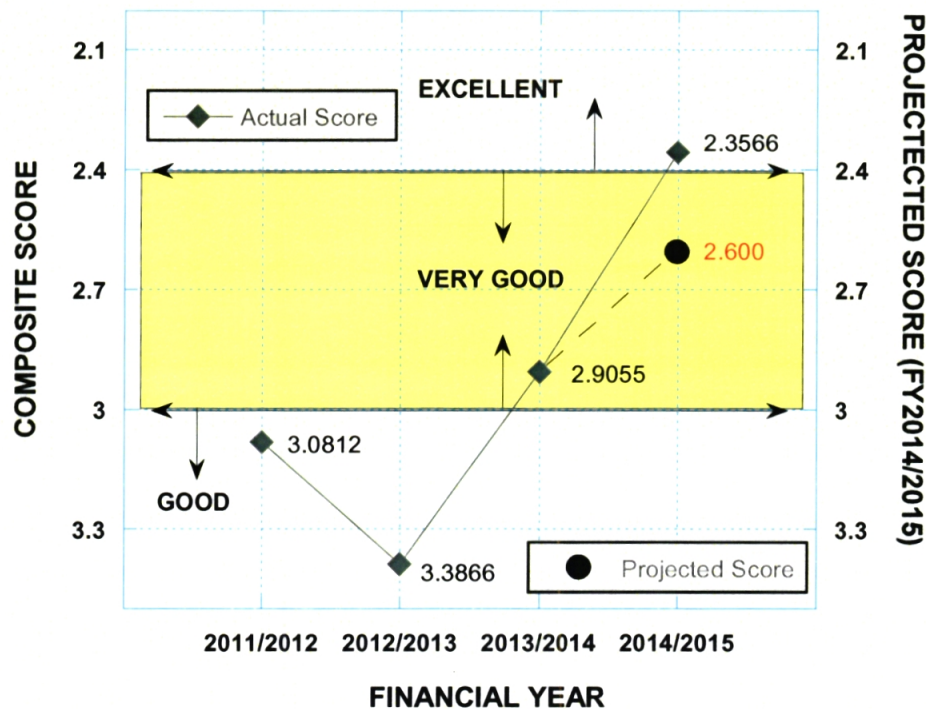
University of Eldoret (UoE) received this official recognition for its commitment to excellence in quality education on June 20th, 2016. The University successfully achieved this seal of quality from Kenya Bureau of Standards (KEBS), the leading provider of Quality Management System (QMS) certification, verification and training in Kenya. The ISO 9001: 2008 certification covers all units (both academic & administrative) of the main campus as well as Town Campus.

Performance Contract Implementation FY 2015/2016

As required, the University Council operated under the performance contract (PC) regime during the year. The University's PC was negotiated with the Ministry of Education Science and Technology on the 27th July 2015, at Egerton University in Nakuru. The negotiated PC was subsequently presented for vetting on the 3rd August 2015, at the Rift Valley Water Services Board Premises in Nakuru, this was before its official signing. The negotiating parties, members from UoE and MoEST, were represented during the negotiations and vetting of the contract.

It is therefore, my pleasure to report that the University recorded an improved performance during the year under review with a rating of **2.3574** which is under the excellent category. The University achieved a Composite Score of 2.3566 in the 11th cycle that translates to "Excellent" compared to that of 3.3866 that translated to Good in the 9th cycle, and a composite score of 3.0812, achieved in the 8th cycle. The performance in

the 11th cycle was excellent and could be attributed to the amount of time and resources spent on the transition process from University College to University by putting in place governance structures and capacity building and many other activities that may have previously hindered the complete implementation of some indicators in the PC. This is represented pictorially as below:



Conclusion

On behalf of the University Management Board, I take this opportunity to thank the Government for its support during the period under review. I also appreciate the financial, material and moral support of our collaborators, partners and other stakeholders during the year. The Chancellor and Council provided the desired guidance and support during the year which was way beyond expectation and which I highly appreciate. To the Management team, all staff and students and I also wish to sincerely thank them for the peace, hard work and discipline exhibited throughout the year.

It is my desire that we should continue working together as a team in the new financial year and beyond

Akenga

12/06/17

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

Date

VI. CORPORATE GOVERNANCE STATEMENT

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

The University Council

Members of the University Council were appointed by the Cabinet Secretary Ministry of Education, Science and Technology with effect from 4th February, 2013 for a term of four years vide Gazette notice No, 2236 of 22nd February, 2013. Pursuant to provisions of section 36 (1) (a) (b) and (c) of the Universities Act, 2012, there are nine Council members comprising of the Chairman; five (5) independent members; two members representing Permanent Secretary, Ministry of Education, Science and Technology and Cabinet Secretary, National Treasury respectively; *ex-officio* member who is the Vice-Chancellor and also Secretary to Council. Since 2013, there have been three changes in the membership of Council as follows:

- i) Prof Haroun N. K. Mengech – Chairman appointed on 27th July, 2015 to replace Prof. Sarone Ole Sena.
- ii) Mrs Aileen K. Mungiria – Alternate to Permanent Secretary, Ministry of Education, Science and Technology – appointed on 29th October, 2015 to replace Mr. Archer Arina.
- iii) M/s Naumy J. Kemboi –Alternate to Cabinet Secretary, National Treasury - appointed on 14th October, 2015 to replace Mr. Daniel Mutua.

Council executes its mandate through four Committees namely:

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

Despite the uncertainty posed by the current process of restructuring of Councils of Public Universities by the Ministry of Education, Science and Technology, Council is executing its mandate as provided in the Universities Act, 2012, State Corporations Act, Cap 446, University Charter and Statutes, 2013 and MWONGOZO Code of Governance for State Corporations, 2015.

Council Work Plan and Meetings

During the 2015/2016 FY Council developed and implemented a Work Plan (Council Almanac). Council and its Committees held a total of 57 meetings (both ordinary and special meetings).

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

Meetings of Council and its Committees

During the year under review, Council and its committees held their meetings regularly with the summary of the meetings being as follows:

Name of Committee	No. of regular meetings	No. of special meetings
1.Council	7	21
2. Audit & Risk Management	2	Nil
3. Academic, Research, Innovation and Students' Affairs	4	2
5.Finance, Planning, Resource Mobilization & General Purposes	3	2
6.Human Resource	3	3

Board Induction and Continuous Skills Development

In the 2015/2016 FY Council attended one (1) training on MWONGOZO Code of Governance for State Corporations held on 16th to 18th November, 2015 in Mombasa. In June, 2016 Council members signed **Form SCAC 01-2015** committing the Council to implement MWONGOZO. The process of implementing MWONGOZO is ongoing.

Board Charter and Code of Conduct and Ethics

Council approved its first Charter and Code of Conduct and Ethics in its' 20th Ordinary meeting held on 9th June, 2016. Implementation of these governance tools is ongoing.

Board Evaluation

The second evaluation of the Council was conducted on 10th June, 2016 by an officer from the SCAC.

University Policies

During the 2015/2016 financial year Council approved 11 policies which are currently being implemented by Management.

Shared believe

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



Dr. David Ojaka

Chairman of Council

Date: 09/06/2017

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

University of Eldoret takes into account its economic, social and environmental impact in the way it operates as a business. By demonstrating our commitment to Corporate Social Responsibility we aim to align our business values, purpose and strategy with the needs of our clients, whilst embedding such responsible and ethical principles into everything we do.

The elements of this Statement cover our approach in dealing with our clients, the local community, partners and other stakeholders in an effort to support , reducing any negative effects in water use and other business usage in terms of environmental impact.

