REPUBLIC OF KENYA

Laid by Hon. Aden Duale, MP, Leader of the Majority Party under NO. 5 on 27/08/2015

KENYA NATIONAL AUDIT OFFICE

REPORT

OF

THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF UNIVERSITY OF ELDORET

FOR THE YEAR ENDED 30 JUNE 2014

University of Eldoret

flame of knowledge and innovation

UNIVERSITY OF ELDORET

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED JUNE 30, 2014

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:

- Teaching, Research and Technology Innovations
- Corporate social responsibility and Promotion of social fairness
- Cooperation with Government in the planned development of university education
- 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:

1) Integrity;
2) Innovativeness;
3) Customer satisfaction;
4) Competitiveness;
5) Equity; and
6) Responsiveness.

Objectives and Functions

1) To excel in teaching, research consultancy and outreach;
2) To acquire, maintain, preserve and organize the collection of library resources for learning;
3) To provide students with secure accommodation, adequate health services and recreational facilities for holistic development;
4) To advance in science, technology and innovation for sustainable development
5) To acquire, develop and maintain quality infrastructure for academic excellence;
6) To attract, recruit, develop and retain high quality staff of both gender;

7) To ensure revenue growth through effective management of costs and resource mobilization to facilitate meeting of financial obligations;
8) To initiate and mainstream environmentally sound management systems; and
9) 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:

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

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2014 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Vice Chancellor	Prof. Teresa A.O. Akenga
2.	Deputy Vice Chancellor (A&F)	Prof. Ezekiel K. Kiprop
3.	Deputy Vice Chancellor (ASA)	Prof. Ruth N. Otunga
4.	Registrar (Academic)	Prof. Paul K. Tarus
5.	Registrar (Administration)	Dr. Joseph K. Koech
6.	Registrar (Planning)	Dr. Mary C. Lopokoiyit
7.	Finance Officer	CPA Hosea K. Sitienei
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:

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

(f) University Headquarters

P.O. Box 1125 - 30100
Chepkoilel/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

1. National Bank of Kenya Ltd
   Eldoret Branch
   P.O. Box 3111 - 30100
   Eldoret, Kenya

2. Kenya Commercial Bank
   Eldoret West Branch
   P.O. Box 5197 - 30100
   Eldoret, Kenya

3. Standard Chartered Bank Ltd
   Eldoret Branch
   P.O. Box 7 - 30100
   Eldoret, Kenya

4. Equity Bank Ltd.
   Eldoret Branch
   P.O. Box 2210 - 30100
   Eldoret, Kenya

5. Co-operative Bank of Kenya Ltd
   Eldoret Branch
   P.O. Box 2948 - 30100
   Nairobi, Kenya

(i) Independent Auditors

Auditor General
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

	1. **Prof. Sarone Ole Sena** (DoB – 1949)	Ph.D (McGill, Canada), M.Phil Cambridge, UK), MSc (McMaster, Canada), B.Ed (Nbi),
	2. **Prof. Teresia A. O. Akenga,** MBS (DoB - 1963)	PhD(UNSW-Australia), MSc, B.Ed (Sc) (KU), MRSC
	3. **Prof. Korwa Gombe Adar** (DoB – 1949)	Ph.D, M.A, (South Carolina, USA), MSc, BSc, (Indiana State University, USA)
	4. **Mr. Donald Buigut Kimutai,** EBS, MBS (DoB – 1947)	M.A (York), B.A (Nbi) B. Phil (Nbi)
	5. **Eng. Peter Njagi Njeru,** EBS (DoB – 1958)	MBA (Finance) Egerton, B.Sc (Civil Engineering) (Nbi) R.Eng, MIEK
	6. **Mrs. Alice Kemunto Mayaka,** CBS (DoB – 1951)	MSc (HRD) (Manchester, UK), PGDCD (KU), B.Ed (Sc) (Nbi)
	7. **Dr. Musangi J. Mutua** (DoB – 1962)	Ph.D (Nbi), MPA (Canberra-Australia), BA (Nbi) HD (HR, IHRM)
	8. **Mr. Archer O. Arina** (DoB – 1966)	MSc (Southwest Jiaotong, China), B.Ed. & Ext (Egerton) - Alternate of Principal Secretary Ministry of Education, Science & Technology
	9. **Mr. Daniel Mwanzia Mutua** (DoB – 1967)	MBA (MsM/ESAMI), B.Ed (Econ/Business) (KU), Alternate Cabinet Secretary National Treasury

III. MANAGEMENT TEAM

1. **Prof. Teresia A. O. Akenga,** MBS Ph.D(UNSW-Australia), BSc, MSc (KU), MRSC — Vice-Chancellor and Secretary to the University Council