Environment

Protection of the environment in which we live and operate is part of our organizational cultural values and principles and we consider it to be a sound business practice. Care for the environment is one of our key responsibilities and an important part of the way in which we do business. Thus, the University is implementing an environmental audit undertaken in the University.

This is in line with our environmental policy which we commit to:

- i) Provide a framework for planning and sustainable management of the University's environment.
- ii) Strengthen the institutional and individual capacity for effective management of the environment.
- iii) Ensure sustainable management of the University's environment and its surrounding.
- iv) Ensure compliance with legal requirements as specified under Section 1.3 (a) of our Environmental policy.
- v) Enhance cooperation, collaboration, partnerships and participation in the protection, conservation, and management of the environment by all stakeholders.

Application of these principles and practices will make a significant contribution to the University's environmental sustainability programs, and are in line with

declarations such as the Talloires declaration of 2005, and to which the University will become signatory.

The Management therefore, ensures that the University reduces the environmental impact by:

- i) Enhancing conservation and biodiversity in the management of our campuses and engagement with our communities.
- ii) Using renewable resources sustainably.
- iii) Engaging with staff, students, and the surrounding communities to encourage environmentally sustainable behaviours.
- iv) Planting of trees to minimize greenhouse gas emissions in operations and work towards carbon neutrality.
- v) Minimizing use of natural resources such as water, non-renewable energy and paper.
- vi) Following the waste hierarchy – avoid or minimize, reduce, reuse, recycle and then dispose off correctly as the last option.
- vii) Minimizing the use of hazardous substances
- viii) Encouraging sustainable practices in the University's supply chain.
- ix) Encouraging sustainable practices in relation to design, transport and travel, procurement and catering.

Local Community

As part of Corporate Social Responsibility, the University participates in community programs and activities that involve:

- i) Working and supporting local sports activities such as the 25th Edition of Cross Country Championship held on 17th October, 2015. The event which is partly sponsored by Athletics Kenya took place on 17th October, 2015. More than 1000 athletes especially youth participated. The events exposes young and upcoming athletes to free access to the track at the University for training.
- ii) Encouraging staff and students' participation in community activities. Our students were involved in cleaning up exercise in Langas Estate on 13th February, 2016
- iii) Supporting local Schools such as awarding of trophies to Chebisaas Boys High School which emerged as the best School in Chemistry subject, the exercise took place in March 13th, 2016

- iv) Providing agricultural extension services and short term training/workshops to farmers such as the 10th Annual Agri-business Trade Fair held on 24th to 26th September, 2015. The event attracted more than **60,000** participants including over **70** exhibitors and sponsors. This event has now become an international event attracting exhibitors from across Africa, Europe, and USA.
- v) The 1st UoE inaugural lecture was presented by Prof. Miriam Kinyua on 27th May, 2016 titled: 'The Affliction of a Wealthy Nation: *Food Insecurity in the Midst of Plenty.*'

Clients

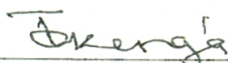
The Management also ensured that we dealt responsibly, openly and fairly with clients and partners/stakeholders as defined in our service charter by:

- i) Serving our clients with dignity, courtesy and respect.
- ii) Continuously providing efficient and effective service;
- iii) Adhering to ethical and equitable service provision;
- iv) Enhancing transparency, integrity and accountability;
- v) Observing the principles of natural justice;
- vi) Maintaining appropriate confidentiality;
- vii) Discharging our duties professionally and with due diligence; and
- viii) Ensuring delivery of affordable quality education.

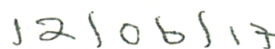
Responsibility

The operational and ultimate responsibility for the commitment to our Corporate Social Responsibility principles lies with the University Council and the top Management. Every employee of University of Eldoret is expected to give their full co-operation to the above principles in their activities at work. Clients or stakeholders are also expected to apply our environmental principals.

The effectiveness of the policy statement will be monitored and reviewed regularly by the Council and Management to ensure the University's continued compliance with any relevant legislation to meet new legal requirements and to identify areas in need of improvement. We will also ensure that all changes will be brought to the attention of all employees as necessary.



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



Date

VIII. REPORT OF THE COUNCIL

The University Council submits its report together with the audited financial statements for the year ended June 30, 2016 which shows the state of the University's affairs.

Principal Activities

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

Results

The results of the entity for the year ended June 30, 2016 are set out on page 1 of this report.

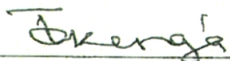
University Council Members

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

Auditors

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

By Order of the Council



Prof. Teresa A.O. Akenga, PhD, MRSC, MBS, MBA

Vice - Chancellor & Secretary, University Council

IX. STATEMENT OF COUNCIL'S RESPONSIBILITIES

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

The Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year (period) ended on June 30, 2016. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accept responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act, 1986. The Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2016, and of the University's financial position as at that date. The Council further confirms the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

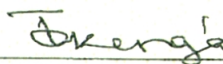
Nothing has come to the attention of Council to indicate that the University will not remain a going concern for at least the next twelve (12) months from the date of this statement.

Approval of the financial statements

The University's financial statements were approved by the University Council on _____ and signed on its behalf by:

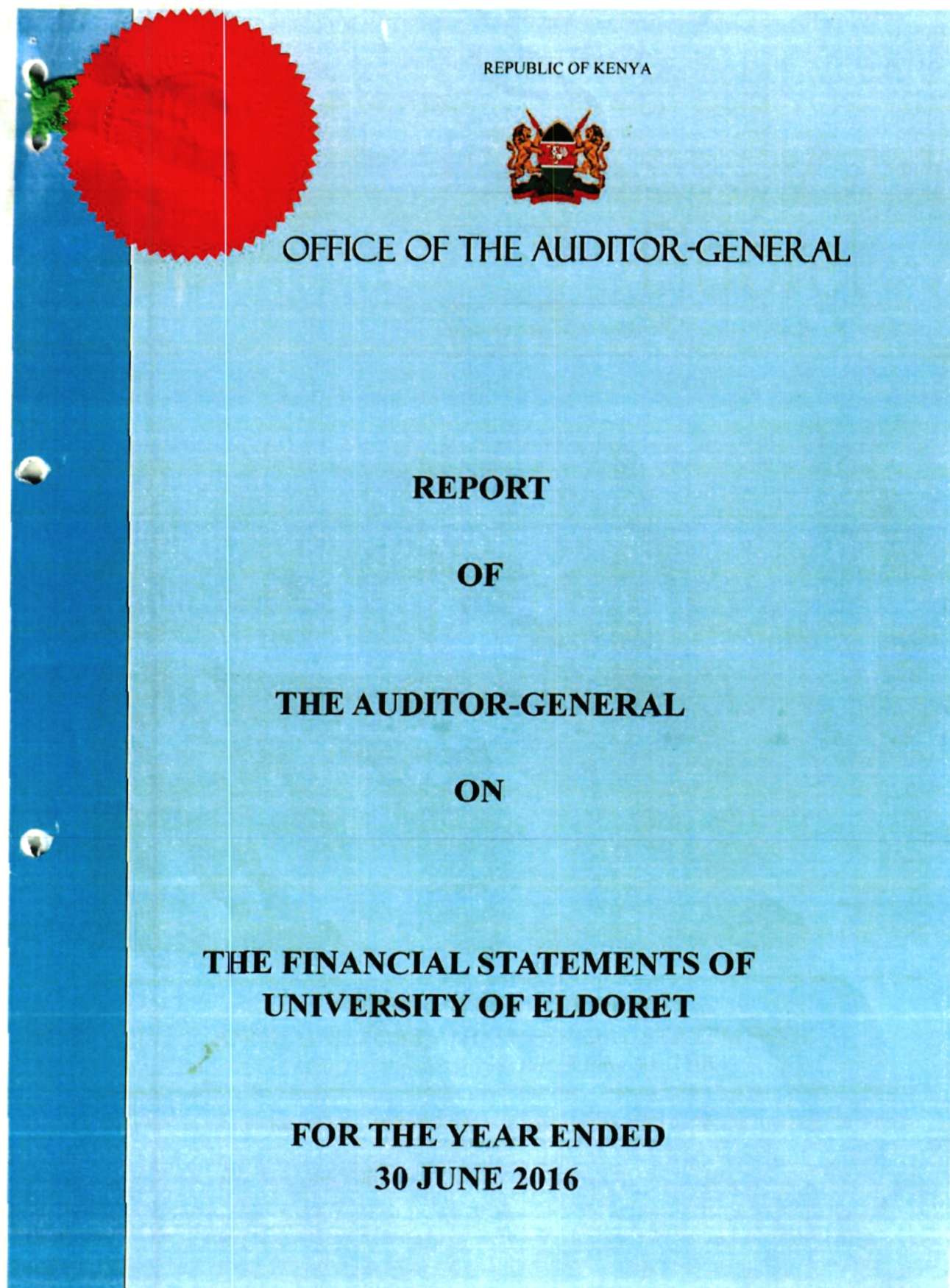


Dr. David Ojaka.
Chairman of Council



Prof. Teresa A.O. Akenga, PhD, MRSC, MBS
Vice Chancellor

X. REPORT OF THE INDEPENDENT AUDITORS ON THE UNIVERSITY OF ELDORET



REPUBLIC OF KENYA



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OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON UNIVERSITY OF ELDORET FOR THE YEAR ENDED 30 JUNE 2016

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of University of Eldoret set out on pages 1 to 32, which comprise the statement of financial position as at 30 June 2016, and the statement of financial performance, statement of changes in net assets and statement of cash flows 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.

Management's Responsibility 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 the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The 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.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report 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. The audit was conducted in accordance with International Standards of Supreme Auditing Institutions. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. An audit also includes

Report of the Auditor-General on the Financial Statements of University of Eldoret for the year ended 30 June 2016

Promoting Accountability in the Public Sector

evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion

1.0 Valuation of Assets

As previously reported, note 25 to the financial statements indicate transfer of assets from Moi University of Kshs.979,141,065 for which no valuation report was provided in support of the transferred assets. Although the management has explained that the tender for valuation services has been awarded to a consultant, the valuation process is yet to commence. Consequently, the validity and accuracy of the property, plant and equipment net book value of Kshs.856,331,536 as at 30 June 2016 could not be confirmed.

2.0 Work in Progress

2.1 Delay in implementation of the Proposed School of Education Complex

Included in the works in progress balance of Kshs.259,903,366 in the statement of financial position as at 30 June 2016 is an amount of Kshs.154,454,447 in respect of Proposed School of Education complex. The tender was awarded to a contractor at contract sum of Kshs.127,280,055. The project's contract period was 52 weeks commencing 18 March 2012 and expected to be completed on 18 March 2013. The contract was later varied to Kshs.159,100,068. Available information indicates that the contractor on 26 August 2015 presented the final account of the actual works done amounting to Kshs.173,744,822 against the varied contract sum of Kshs.159,100,068. However, no evidence has been provided to show that the excess expenditure of Kshs.14,644,754 was approved. Further, under the prime cost and provisional sums, the Bills of Quantity allowed a provisional sum of Kshs.7,000,000 for contingencies to be spent at the discretion of the client/project manager and another Kshs.3,000,000 was provided for fluctuations. Although the management has explained that the final accounts have not been prepared by the project manager to confirm how the provisional sums were accounted for, no documentary evidence was provided to show that the management approved the use of Kshs.7,000,000 and in support of the Kshs.3,000,000 in respect of fluctuations. Consequently, the propriety of the total expenditure of Kshs.10,000,000 could not be confirmed.

2.2 Delay in Implementation of the Proposed School of Engineering Workshop

Included in the works in progress balance of Kshs.259,903,366 in the statement of financial position as at 30 June 2016 and as disclosed in note 26 to the financial statements is an amount of Kshs.56,206,557 in respect of the Proposed School of Engineering Workshop. The tender was awarded to a contractor at contract sum of Kshs.61,602,170. Available information revealed that the contractor was expected to complete the works in twenty four (24) weeks with effect from 8 September 2014 and the completion date being 8 March 2015. However, according to interim certificate number 8 of 4 September 2016 the estimated completed works was Kshs.58,003,163

or 94%. A physical verification of the project on 27 September 2016 revealed that the project had not been completed and there was no evidence of extension of the contract period. The management has explained that the project is complete and awaiting handover. However, the certificate of practical completion and a final account have not been provided for audit review. Consequently, the propriety of the expenditure of Kshs.56,206,557 for the year ended 30 June 2016 could not be confirmed.

2.3 Acquisition and Installation of Integrated Enterprise Resource Planning (ERP) System

Included in Work in Progress balance of Kshs 259,903,366 and as disclosed in note 26 to the financial statements is an expenditure of Kshs.13,500,000 incurred on the procurement of an Integrated Resource Planning Software(ERP) from a consulting firm. Records availed for audit review indicated that the Integrated Resource Planning Software(ERP) had ten modules comprising of Finance, Procurement and Inventory and Stores, Academic, Hostels, Students and Staff Portal, Catering, Library, Human Resource, Health Services, SMS Module. The contract was signed on 28 January 2014 at a contract sum of Kshs.19,140,0000. A physical verification in September 2016 revealed that five(5) modules had not been operationalized as per the agreement; Stores and Inventory Management Module, Catering services Module, Fixed Asset Module, Health services Module, and a Course Loading Module.

The management has explained that the full implementation of the system has been hampered by infrastructural challenges whereby the accessories to support the system had not been procured which ought to have been done before the procurement of the software. No explanation has been provided why this was not done before procurement of the software commenced.

Consequently, the propriety of the expenditure of Kshs.13,500,000 paid to the consultant could not be confirmed and the University may not have obtained value for money on this expenditure.

3.0 Receivables from Exchange Transactions

3.1 Non-Collection of Tuition Fees

Available information revealed that during the year under review, students with fee balances amounting to Kshs.11,096,103 were allowed to graduate before clearing their fee balances contrary to students' fees policy of June 2014. No reason has been provided for this anomaly. The University was in breach of this policy hence resulting to loss of income due to non-collection of school fees from the students.

3.2 Student Balances

A comparison between the student balances as per the ABN Unisol system against the figure at Note 23 and 28(b) of the financial statements indicated differences as shown below:

ITEM	AS PER THE ABN UNISOL SYSTEM	AS PER FINANCIAL STATEMENTS	DIFFERENCE
Overpayment (prepaid fees)	134,738,540	62,929,874	71,808,666
Student debtors	465,869,660	408,567,178	57,302,482

Consequently, the validity and completeness of the student debtors and prepaid fees balances as at 30 June 2016 could not be confirmed.

3.3 Unsurrendered Temporary Imprest

Included in receivable from exchange transaction figure of Kshs.418,953,495 and as disclosed in note 23 to the financial statements is staff imprests balance of Kshs.11,605,629. Out of this balance, an amount of Kshs.5,781,405 relates to 2014/2015 and prior years which had neither been surrendered nor accounted for contrary to Section 71(2) of the Public Finance Management Act 2015 that requires that a public officer to whom cash advance is made shall account for the advance within seven days. The management has not explained the reasons for failure to recover the outstanding imprests after the due dates.

Consequently, the propriety of the imprests payments of Kshs.11,605,629 as at 30 June 2016 could not be confirmed.