2. **Prof. Ezekiel K. Kiprop** Ph.D, MSc, BSc (Agric.) (UoN) — Deputy Vice-Chancellor, Administration and Finance

3. **Prof. Ruth N. Otunga** Ph.D (Curriculum) (MU), M.Ed (Curriculum) (KU), B.Ed (Home Economics) (UoN) — Deputy Vice-Chancellor, Academics & Student Affairs

4. **Prof. Paul K. Tarus** Ph.D (Chem) M.Sc (Chem) and B.Ed (Science) (KU) — Registrar Academics

5. **Dr. Joseph K. Koech** Ph.D, M.Ed (Uni. of Alberta) M.A, B.Ed (UoN) — Registrar Administration

6. **Dr. Mary C. Lopokoiyit** Ph.D, MBA (HRM), M.Sc (Egerton) — Registrar Planning

7. **CPA. Hosea K. Sitienei** MBA (Salford, UK), PGDE (KU) CPA(K) — Finance Officer

8. **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 on 30 June 2014.

The 2013/2014 financial year was an exciting year following the elevation of the institution into a fully fledged University on 11th February 2013. This new status brought along with it several opportunities and challenges to the young institution. 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 County. Inevitably with the every changing government policies, the operating environment is equally becoming extremely competitive although the number of students qualifying to join University has been increasing significantly over the years. With the first cohort of students who benefited under the Free Primary Education and highly subsidized Secondary school education programs expected to join the University by the year 2015, the demand for University education would continue to escalate. Inspite of the demand, the nature of the operating environment as stated dictates that the University has to be prepared to create structures and facilities that would give it a competitive advantage.

Strategic Plan

To address the emerging challenges and take advantage of the new opportunities in the operating environment, the University had to develop and launch a strategic plan during the year under review. The strategic plan provides a clear strategic direction to the University Council and Management during the next five years of the University's development – 2014 to 2019. The launching of this strategic plan on 20th June 2014 was a significant event in our calendar of activities. It is expected that the Government, would contribute significantly towards the realization of our dreams as envisaged in the plan in terms of provision of the required financial resources. Other avenues of funding the planned expansion of the physical facilities and infrastructure would 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 during the year. It is expected that these units would be fully operationalized during the next financial year 2014/15.

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. During the year under review, therefore the University continued with the construction of a new library complex at a cost of **Kshs 97.2 million**. This is one of the landmark projects on campus. The construction of an additional facility to accommodate the School of Education programs at an estimated cost of **Kshs 159.1 million** continued as well during the year. It is expected that this magnificent project would also be completed in the next financial year – 2014/2015.

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.

PROF. SARONE OLE SENA, PhD
CHAIRMAN OF COUNCIL
Date: _____

V. REPORT OF THE VICE CHANCELLOR

I am pleased to present my report for the 2013/2014 financial year which ended on 30th June 2014. Indeed in the last two years, the higher education sector witnessed a rapidly changing operating environment characterized by stiff competition, changing customer demands and declining resource allocations 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 2014, the student enrolment stood at 13,552 No. of students.

On 3rd December 2013, the first graduation ceremony of the University was held and a total of 2186 No. students graduated with their distribution being 669 No.,1413 No. 83 No. and 21 No. in terms of Diploma, Undergraduates, Masters and PhDs graduates respectively.

Research being one of the critical activities of the University continued normally with two University journals being launched and these are the East African Journal of Pure and Applied Sciences (EAJPAS) from the School of Science and the African Journal of Education, Science and Technology (AJEST) from the school of Education in collaboration with Anambra State University, Nigeria. In terms of collaborative research, the University had forty projects running throughout the year with most of them under the School of Agriculture and Biotechnology.

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. 1.032 billion** for recurrent expenditure purposes as compared with an allocation of **Kshs. 928.0 million** in the previous year. Internally generated revenue at **Kshs. 755.0 million** collected during the year with fees paid by both the Government sponsored (GSSP) and Privately Sponsored Students (PSSP) was the second major source of funding at **Kshs. 531.8million**. In addition, the University generated a sum of **Kshs.55.2 million** from other commercial activities (IGAs); **Kshs. 36.7 million** from accommodation fees and **Kshs. 115.8 million** from other students levies. In general, the University recorded an aggregate income of **Kshs. 1.788 billion** during the year while the recurrent expenditure stood at **Kshs. 1.784 billion**. In general the University recorded an improved financial performance of **Kshs. 6.7 million** during the year.

On the other hand, the Capital Development grants received by the University stood at **Kshs. 94.2 million** during the year against an allocation of **Kshs. 118.8 million**. The amount was expended in the construction of the Library complex, Hotel and Hospitality Laboratory project, and construction of the on-going School of Education complex. Indeed the construction works on the on-going project progressed well during the year.

Performance Contract

As required, the University Council operated under the performance contract regime during the year. The performance Contract for the year was signed between Council and the parent Ministry of

Education, Science and Technology on 25 February 2014. An evaluation of the University's performance during the year was carried out at the end of the year. It is therefore my pleasure to report that the University recorded an improved performance during the year with a rating of 2.9055 which is under the very good category. This is an excellent achievement and I take this opportunity to thank all those who contributed towards this great success.

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 expectations and which I highly appreciate. To the Management team, all staff and students and 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.

Takenga

07/07/15

PROF. TERESA A. O. AKENGA, PhD, MRSC, MBS
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. This statement therefore describes the University's governance principles and practices.

The University council

The University Council is the governing body of the university. Its functions are broad as specified under Clause 21(2) of the University of Eldoret Charter. These include the establishment of corporate policies, setting of the strategic direction and overseeing the activities and functions of management.

In terms of oversight responsibilities, the Council provides guidance and direction with regard to operational aspects of the business including approval of budgets, risk management related issues and internal control. It also ensures that the management provides accurate, timely and understandable information about the university's performance through the Management and Annual reports. Above all, the Council is also responsible for the corporate governance agenda of the university.

The Council received reports at its meetings from the chairmen of each of the Committees on their current activities regularly and as required during the year.

The size of the Council

The University Council is appointed in accordance with the provisions of Section 36 (1) (a) to (e) of the Universities Act, 2012 and Clause 20(1) of the Statutes. It is composed of nine members as follows;

- ✓ Independent members including the Chairman 6 No.
- ✓ Government representatives 2 No.
- ✓ Ex-officio member who is the Vice-Chancellor 1 N0.

Authority of Council and its Committees

The authority of Council and its Committees is derived from the University's Act, 2012 and the Statutes and the circulars issued by the appointing authority from time to time. The University Council delegates this authority to its standing committees and the top management under the Vice-Chancellor who is the CEO and for specific purposes.

The main areas where decisions remained with the Council included approval of the Strategic plans, Annual operating budgets and the Annual financial statements including the appointment of senior staff.

The roles and responsibilities delegated to each one of the committees are specified in their specific terms of reference or charter. During the year, the Council constituted the following committees:

1. Audit and Risk Management
2. Academic, Research, Innovation and Students' Affairs
3. Finance, Planning, Resource Mobilization and General Purposes
4. Human Resource

Meetings of Council and its Committees

The University Council prepares and approves a calendar of its meetings and those of committees at the beginning of each year. 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	5	11
2. Audit & Risk Management	3	Nil
3. Academic, Research, Innovation and Students' Affairs	4	1
5.Finance, Planning, Resource Mobilization & General Purposes	3	3
6.Human Resource	4	1

The role of the Chairman of Council

The Chairman's primary responsibility is to lead the Council, to ensure that it has a shared vision, effective and it upholds and promotes high standards of integrity, probity and corporate governance. A clear division of responsibility existed between the chairman, who is non-executive and the Vice-Chancellor who is the CEO. The responsibilities of the Vice-Chancellor are set out under Section 39 (2) of the Universities Act, 2012. Consequently there was no conflict between the Chairman of council and the Vice-Chancellor in the course of discharging their responsibilities during the year 2013/2014.

Code of Conduct and Ethics policy

The members of University of Eldoret including the Council, all employees, Students and affiliates are required to uphold the highest ethical standards of behaviour both within and outside the university. To underscore the importance of this desire, the university management developed a Code of conduct and Ethics which was approved by the University Council during the year. The Code of Ethics and Conduct is a shared statement of commitment to uphold the highest ethical, professional and legal standards used as the basis for daily and long-term decisions and actions among other purposes.

Anti-Corruption policy

Corruption is a serious scourge which has eaten into the fabric of the Kenyan society and may occur in any public institution. Being aware of the likely impact of this menace, the management developed an Anti-Corruption policy which was approved by the University Council during the year under review. Among the various legal instruments and institutional policies that were used as references while developing the policy are the following:

- ✓ Anti-corruption and Economic Crimes Act, 2003
- ✓ Public Officers Ethics act, 2003
- ✓ Public Procurement and Disposal Act,2005 and the Public Procurement and Disposal Regulations, 2006

- ✓ Public Financial Management Act,2012 and
- ✓ Public Audit Act, 2003

The Anti-Corruption policy provides clear roles of management, staff, students and other stakeholders in preventing corruption or unethical behaviour/ practices. As a result of this, reported incidences of corruption were significantly reduced during the year.

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 business as an institution of higher learning.

PROF. TERESA A. O. AKENGA, PhD, MRSC, MBS
VICE-CHANCELLOR

VII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

This statement is about how the University of Eldoret takes account of 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.