4.0 Inventories

The statement of financial position as at 30 June 2016 reflects inventories figure of Kshs.24,589,517. However, the balance has not been supported with stock sheets and schedules. Consequently, the accuracy and completeness of the inventories balance of Kshs.24,589,517 as at 30 June 2016 could not be confirmed.

5.0 Trade Payables

5.1 Other Payables –Payroll

Note 28 (c) to the statement of financial position indicate that other payables –payroll amount to Kshs.159,905,616. Out of this balance, an amount of Kshs.151,023,907 is dues to part-time lecturers for the teaching services rendered which had been outstanding since the year 2012/2013. This is contrary to the University's part time policy of June 2014 which requires that contractual claims for payment should be made upon handing in of examination results to the Head of Department and before the end of the academic year in which the teaching occurred. The University is therefore in contravention of its own policy on part time teaching and may experience difficulties in settling the claims.

6.0 Unsupported Excess Expenditure

Note 15 to the financial statements reflects support services figure of Kshs.193,616,932 against an approved budget of Kshs.151,538,000 resulting in excess expenditure of Kshs.42,078,932. No evidence was provided for audit review to confirm that the over expenditure of Kshs.42,078,932 was approved by the Minister as required by Part IV Section 12 of the State Corporation Act, which stipulates that no state corporation shall, without the prior approval in writing of the Minister and the Treasury, incur any expenditure for which provision has not been made in its approved annual estimates.

Consequently, the propriety of the excess expenditure of Kshs.42,078,932 on support services for the year ended 30 June 2016 could not be confirmed.

7.0 Non Remittance of Statutory Deductions

Documents availed for audit review indicated that during the year under review, the University was in arrears in remitting statutory deductions amounting to Kshs.115,767,887 as summarized below:

Tax Head	Principal Kshs	Penalty/Interest	Total Kshs
PAYE	72,106,681	40,464,431	112,571,112
NHIF	2,533,500	633,375	3,166,875
NHIF	0	29,900	29,900
TOTALS	74,640,181	41,127,706	115,767,887.00

The management has not provided any reason as to why statutory deductions were not remitted in time to avoid nugatory payment amounting to Kshs.41,127,706 in respect of penalties and the measures being taken to avoid a similar situation in future were neither explained.

The University is therefore in breach of the law.

Qualified Opinion

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the University of Eldoret as at 30 June 2016 and (of) its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, 2012.

Other Matter

1.0 Failure to Comply With a Third Net Salary Rule

Audit review of the University payroll revealed that thirty five (35) officers of the University earned nil salaries which were less than a third of their respective basic salaries for between six and twelve months contrary to Section 19(3) of the Employment Act, 2007 which states that without prejudice to any right of recovery of

any debt due, and notwithstanding any written law, the total amount of all deductions which under the provisions of Section (1), may be made by an employer from the wages of his employee at any time shall not exceed two thirds of such wages or such additional or other amount as maybe prescribed by the Minister either generally or in relation to a specified employer or employee of class of employers or employees or any trade or industry. Although the management has explained that this was as a result of imprest recovery, the management has not provided any reason as to why the law was breached and the measures being taken to ensure that staff do not suffer pecuniary embarrassment.

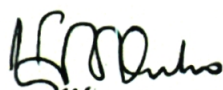
2.0 Ethnic Composition of staff

A review of personnel records availed for audit indicated that as at 30 June 2016 the University had 9 members of Council, 8 senior management staff and 931 other permanent and pensionable staff as detailed below:

	No	No of Other Ethnicities	% of Other Ethnicities	No. of One Ethnic Group	% of One Ethnic Group
Board of management	9	6	67	3	33
Senior Management	8	3	37	5	63
Other permanent and pensionable staff	931	459	49	472	51
Total	948	468	49	480	51

It is apparent from the above analysis, that one dominant community comprised 51 % of the total workforce contrary to Section 7 (1) and (2) of the National Cohesion and Integration Act, 2008 which requires that all public establishments shall seek to represent the diversity of the people of Kenya in employment of staff. Further, no public establishment shall have more than one third (1/3) of it staff establishment from the same ethnic community.

The University is therefore in breach of the law.



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

Nairobi

14 August 2017

XI. STATEMENT OF FINANCIAL PERFORMANCE**For the year ended 30th June 2016**

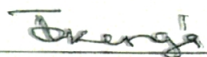
	Notes	30-Jun-16	30-Jun-15
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Exchequer Grants (Recurrent)	2	1,131,824,545	1,148,354,000
		1,131,824,545	1,148,354,000
Revenue from exchange transactions			
Tuition Income	3	685,979,350	697,627,196
Administrative and Related Fees	4	270,923,284	198,175,859
Graduation Fees	5	10,599,503	7,435,110
Accommodation Fees	6	47,756,530	39,228,850
Income Generating Activities Income	7	7,221,254	1,339,810
Research Administrative Fees	8	965,477	994,346
Other Income	9	4,570,895	5,545,875
		1,028,016,293	950,347,045
Total revenue		2,159,840,838	2,098,701,045
Expenses			
Staff Remuneration Costs	10(a)	1,425,707,129	1,424,866,015
Staff Gratuity and Pension Contributions	10(b)	101,327,302	105,262,077
Staff and Student Welfare	11	75,046,883	87,589,288
Chancellors Expenses	12(a)	1,615,390	1,187,498
Council Expenses	12(b)	18,191,735	13,487,344
Administration and Central Services Expenses	13	94,271,813	82,150,367
Academic, Research & Student Affairs Expenses	14	181,939,790	172,223,695
Support Services	15	193,616,932	159,647,654
Finance Expenses	16	2,188,279	4,324,235
Amortization/Depreciation Expenses	17	59,081,513	59,069,320
Total expenses		2,152,986,766	2,109,807,491
Other gains/(losses)			
Gain/(Loss) on Assets Disposal/Deptn Adjmts	18	5,334,140	5,334,140
Gain/(Loss) on Biological Assets	19	3,441,995	4,380,345
Increase/(Decrease) in Provision for Bad Debts	20	(9,804,492)	2,056,953
Gain/(Loss) on Foreign Exchange Transactions	21	1,992	7,135
Total Gain/(Loss)		(1,026,365)	11,778,573
Surplus/(Deficit) for the period		5,827,707	672,127

XII. STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	30-Jun-16	30-Jun-15
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	22(a)	217,735,003	79,065,990
Receivables from exchange transactions	23	418,953,495	637,091,498
Inventories	24	24,589,517	32,653,942
		661,278,016	748,811,430
Non-current assets			
Property, plant and equipment	25	856,331,536	887,951,122
Work in Progress (WIP)	26	259,903,366	237,022,455
Biological Assets	27	21,439,500	17,997,505
		1,137,674,402	1,142,971,082
Total assets		1,798,952,418	1,891,782,512
Liabilities			
Current liabilities			
Trade payables from exchange transactions	28(a)	114,035,939	142,162,664
Other payables from students transactions	28(b)	210,637,309	386,319,849
Other payables from payroll dues	28(c)	159,905,616	225,827,445
Accruals & Provisions	29	129,771,231	57,520,162
Research Fund Accounts	30	18,824,809	41,535,003
UoESO Fund Accounts	31	5,267,980	-
Bank Overdrafts	22(b)	-	24,267
		638,442,884	853,389,391
Total liabilities		638,442,884	853,389,391
Net assets		1,160,509,534	1,038,393,121
Capital Reserves		1,164,768,918	1,052,648,091
Revenue Reserves - Surplus/(Deficit)		(4,259,384)	(14,255,070)
Total net assets and liabilities		1,160,509,534	1,038,393,121