This Statement should also be read in conjunction with our environmental policy. In this policy statement, we commit the University 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 nature of our work as an institution of higher learning means that we do not inherently have a high environmental impact but we will take consideration of environmental issues in the services we provide and endeavour to reduce our environmental impact to an absolute minimum.

The Management will ensure 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:

- ✓ Working and supporting local sports activities
- ✓ Encouraging staff and students' participation in community activities
- ✓ Supporting local Schools
- ✓ Providing agricultural extension services and short term training/workshops to farmers

Clients

The management will also ensure that we deal responsibly, openly and fairly with clients and partners/stakeholders as defined in our service charter by pledging to:

- ✓ Serve our clients with dignity, courtesy and respect.
- ✓ Continuously provide efficient and effective service;
- ✓ Adhere to ethical and equitable service provision;
- ✓ Enhance transparency, integrity and accountability;
- ✓ Observe the principles of natural justice;
- ✓ Maintain appropriate confidentiality;
- ✓ Discharge our duties professionally and with due diligence; and
- ✓ Ensure delivery of affordable quality education.

Responsibility

The operational and ultimate responsibility for the commitment to our Corporate Social Responsibility principles lies with the 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
VICE–CHANCELLOR

VIII. REPORT OF THE COUNCIL

The University Council submits its report together with the audited financial statements for the year ended June 30, 2014 which show the state of the University's affairs.

Principal Activities

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

Results

The results of the entity for the year ended June 30, 2014 are set on page 1.

University Council Members

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

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
VICE – CHANCELLOR &
SECRETARY TO 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, 2014. 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, 2014, and of the University's financial position as at that date. The Council further confirms the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The University's financial statements were approved by the University Council on _____ 2014 and signed on its behalf by:

_____ _____

Chairman of Council Vice Chancellor

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

We have audited the accompanying (consolidated) financial statements of University of Eldoret for the year ended June 30, 2014, which comprise: (i) a statement of financial performance; (ii) a statement of financial position; (iii) a statement of changes in net assets; (iv) a statement of cash flows; (v) a statement of comparison of budget and actual amounts and (v) a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The University's Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards, 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.

Auditors' responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit 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 auditors' judgement, including the assessment of the risks 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 *University'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 evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the University as at June 30, 2014, and its financial performance as well as cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

_____ _____

Auditor General Date

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www. kenao.go.ke

P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON UNIVERSITY OF ELDORET FOR THE YEAR ENDED 30 JUNE 2014

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of University of Eldoret set out on pages 1 to 23, which comprise the statement of financial position as at 30 June, 2014 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. 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 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 13 of the Public Audit Act, 2003.

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 Section15 (2) of the Public Audit Act, 2003 and submit the audit report in compliance with Article 229(7) of the Constitution of Kenya. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable assurance on 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 risks 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 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

Handing over of Assets and Liabilities by Moi University

As reported in the previous year, the statement of financial position as at 30 June 2014 excludes assets and liabilities of undetermined value that were to be handed over by Moi University as per legal notice No.125 of 13 August 2010 that created the University.

Consequently, it has not been possible to confirm whether the statement of financial position as at 30 June 2014 is fairly stated.

Qualified Opinion

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the University as at 30 June 2014, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards and comply with the Universities Act, 2012.

Other Matter

Going Concern

The statement of financial position as at 30 June 2014 reflects total current liabilities of Kshs.409,342,704 that exceeded current assets balance of Kshs.330,533,155 resulting in a negative working capital of Kshs.78,809,549. As at the same date, the University had an accumulated deficit of Kshs.14,927,197.

The University is therefore technically insolvent and may face financial challenges in settling liabilities as and when they fall due. However, the financial statements have been prepared on going concern basis on the strength of continued support of the Government and creditors. My opinion is not qualified in respect to this matter.

Edward R.O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

30 July 2015

XI. STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 30 June 2014

	Notes	30-Jun-14	30-Jun-13
Revenue from non-exchange transactions		**Kshs.**	**Kshs.**
Exchequer Grants (Recurrent)	3	1,032,667,215	928,000,000
Research Administrative Fees	4	1,663,838	49,548,139
		1,034,331,054	**977,548,139**
Revenue from exchange transactions			
Tuition Income	6	550,583,578	512,246,034
Administrative and Related Fees	7	115,850,507	101,471,828
Graduation Fees	8	5,536,000	4,044,270
Accomodation Fees	9	36,711,165	22,439,588
Income Generating Activities Income	10	21,402,476	4,442,825
Other Income	11	8,748,627	19,360,574
		738,832,353	**664,005,119**
Total revenue		**1,773,163,406**	**1,641,553,258**
Expenses			
Staff Costs	12	1,315,971,055	1,165,398,399
Staff and Student Welfare	13	43,643,060	53,188,943
Chancellors and Council Expenses	14	20,408,368	21,347,960
Administration and Central Services Expenses	15	98,916,012	105,389,741
Academic, Research & Student Affairs Expenses	16	145,747,208	123,953,365
Support Services	17	118,357,554	117,569,297
Finance Expenses	18	5,677,828	28,469,445
Depreciation Expenses	20	20,231,778	10,138,665
Total expenses		**1,768,952,864**	**1,625,455,815**
Other gains/(losses)	21		
Gain/(Loss) on Biological Assets		473,433	-
Increase/(Decrease) in Provision for Bad Debts		2,033,847	(9,060,337)
Gain/(Loss) on Foreign Exchange Transactions		(20,900)	-
Total Gain/(Loss)		**2,486,380**	**(9,060,337)**
Surplus/(Deficit) for the period		**6,696,923**	**7,037,106**

XII. STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	Notes	30-Jun-14	30-Jun-13
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	22(a)	49,008,374	44,411,664
Receivables from exchange transactions	23	258,620,049	203,002,463
Inventories	24	22,904,733	23,347,899
		330,533,155	**270,762,026**
Non-current assets			
Property, plant and equipment	25	115,034,634	28,557,566
Work in Progress (WIP)	26	176,988,087	150,319,820
Biological Assets	27	13,617,160	14,090,593
		305,639,881	**192,967,979**
Total assets		**636,173,036**	**463,730,005**
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	28	359,455,657	146,916,836
Provisions	29	8,028,008	9,910,337
Research Fund Accounts	30	34,071,586	-
Bank Overdrafts	22(b)	7,787,453	165,175,314
		409,342,704	**322,002,487**
Total liabilities		**409,342,704**	**322,002,487**
Net assets		**226,830,332**	**141,727,518**
Capital Reserves		241,757,529	147,467,835
Accumulated Surplus/(Deficit)		(14,927,197)	(21,624,120)
Total net assets and liabilities		**226,830,332**	**125,843,715**

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.....07/07/15.....

Prof. Sarone Ole Sena, PhD

Chairman of Council

Date.....16/07/2015

XIII. STATEMENT OF CHANGES IN NET ASSETS

For the year ended 30 June 2014

	Capital Reserve Kshs	Revenue Reserves Kshs	Total Kshs
Balance as at 30 June 2012	27,610,022	(12,777,423)	14,832,599
Capital Grants	119,857,812	-	119,857,812
Surplus/(deficit) for the period	-	7,037,106	7,037,106
Transfers to/from accumulated surplus	-	(15,883,803)	(15,883,803)
Balance as at 30 June 2013	**147,467,834**	**(21,624,120)**	**125,843,714**
Surplus/(deficit) for the period	-	6,696,923	6,696,923
Capital Grants	94,289,695	-	94,289,695
Transfers to/from accumulated surplus	-	-	-
Balance as at 30 June 2014	**241,757,529**	**(14,927,197)**	**226,830,332**

Note: Capital Reserves

Capital reserves relate to accumulated funds received as capital grants from the Exchequer and those generated internally for physical and infrastructural development purposes in each year. In 2013/2014 financial year, **Kshs.94.2 million** was received and expended as required.

Note: Revenue Reserves

There was also an adjustment of **Kshs.15.9 million** being restatement of part-time claims omitted in the previous accounts.

STATEMENT OF CASH FLOWS

		30-Jun-14	30-Jun-13
Cash flows from operating activities		**Kshs.**	**Kshs.**
Receipts			
Exchequer Grants (Recurrent)		958,229,675	928,000,000
Research Administrative Fees		1,663,838	49,548,139
Tuition Income		582,707,008	401,597,887
Tuition and Related Income		116,089,458	102,558,921
Graduation Fees		5,536,000	4,044,270
Accomodation Fees		36,711,165	22,439,588
Income Generating Activities Income		15,358,337	24,806,487
Other Income		8,748,627	19,360,574
		1,725,044,108	**1,552,355,866**
Payments			
Employee Costs		1,200,267,214	1,265,057,930
Staff and Student Welfare		43,643,060	53,188,943
Council Expenses		20,408,368	21,347,960
Administration and Central Services Expenses		53,677,798	90,631,304
Academic, Research & Student Affairs Expenses		115,602,295	125,301,583
Support Services		118,357,554	118,789,162
Finance Expenses		5,677,828	28,469,445
		1,557,634,118	**1,702,786,327**
Net cash flows from operating activities		**167,409,990**	**(150,430,461)**
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(86,477,068)	(14,524,873)
Decrease/(Increase) in non-current receivables		473,433	(14,090,593)
Increase in work in progess (WIP)		(26,668,267)	(119,857,812)
Net cash flows used in investing activities		**(112,671,902)**	**(148,473,278)**
Cash flows from financing activities			
Government Capital grants		107,246,482	119,857,812
Proceeds from borrowings		7,787,453	165,175,314
Repayment of borrowings		(165,175,314)	-
Net cash flows used in financing activities		**(50,141,378)**	**285,033,126**
Net increase/(decrease) in cash and cash equivalents		**4,596,710**	**(13,870,613)**
Cash and cash equivalents at 1 July	22	44,411,664	58,282,277
Cash and cash equivalents at 30 June	22	**49,008,374**	**44,411,664**