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



Prof. Teresa A.O. Akenga PhD, MRSC, MBS
Vice Chancellor

Date 12/06/17



Dr. David Ojaka
Chairman of Council

Date 09/06/2017

XIII. STATEMENT OF CHANGES IN NET ASSETS
For the year ended 30 June 2016

	Capital Reserve Kshs	Revenue Reserves Kshs	Total Kshs
Balance as at 30 June 2014	241,757,529	(14,927,197)	226,830,332
Capital Grants	142,026,666	-	142,026,666
Surplus/(deficit) for the period	-	672,127	672,127
Transfers to/from accmltd surplus	674,198,136	-	674,198,136
Transfer of Capital Deptn Adjmt to other incor	(5,334,140)	-	(5,334,140)
Balance as at 30 June 2015	1,052,648,191	(14,255,070)	1,038,393,121
Surplus/(deficit) for the period	-	5,827,707	5,827,707
Capital Grants	117,454,867	-	117,454,867
Transfers to/from accmltd surplus/deprtn	-	4,167,979	4,167,979
Transfer of Capital Deptn Adjmt to other incor	(5,334,140)	-	(5,334,140)
Balance as at 30 June 2016	1,164,768,918	(4,259,384)	1,160,509,534

Capital Reserves

Capital reserves relate to accumulated funds received as capital grants from the Exchequer and those generated internally for physical and infrastructural development purposes each year. **Kshs.117.45 million** was received and expended as required 2015/2016 financial year.

Transfer of Capital depreciation adjustment to other income of **Kshs.5.33 million** represents depreciation amount on buildings transferred from work in progress upon completion of constructions from Capital grants from Government written off gradually over the life of these buildings.

XIV. STATEMENT OF CASH FLOWS
As at 30 June 2016

		30-Jun-16	30-Jun-15
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Exchequer Grants (Recurrent)	2	1,227,520,711	1,127,095,374
Tuition Income	3	602,475,408	724,369,182
Administrative and Related Fees	4	272,572,384	201,844,509
Graduation Fees	5	10,599,503	7,435,110
Accommodation Fees	6	47,756,530	39,228,850
Income Generating Activities Income	7	(2,310,980)	(1,230,590)
Research Administrative Fees	8	965,477	994,346
Other Income	9	4,570,895	5,545,873
		2,164,149,928	2,105,282,654
Payments			
Employee Costs	10(a)	1,482,629,362	1,371,850,162
Staff Gratuity and Pension Contributions	10(b)	103,934,487	121,068,482
Staff and Student Welfare	11	75,046,883	87,589,288
Chancellors Expenses	12(a)	1,615,390	1,187,498
Council Expenses	12(b)	18,191,735	13,487,344
Administration and Central Services Expenses	13	86,219,584	85,524,188
Academic, Research & Student Affairs Expenses	14	107,888,142	144,666,091
Support Services	15	193,616,932	159,647,653
Finance Expenses	16	2,188,279	4,324,234
		2,071,330,794	1,989,344,939
Net cash flows from operating activities		92,819,133	115,937,714
Cash flows from investing activities			
Purchase of property, plant, equipment and intang	25	(27,759,818)	(65,784,747)
Decrease/(Increase) in non-current receivables	26	(3,441,995)	(4,380,345)
Increase in work in progress (WIP)	27	(22,880,911)	(142,515,068)
Net cash flows used in investing activities		(54,082,724)	(212,680,160)
Cash flows from financing activities			
Government Capital grants		117,454,867	142,026,666
Donor Research Grants	30	(22,765,975)	(7,463,418)
UoESO Fund Accounts	31	5,267,980	-
Proceeds from borrowings	22(b)	-	24,267
Repayment of borrowings	22(b)	(24,267)	(7,787,453)
Net cash flows used in financing activities		99,932,605	126,800,061
Net increase/(decrease) in cash and cash equivalents		138,669,014	30,057,616
Cash and cash equivalents at 1 July 2015	22(a)	79,065,990	49,008,374
Cash and cash equivalents at 31 March 2016	22(a)	217,735,004	79,065,990

XV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS AT 30TH JUNE 2016

	Notes	Original Budget	Revision	Revised Budget	Actual on Comparable Basis	Performance Difference	
		2015-2016	2015-2016	2015-2016	2015-2016	2015-2016	
		Kshs	Kshs		Kshs	Kshs	Kshs
Revenue							
Exchequer Grants (Recurrent)	2	1,148,354,000	251,072,481	1,399,426,481	1,131,824,545	(267,601,936)	-19%
Tuition Income	3	604,154,400	252,156	604,406,556	685,979,350	81,572,794	13%
Tuition Related Income	4	140,120,000	(1,228,456)	138,891,544	270,923,284	132,031,740	95%
Graduation Fees	5	8,400,000	1,882,000	10,282,000	10,599,503	317,503	3%
Accommodation Fees	6	22,848,000	3,019,100	25,867,100	47,756,530	21,889,430	85%
Income Generating Activities Income	7	5,000,000	(1,831,783)	3,168,217	7,221,254	4,053,037	128%
Research Administrative Fees	8	1,200,000	(634,200)	565,800	965,477	399,677	71%
Other Income	9	-	2,689,879	2,689,879	4,570,895	1,881,016	70%
Total income		1,930,076,400	255,221,177	2,185,297,577	2,159,840,838	(25,456,739)	-1%
Expenses							
Staff Remuneration Costs	10(a)	1,387,550,696	181,308,284	1,568,858,980	1,425,707,129	143,151,851	9%
Staff Gratuity and Pension Costs	10(b)	102,687,748	(1,151,324)	101,536,424	101,327,302	209,122	0%
Staff and Student Welfare	11	82,500,000	4,258,567	86,758,567	75,046,883	11,711,684	13%
Chancellors Expenses	12(a)	5,000,000	-	5,000,000	1,615,390	3,384,610	68%
Council Expenses	12(b)	19,700,000	1,117,806	20,817,806	18,191,735	2,626,071	13%
Administration and Central Services	13	93,650,000	16,039,315	109,689,315	94,271,813	15,417,502	14%
Academic, Research & Student Affairs	14	218,600,000	28,121,963	246,721,963	181,939,790	64,782,173	26%
Support Services	15	149,500,000	2,038,000	151,538,000	193,616,932	(42,078,932)	-28%
Finance Expenses	16	5,000,000	(2,500,000)	2,500,000	2,188,279	311,721	12%
Depreciation Expenses	17	50,000,000	24,837,242	74,837,242	59,081,513	15,755,729	21%
Total expenditure		2,114,188,444	254,069,853	2,368,258,297	2,152,986,766	215,271,531	9%
Surplus for the period		(184,112,044)	1,151,324	(182,960,720)	6,854,072	189,814,792	-10%

Recurrent Income

- **GoK Recurrent Grants**

During the year, the University received Exchequer grants of **Kshs.1,131,82** for recurrent expenditure purposes as provided in the Printed Estimates.

- **Research Administrative Charges**

The University received a sum of **Kshs.0.97 million** as research administrative charges during the year. These were generated from 10% administrative charges on funds raised from donors by academic staff to support their research projects

- **Tuition Fees and Tuition related Income**

The tuition fees and tuition related income increased significantly during the year under review. There was a marginal increase of fees during the year as compared with the preceding financial year. This was also mainly due to an increase in student population and enhanced efficiency in fees collection.

- **Staff Remuneration Costs**

Actual staff costs stood at **Kshs.1.43 billion** during the year as compared with budgeted allocation of **Kshs.1.57 billion**. The wage bill went up significantly by 15.38% as compared with the previous year because of increase in staff salaries and house allowances as a result of the full implementation of the pending elements of 2010-2013 National CBA awards and payment of the arrears arising thereof, recruitment of additional staff and award of normal annual increments to staff.