XIV. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference
	2013-2014	2013-2014	2013-2014	2013-2014	2013-2014
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs
Exchequer Grants (Recurrent)	1,071,754,000	76,600,000	1,148,354,000	1,032,667,215	115,686,785
Research Administrative Fees	5,000,000	400,000	5,400,000	1,663,838	3,736,162
Tuition Income	404,122,380	32,329,790	436,452,170	550,583,578	(114,131,408)
Tuition Related Income	75,000,000	6,000,000	81,000,000	115,850,507	(34,850,507)
Graduation Fees	-	-	-	5,536,000	(5,536,000)
Accomodation Fees	12,516,000	1,001,280	13,517,280	36,711,165	(23,193,885)
Income Generating Activities Income	5,958,600	-	5,958,600	21,402,476	(15,443,876)
Other Income	600,000	-	600,000	8,748,627	(8,148,627)
Total income	**1,574,950,980**	**116,331,070**	**1,691,282,050**	**1,773,163,406**	**(81,881,356)**
Expenses					
Employee Costs	1,179,522,140	48,974,906	1,228,497,046	1,315,971,055	(87,474,009)
Staff and Student Welfare	72,050,000	-	72,050,000	43,643,060	28,406,940
Council Expenses	20,000,000	-	20,000,000	20,408,368	(408,368)
Administration and Central Services	87,356,210	9,319,675	96,675,885	98,916,012	(2,240,127)
Academic, Research & Student Affairs	144,280,000	26,479,119	170,759,119	145,747,208	25,011,911
Support Services	134,500,000	12,200,000	146,700,000	118,357,554	28,342,446
Finance Expenses	18,000,000	(10,000,000)	8,000,000	5,677,828	2,322,172
Depreciation Expenses	-	-	-	20,231,778	(20,231,778)
Total expenditure	**1,655,708,350**	**86,973,700**	**1,742,682,050**	**1,768,952,864**	**(26,270,814)**
Surplus for the period	**(80,757,370)**	**29,357,370**	**(51,400,000)**	**4,210,543**	**(55,610,543)**

Recurrent Income

- **GoK Recurrent Grants**

  During the year, the University received Exchequer grants of **Kshs.1,148,354,000** for recurrent expenditure purposes as provided in the Printed Estimates. However, out of this amount, **Kshs.115,686,785** was subsequently refunded following a directive by the parent Ministry leaving a balance of **Kshs.1,032,000** as reported in the statement of financial performance hence the negative variance.

- **Research Administrative Charges**

  The University received a sum of **Kshs.1.66 million** as research administrative charges during the year. These were generated from 10% administrative charges on funds raised from donors by academic staff to support their research programs. The amount raised was way below the projected sum of **Kshs.50.0 million** hence the negative variance.

- **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.

- **Employment costs**

  Actual staff costs stood at **Kshs.1.31 billion** during the year as compared with a budgeted allocation of **Kshs.1.22 billion**. The wage bill went up significantly by 12.5% 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 as improved financial performance during the 2013/2014 financial year with a surplus of **Kshs.6.7 million** against a projected deficit of **Kshs.51.6 million** hence the positive variance.

XV. 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, 2014 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

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.

ii) Revenue from exchange transactions – IPSAS 9

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.

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.

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 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

i. Moi University

The University was a constituent College of Moi University and at the close of the financial year 2013/2014, several assets had not been handed over. These assets were subsequently handed over by Moi University on 15th December, 2014. However, the transfer documents are still being process. The assets involved has a book value of **Kshs.748,394,689.07**, an amount not included in these financial statements.

ii. Government

In the period, the Government approved a budget of **Kshs.1,1148,354,000** in the printed estimates. This was received in full vide various monthly capitation grants remittance. However, the University was directed by Parent Ministry to refund **Kshs.115,729,666** leaving a balance of **Kshs.1,032,667,215** 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 that 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 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:

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

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 2014.