- **Surplus/Deficit for the year**

The University recorded a surplus in financial performance during the 2015/2016 financial year with a surplus of **Kshs.6.85 million** against a projected deficit of **Kshs.182.96 million** with net surplus of **Kshs.5.83 million** after adjusting for other gains and losses.

XVI. NOTES TO THE FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation and form of presentation

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

b) Revenue recognition

i) Revenue from non-exchange transactions – IPSAS 23

Transfers from other government entities

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

ii) Revenue from exchange transactions – IPSAS 9

Tuition Income

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

Rendering of services

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

stage of completion is measured by reference to approved semester dates in an academic year.

Sale of goods

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

c) Budget information – IPSAS 24

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

d) Property, plant and equipment – IPSAS 17

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

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

Building	2%
Furniture, Fittings, Plant and equipment	12.5%
Motor Vehicles	25%
Computers	33.3%
Library Books	10%

e) Receivables

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

f) Biological Assets

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

g) Trade and Other Payables

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

h) Inventories - IPSAS 12

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

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

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

i) Contingent liabilities***Litigation***

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

j) Nature and purpose of reserves

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

k) Changes in accounting policies and estimates – IPSAS 3

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

l) Employee benefits – IPSAS 25**Retirement benefit plans**

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

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

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

m) Foreign currency transactions – IPSAS 4

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

n) Related Party Transactions– IPSAS 20**Government**

In the period, the Government approved a budget of **Kshs.1,148,354,000** in the printed estimates. This was not received in full with May and June 2016 recoding a decline vide various monthly capitation grants remittance as reflected in this financial statements.

o) Cash and cash equivalents

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

p) Comparative figures

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

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

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

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation of uncertainty at the reporting date, that have a significant risk of causing a material

adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The University based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the University. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

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

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

r) Subsequent events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2016.

s) Financial Risk Management Disclosures - IPSAS 30

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

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

i) Liquidity Risk

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

The objective of the liquidity and funding management is to ensure that all foreseeable operational, capital and loan commitment expenditure can be met under both normal and stressed conditions and the mismatch is controlled in line with allowable risk levels.

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

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

The University's liquidity position has been unfavorable due to low funding from Exchequer mainly emanating from erroneously refunded funds amounting to **Kshs.115.7 million** which was part of our capitation in 2013/2014. The University's main primary source of revenue receipts is from the Exchequer thus management has been pursuing for enhanced funding as well as pursuing additional sources of revenue through privately sponsored student programmes.

ii) Market Risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates, prices and interest rates. The objective of market risk management policy is to protect and enhance the

Statement of Financial Position and Performance by managing and controlling market risk exposures within acceptable parameters, and to optimize the funding of business operations and facilitate capital expansion. The University is exposed to the following market risks:-

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

iii) Operational Risk

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

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

- a) Requirements for appropriate segregation of duties, including the independent authorization of transactions;
- b) Requirements for the reconciliation and monitoring of financial transactions;
- c) Compliance with regulatory and legal requirements;
- d) Documentation of controls and procedures;
- e) Requirements for the yearly assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- f) Requirement for the reporting of operational losses and proposed remedial action;
- g) Training and professional development;
- h) Regular internal and external audits;

- i) Ethical and business standards; and
- j) Risk mitigation, including insurance where it is effective.

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

iv) Compliance and Regulatory Risk

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

Note 2 - Exchequer Grants

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
Exchequer Grants		
Exchequer Grants (Recurrent)	1,131,824,545	1,148,354,000
Totals	1,131,824,545	1,148,354,000

Exchequer grants received from the government are recognized as Income in the period in which it relates as approved in the Printed Estimates with an allocation of **Kshs.1.148 billion** for financial year 2015/2016.

Note 3 : - Tuition Income

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
Tuition Fees	949,866,758	630,901,757
Tuition Fees Adjustment	(327,990,215)	-
Direct Charges	52,028,500	40,679,400
Collaborating fees	28,061,050	26,046,039
Collaborating Expense	(15,986,743)	-
Totals	685,979,350	697,627,196

Note 4 : - Administrative and Related Fees

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
Student ID Fees	3,040,100	1,581,250
Registration	1,677,300	1,353,400
Examinations Fees	25,340,150	18,254,100
Activity Fees	20,154,300	14,566,600
Student Medical Fees	33,226,700	23,682,500
Library Fees	27,637,970	14,333,989
Field Trips	102,724,850	76,479,420
Field Attachment	6,911,400	2,826,000
Teaching Practice Fees	27,806,670	21,429,000
UOESO	-	4,167,200
Computer Fees	285,000	364,000
Thesis Fees	1,108,300	1,253,500
Supervision	1,910,500	2,370,500
Re-marking Charges	1,000	9,000
Amenity	17,367,000	13,167,800
Special Project	935,000	420,000
Field Work Supervision	22,500	45,000
Field Course	150,000	250,000
Workshop Practice	610,544	698,000
Other Student Related Income	14,000	924,600
Totals	270,923,284	198,175,859

There was a general growth in administrative and related fees as well as graduation , as a result of increase in students joining the University and those graduating during the period especially undergraduates.

Note 5 : - Gratuition Fees

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
Graduation Fees	10,599,503	7,435,110
Totals	10,599,503	7,435,110

Note 6 : - Accommodation Income

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
Accommodation Fees	47,756,530	39,228,850
Totals	47,756,530	39,228,850

Note 7(a) : - IGA Income

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
Farm Income	17,016,299	19,089,334
Catering Income	4,032,297	4,978,694
Hire of Motor Vehicles	2,567,650	3,116,180
Guest House	8,725,390	9,143,453
Bookshop Sales	12,163,384	7,003,784
Fisheries	248,810	58,080
Conference & Workshops	1,000	442,472
UOESO Rent	4,700	-
Bridging Fees	1,000	-
VLIR Car Hire	-	13,800
Library Income	86,070	73,590
Rent Income	2,030,793	1,463,980
Sale of seedlings	90,246	59,136
EIA	2,629,184	7,139,770
Other IGA Income	3,418,160	2,141,583
Totals	53,014,982	54,723,855

Note 7(b) : - IGA Expenses

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
Farm Expenses	17,867,457	23,588,838
Catering Expenses	9,860,445	12,768,885
Hire of Motor Vehicles Expenses	-	17,580
Guest House Expenses	5,795,810	6,533,966
Bookshop Expenses	10,151,402	4,755,701
Fisheries Expenses	106,000	-
Conference & Workshops Expenses	147,337	860,813
EIA Expenses	1,840,106	4,858,263
Other IGA Expenses	25,172	-
Totals	45,793,728	53,384,045

Note 7 : - Net IGA Income

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
Farm Income	(851,158)	(4,499,504)
Catering Income	(5,828,148)	(7,790,191)
Hire of Motor Vehicles	2,567,650	3,098,600
Guest House	2,929,580	2,609,487
Bookshop Sales	2,011,982	2,248,083
Fisheries	142,810	58,080
Conference & Workshops	(146,337)	(418,341)
UOESO Rent	4,700	-
Bridging Fees	1,000	-
VLIR Car Hire	-	13,800
Library Income	86,070	73,590
Rent Income	2,030,793	1,463,980
Sale of seedings	90,246	59,136
EIA	789,078	2,281,507
Other IGA Income	3,392,988	2,141,583
Net Total IGA Income	7,221,254	1,339,810

There has been an effort to monitor postings to IGAs correctly to assess the viability of each unit. Catering made a loss of **Kshs.5.83 million** mainly because its sales are highly subsidized thus input costs are high.