Note 3 - Exchequer Grants		
	30-Jun-14	30-Jun-13
Particulars	**Ksh**	**Ksh**
Exchequer Grants		
Exchequer Grants (Recurrent)	1,032,667,215	928,000,000
Totals	**1,032,667,215**	**928,000,000**

Exchequer Grants

Exchequer grants received from the government are recognized as Income in the period in which it relates as approved in the Printed Estimates **Kshs.1.148 billion**. The amount received during the year is short of **Kshs.115.2 million** an amount which was subsequently refunded as directed by the parent Ministry.

Note 4 : -Research Grants		
	30-Jun-14	30-Jun-13
Particulars	**Ksh**	**Ksh**
Research Administrative Fees	1,663,838	49,548,139
	1,663,838	**49,548,139**

Research Administrative fees

The research administrative fees are amounts levied as administrative charges on research funds generated by the Academic staff and students at the rate of 10% for administrative support purposes.

Note 6 : - Tuition Income

Particulars	30-Jun-14 Ksh	30-Jun-13 Ksh
Tuition Fees	531,882,931	508,806,034
Collaborating fees	18,700,647	3,440,000
Exchange Income	**550,583,578**	**512,246,034**

Note 7 : - Administrative and Related Fees

Particulars	30-Jun-14 Ksh	30-Jun-13 Ksh
Student ID Fees	1,630,800	2,747,694
Registration	1,304,000	2,177,102
Examinations Fees	16,600,000	12,622,079
Activity Fees	12,351,000	9,826,106
Student Medical Fees	19,821,500	16,984,826
Library Fees	8,224,519	13,197,943
Field Trips	18,023,300	18,235,923
Field Attachment	820,000	303,988
Teaching Practice Fees	9,427,703	1,253,519
UOESO	4,626,685	4,117,729
Computer Fees	832,500	4,919
Thesis Fees	2,146,500	2,040,200
Supervision	5,817,500	5,607,500
Amenity	11,547,500	10,040,000
Special Project	233,500	196,000
Field Work Supervision	512,500	481,300
Field Course	1,805,000	1,635,000
Other Student Related Income	126,000	-
Totals	**115,850,507**	**101,471,828**

Note 8 : - Gratuition Fees

Particulars	30-Jun-14 Ksh	30-Jun-13 Ksh
Graduation Fees	5,536,000	4,044,270
Totals	**5,536,000**	**4,044,270**

Graduation Fees

- Graduation fees are charges levied on all students as a subsidy to finance their graduation related costs.

Note 9 : - Accommodation Income

Particulars	30-Jun-14 Ksh	30-Jun-13 Ksh
Accomodation Fees	36,711,165	22,439,588
Totals	**36,711,165**	**22,439,588**

Note 10 (a) : - IGA Income

Particulars	30-Jun-14 Ksh	30-Jun-13 Ksh
Farm Income	20,723,419	17,887,281
Catering Income	5,557,595	-
Hire of Motor Vehicles	363,910	-
Guest House	2,983,226	-
Bookshop Sales	1,307,416	-
Fisheries	113,890	-
Conference & Workshops	980,950	-
Library Income	137,092	-
Rent Income	1,839,060	-
Sale of seedings	48,237	-
EIA	2,523,100	3,352,349
Totals	**36,577,894**	**21,239,630**

Note 10 (b) : - Less IGA Expenses

Particulars	30-Jun-14 Ksh	30-Jun-13 Ksh
Farm	15,175,419	16,796,805
Totals	**15,175,419**	**16,796,805**
Note 10 : - IGA Income Net	**21,402,476**	**4,442,825**

Note 11 : - Other Income

Particulars	30-Jun-14 Ksh	30-Jun-13 Ksh
Application Fees	1,200,850	-
Fines & Penalties	14,850	-
Miscelaneuos Income	7,532,927	-
Other IGA Income	-	19,360,574
Totals	**8,748,627**	**19,360,574**

Note 12 : - Staff Costs

Particulars	30-Jun-14 Ksh	30-Jun-13 Ksh
Personal Emoluments	556,368,611	486,024,283
Gratuity & Pension Contributions	112,825,623	93,762,031
House Allowances	242,060,230	216,875,466
Other Personal Allowances	59,874,515	50,079,235
Commuter Allowances	81,887,983	64,919,082
Passage & Leave Allowance	3,029,765	3,143,870
Contracted Employees	59,653,915	51,284,797
Part Time Claims	83,230,118	96,279,064
PSSP Service Providers Disbursements	117,040,296	103,030,571
Totals	**1,315,971,055**	**1,165,398,399**

Note 13: - Staff and Student Welfare

Particulars	30-Jun-14 Ksh	30-Jun-13 Ksh
Medical Expenses	24,457,906	38,052,642
Inter University Games & Other Students a	11,477,869	8,519,853
Purchase of Uniforms & Clothing	903,261	2,254,514
Public Celebrations & Staff Welfare	4,176,239	4,361,934
Students Welfare	2,627,786	-
Totals	**43,643,060**	**53,188,943**