Note 8 : -Research Grants

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
Research Administrative Fees	965,477	994,346
Totals	965,477	994,346

Note 9 : - Other Income

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
Application Fees	2,342,231	1,757,400
Fines & Penalties	151,760	1,219,925
Miscelaneuos Income	1,296,104	1,149,763
Agribusiness Trade Fair	-	723,587
Referral/Supplementary	780,800	695,200
Totals	4,570,895	5,545,875

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

Application fees increased as a result of increased applicants for various programmes. The other incomes generally remained stable.

Note 10 : - Staff Remuneration Costs

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
Personal Emoluments	658,236,899	624,309,711
House Allowances	348,209,002	325,708,567
Other Personal Allowances	68,247,858	48,586,970
Commuter Allowances	103,105,138	98,178,198
Passage & Leave Allowance	6,220,838	4,359,099
Contracted Employees	79,676,719	88,919,262
Part Time Claims	98,120,000	78,986,572
PSSP Service Providers Disbursements	63,890,677	155,817,636
Totals	1,425,707,129	1,424,866,015

Note 10 : - Staff Remuneration Costs

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
Gratuity & Pension Contributions	101,327,302	105,262,077
Totals	101,327,302	105,262,077

Note 11: - Staff and Student Welfare

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
Medical Expenses	50,892,695	62,720,633
Inter University Games & Other Student	3,506,587	6,610,520
Purchase of Uniforms & Clothing	1,707,921	5,236,349
Public Celebrations & Staff Welfare	2,724,038	2,059,143
Students Welfare	16,215,642	10,962,643
Totals	75,046,883	87,589,288

Note 12(a) : - Chancellors Expenses

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
Chancellors Expenses	1,615,390	1,187,498
Totals	1,615,390	1,187,498

Note 12(b) : - Council Expenses

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
Sitting Allowance	7,806,572	8,644,672
Travelling and Accommodation	8,351,375	2,998,040
Meals & Refreshments	971,372	1,137,677
Other Council Expenses	1,062,416	706,955
Totals	18,191,735	13,487,344

Note 13 : - Administration and Central Services Expenses

Particulars	30-Jun-16 Ksh	30-Jun-15 Ksh
Transport Fuel Expenses	5,060,406	5,806,090
Travelling & Accommodation	8,709,678	11,352,614
External Travelling & Accommodation	1,378,195	695,051
Postal & Telegrams	639,550	658,401
Telephone Expenses	4,852,434	4,685,374
Purchase of Stationary	13,243,280	12,349,151
Audit Fees Expenses	760,482	855,000
Insurance Expenses	8,259,454	12,568,067
Legal Expenses	25,144,400	925,000
ISO & Performance Contracting	9,553,242	4,097,592
Strategic Plan & Master Plan Design	2,477,552	8,841,620
Security Services	1,775,200	1,564,934
Contigent Expenses	600,999	12,939,920
ERP Sytem Manteinance Expenses	56,900	-
Official Entertainment	234,890	76,524
Recruitment & Training Expenses	3,391,688	2,531,600
Show, Marketing Expenses & Agribusin	8,133,464	2,203,430
Totals	94,271,813	82,150,367

Note 14 : - Academic, Research & Student Affairs Expenses

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
Teaching Practice & Field Attachment	15,204,033	38,504,124
University Outreach Programme & Exhil	6,912,859	5,868,930
External Examiners	7,577,902	3,695,062
Internet Services	5,261,645	5,578,492
Deans, Senate Comittees & Confrence Ex	8,729,466	9,211,648
Graduation Expenses	15,786,028	7,795,332
Open & Cultural Day Expenses	248,825	257,050
Library Expenses	788,970	2,453,494
Teaching material expenses	3,234,511	10,561,833
Academic Field Trips	67,346,828	35,054,277
Examination Expenses	6,729,785	8,628,500
Postgraduate Supervision	14,392,871	3,359,205
Printing & Publications	1,449,828	9,532,530
Purchase of Gowns	-	3,732,350
Advertising & Publicity	17,615,449	20,399,938
Admission & Registration Expenses	3,880,740	4,978,700
University Funded Research Expenses	6,103,550	2,612,230
Totals	181,939,790	172,223,695

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

Note 15 : - Support Services

Particulars	30-Jun-16 Ksh	30-Jun-15 Ksh
Utilities (Electricity, Water & Conservanc	90,313,331	94,593,001
Payment of Rent & Rates	32,686,044	36,738,498
Maintenance of Catering & Hostel Facilit	9,792,585	7,526,336
Cleaning Materials & Detergents	881,946	2,439,962
Maintainace of Plant, Furniture & Equipr	3,588,683	920,150
Maintenance of Computers	1,288,461	953,305
Maintenance of Buildings & Stations	10,687,454	1,594,105
Contract Services & Subscriptions	1,378,283	4,251,412
Maintenance of Water Suppliers & Sewer	352,500	159,300
Maintenance of Playgrounds & Parks	331,875	740,410
Newspapers	2,698,583	965,261
Maintenance of Motor Vehicles	4,747,585	8,765,913
Land Transfer Expenses	34,869,600	-
Totals	193,616,932	159,647,654

Note 16 : - Finance Expenses

Particulars	30-Jun-16 Ksh	30-Jun-15 Ksh
Bank Charges & Commissions	2,188,279	4,324,235
Totals	2,188,279	4,324,235

Note 17: - Armotization & Depreciation Expenses

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
Armotization of Land	1,975,309	6,400,000
Depreciation Buildings	18,332,230	18,332,230
Depreciation Motor Vehicles	17,413,912	13,454,555
Depreciation Computers and Assesories	11,605,180	12,956,963
Depreciation Furniture and Fittings	4,568,346	8,014,665
Depreciation plant and Equipment	3,740,736	3,366,690
Depreciation Library Books	1,445,801	651,690
Totals	59,081,513	63,176,792

Note 18-21:- Other Gains/(Losses)

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
Gain/(Loss) on Assets Disposal/Deptn Adjmts	5,334,140	-
Gain/(Loss) on Biological Assets	3,441,995	4,380,345
Increase/(Decrease) in Provision for Bad Debts	(9,804,492)	2,056,953
Gain/(Loss) on Foreign Exchange Transactions	1,992	7,135
Totals	(1,026,365)	6,444,433

Note 22 (a) : - Bank Balances

Particulars	30-Jun-16 Ksh	30-Jun-15 Ksh
NBK-Main Account-0102107332500	88,652,363	15,507,368
NBK-Capital Development Account-0102	113,494,005	23,545,303
Standard Chartered Bank (Kshs) Researc	9,678,137	29,262,971
Standard Chartered Bank (Euro) Researc	2,056	-
Standard Chartered Bank (Kshs-Edulink)	622,256	14,501
Co-operative Bank (Fees Collection)-0112	983,341	1,742,125
Co-operative Bank (Canadian Dollar)	2,553	634,139
Co-operative Bank (Farm Account)-0112	1,566,026	675,945
Equity Bank (Fees Collection)-030029733	832,987	1,742,334
Kenya Commercial Bank-Research(VLIR)	19,344	2,560,678
Kenya Commercial Bank (Fees Collection	1,019,172	1,100,136
Petty Cash account	300,000	300,000
Undeposited Funds	562,764	1,980,490
Short Term Deposits	-	-
Totals	217,735,003	79,065,990

Note 22 (b) : - Bank Overdraft

Particulars	30-Jun-16 Ksh	30-Jun-15 Ksh
NBK-Main Account-0102107332500	-	-
Standard Chartered Bank (Euro) Researc	-	24,267
Totals	-	24,267

Note 23 : - Receivables from Exchange Transaction

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
Student Debtors	736,557,393	492,665,633
Student Debtors Adjustment	(327,990,215)	-
Less: Provision for Bad Debts	(14,655,898)	(4,926,656)
Student Debtors Net of Bad Debts	393,911,280	487,738,977
Staff Imprests	11,605,629	49,758,002
General Debtors	12,495,734	2,963,500
Exchequer Grants Receivable	-	95,696,166
Deposit with Service Providers	940,852	934,852
Totals	418,953,495	637,091,498

Note 24 : - Inventories

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
Lab Chemicals	4,596,274	4,376,184
Games Materials	777,260	291,726
Loose Tools and Spares	178,977	192,467
Bookshop Books	2,222,576	1,418,393
Dry Food	685,372	2,769,811
Clinical Drugs	834,543	786,150
Consumables	11,059,924	8,459,200
Building Materials	4,234,591	14,360,012
Totals	24,589,517	32,653,942

Note 25 : Property, plant and equipment

	Land	Buildings	Motor Vehicles	Computers and Appliances	Furniture & Fittings	Plant & Equipment	Library Books	Totals
Cost	K.Shs	K.Shs	K.Shs	K.Shs	K.Shs	K.Shs	K.Shs	K.Shs
At 1 July 2014	-	70,082,225	26,145,027	25,926,375	10,258,528	17,193,104	2,289,396	151,894,655
Additions 2015	-	-	27,673,192	12,948,402	20,935,649	-	4,227,504	65,784,747
Trasfers from W.I.P 2015	-	126,542,544	-	-	-	9,740,412	-	136,282,956
Trasfers from M.U 2015	160,000,000	719,986,743	47,840,652	8,014,665	43,299,005	-	-	979,141,065
At 1 July 2015	160,000,000	916,611,512	101,658,871	46,889,442	74,493,182	26,933,516	6,516,900	1,333,103,423
Additions 2015/2016	-	-	8,793,200	2,382,656	5,352,592	2,992,370	7,941,110	27,461,927
At 30 June 2016	160,000,000	916,611,512	110,452,071	49,272,098	79,845,774	29,925,886	14,458,009	1,360,565,350
Depreciation								
At 1 July 2014	-	1,401,645	11,807,343	15,856,792	1,749,232	5,816,070	228,940	36,860,021
Armotization 2015	6,400,000	-	-	-	-	-	-	6,400,000
Depreciation 2015	-	18,332,230	13,454,555	12,956,963	3,907,192	3,366,690	651,690	52,669,320
Depreciation for Trasfers	1,860,465	190,672,593	39,801,565	3,783,909	31,590,826	-	-	267,709,358
Depreciation Adjmt for Tr	-	57,598,939	8,039,088	4,230,756	11,644,819	-	-	81,513,602
At 30 June 2015	8,260,465	268,005,406	73,102,550	36,828,420	48,892,069	9,182,760	880,630	445,152,300
Armotization 2015/2016	1,975,309	-	-	-	-	-	-	1,975,309
Depreciation 2015/2016	-	18,332,230	17,413,912	11,605,180	4,568,346	3,740,736	1,445,801	57,106,205
At 30 June 2016	10,235,774	286,337,637	90,516,462	48,433,600	53,460,415	12,923,495	2,326,431	504,233,814
Net book values								
At 30 June 2016	149,764,226	630,273,875	19,935,609	838,497	26,385,359	17,002,391	12,131,579	856,331,536
At 30 June 2015	151,739,535	648,606,105	28,556,321	10,061,022	25,601,113	17,750,757	5,636,270	887,951,122

Note 26: Work-In-Progress

	30-Jun-16	Transfers to PPE	Additions	30-Jun-15
Particulars	Ksh	Ksh	Ksh	Ksh
Acquisition of Software	13,500,000	-	-	13,500,000
Hotel & Hospitality Lab	26,101,362	-	-	23,591,641
Engineering Complex	56,206,557	-	9,827,452	46,379,105
Education Complex	154,454,447	-	13,053,459	143,910,709
High Mast Flood Lights	6,504,000	-	-	6,504,000
CCTV Installation	3,137,000	-	-	3,137,000
Totals	259,903,366	-	22,880,911	237,022,455

Work in Progress expenses relate to payments made to contractors of on-going Capital projects undertaken by the University during the year and in particular the School of Education building, Engineering Complex and Enterprise Resource Planning software (ERP).

Note 27:- Biological Assets

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
Maize	1,507,180	847,250
Wheat	483,970	912,000
Fodder (Boma Rhodes)	5,000	-
Dairy Livestock	18,584,000	14,968,000
Poultry	427,500	477,005
Trees	207,430	133,250
Fish	224,420	660,000
Totals	21,439,500	17,997,505

Note 28 (a) :- Trade Payables

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
Trade Creditors	82,514,844	82,741,104
With-Holding Tax	201,386	225,935
Capital Creditors	8,139,970	31,827,696
Commissioner of Domestic Taxes	3,620,384	3,033,062
Retention (Contractor)	16,024,974	21,355,786
VAT Taxes	3,361,541	2,979,082
Totals	113,863,099	142,162,664

Note 28 (b) :- Other Payables - Students

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
Prepaid Fees (Students)	62,929,874	206,997,271
Caution Money	9,091,144	7,442,044
HELB-Loan Students	11,854,830	11,749,830
HELB-Bursaries Students	178,000	199,000
CDF- Constituency Development Fund	13,961,845	13,213,654
Sponsorships	18,678,068	23,757,072
Unallocated Fee	93,943,548	122,960,978
Totals	210,637,309	386,319,849

Note 28 (c) :- Other Payables - Payroll

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
Net Pay	288,418	3,885,236
PAYE	8,411,541	62,625,123
NSSF	200	185,700
NHIF	-	48,280
Bank Loans	-	17,028,323
Staff Insurance	-	1,150,218
SACCOS	-	5,130,095
HELB-Loan Repayment Staff	-	227,713
WELFARES	181,550	3,028,411
PENSION	-	2,607,185
UNION DUES	-	846,420
Salary Recovery	-	597,961
Legal Attachments	-	25,401
Outstanding Staff Salaries	-	19,985,822
Part-time Lecturers	151,023,907	108,455,558
Totals	159,905,616	225,827,445

Note 29 :- Accruals and Provisions

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
Provision for Audit Fees	950,000	1,039,518
Payroll Recoveries	6,392,411	-
Accrued Expenses	122,428,820	56,480,644
Totals	129,771,231	57,520,162

Note 30 :Research Fund Account

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
Donor Funded Research Receipts	84,016,168	41,535,003
Donor Funded Research Disbursements	(65,247,140)	-
Totals	18,769,028	41,535,003

Note 31 : UoESO Fund Account

	30-Jun-16	30-Jun-15
Particulars	Ksh	Ksh
UoESO Funds Receipts	7,919,100	-
UoESO Funds Disbursements	(2,651,120)	-
Totals	5,267,980	-

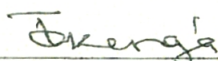
XVII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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)
ELD/UEL D/4/19	Delayed handing over of Assets and Liabilities by Moi University contrary to legal notice no. 125 of 13 th August, 2010.	The assets were partially handed over from Moi University on 15 th December, 2014	Prof. Teresa A.O. Akenga, Vice Chancellor	Partially resolved	2014/2015 FY
ELD/UEL D/4/19	Going Concern (technically insolvent) unless the Government inject additional financial support	This is due to inadequate Exchequer funding. To increase internally generated funds.	Prof. Teresa A.O. Akenga, Vice Chancellor	Partially resolved	Engaging government for enhanced funding. Still on-going.

Guidance Notes:

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



Prof. Teresa A.O. Akenga PhD, MRSC, MBS
Vice Chancellor

Date.. 12/06/17



Dr. David Ojaka
Chairman of Council

Date.. 09/06/2017