Note 14 : - Council Expenses

Particulars	30-Jun-14 Ksh	30-Jun-13 Ksh
Sitting Allowance	15,109,561	15,485,201
Travelling and Accomodation	2,699,547	2,804,860
Meals & Refreshments	2,362,803	2,737,458
Other Council Expenses	236,458	320,440
Totals	**20,408,368**	**21,347,960**

Note 15 : - Administration and Central Services Expenses

Particulars	30-Jun-14 Ksh	30-Jun-13 Ksh
Transport Operating Expenses	7,830,050	5,488,531
Travelling & Accomodation	14,187,825	9,931,876
External Travelling & Accomodation	1,726,393	-
Postal & Telegrams	209,058	498,467
Telephone Expenses	3,791,392	4,329,176
Purchase of Stationary	9,168,648	15,583,238
Audit Fees Expenses	1,200,000	-
Insurance Expenses	10,278,219	11,940,893
Legal Expenses	1,806,749	58,000
ISO & Performance Contracting	8,767,340	2,025,284
Strategic Plan & Master Plan Design	9,784,390	-
Security Services	1,024,730	-
Contigent Expenses	2,784,352	16,600,821
ERP Sytem Manteinance Expenses	-	1,132,352
Official Entertainment	-	727,345
Recruitment & Training Expenses	2,319,887	2,577,541
Advertising & Publicity	17,945,884	28,505,194
Show, Marketing Expenses & Agribusiness	6,091,095	5,991,023
Totals	**98,916,012**	**105,389,741**

Note 16 : - Academic, Research & Student Affairs Expenses

Particulars	30-Jun-14 Ksh	30-Jun-13 Ksh
Teaching Practice & Field Attachment	39,935,833	33,737,890
University Outreach Programme & Exhibiti	5,938,365	5,025,118
External Examiners	3,663,574	2,259,102
Internet Services	2,734,342	2,657,150
Deans, Senate Comittees & Confrence Exp	6,776,954	5,243,389
Graduation Expenses	8,128,271	4,078,796
Library Expenses	1,380,872	544,731
University Research Expenses	59,569,681	55,995,396
Teaching material expenses	9,287,668	7,600,020
Examination Expenses	5,012,058	3,850,620
Printing & Publications	3,319,590	2,961,153
Totals	**145,747,208**	**123,953,365**

Note 17 : - Support Services

Particulars	30-Jun-14 Ksh	30-Jun-13 Ksh
Utilities (Electricity, Water & Conservancy)	67,384,961	60,658,540
Payment of Rent & Rates	27,479,130	11,389,754
Maintenance of Catering & Hostel Facilities	2,505,902	-
Cleaning Materials & Detergents	1,597,642	635,260
Maintainace of Plant, Furniture & Equipmer	1,228,225	-
Maintenance of Computers	1,091,579	-
Maintenance of Buildings & Stations	5,232,277	16,986,577
Contract Services & Subscriptions	1,881,872	-
Maintenance of Water Suppliers & Sewera	135,150	-
Maintenance of Playgrounds & Parks	285,900	-
Commercial Enterprises & IGU Working C	8,055,900	27,899,166
Newspapers	1,479,016	-
Totals	**118,357,554**	**117,569,297**

Note 18 : - Finance Expenses

Particulars	30-Jun-14 Ksh	30-Jun-13 Ksh
Bank Charges & Commissions	5,677,828	28,469,445
Totals	**5,677,828**	**28,469,445**

Note 19: - Farm Expenses

Particulars	30-Jun-14 Ksh	30-Jun-13 Ksh
Crops	279,885	466,879
Maize Expenses	10,748,463	7,657,266
Wheat Expenses	1,150,950	2,332,770
Livestock	264,270	670,197
Dairy Expenses	2,482,931	4,744,558
Piggery Expenses	248,920	415,226
Poultry Expenses	-	509,908
Totals	**15,175,419**	**16,796,805**

Note 20: - Depreciation Expenses

Particulars	30-Jun-14 Ksh	30-Jun-13 Ksh
Provision for Depreciation Buildings	1,401,645	-
Depreciation Motor Vehicles	6,536,257	2,635,543
Depreciation Computers and Assesories	8,633,483	5,079,318
Depreciation Furniture and Fittings	1,282,316	466,916
Depreciation plant and Equipment	2,149,138	1,956,888
Depreciation Library Books	228,940	-
Totals	**20,231,778**	**10,138,665**

Note 21:- Other Gains/(Losses)

Particulars	30-Jun-14 Ksh	30-Jun-13 Ksh
Gain/(Loss) on Biological Assets	473,433	-
Increase/(Decrease) in Provision for Bad Debts	2,033,847	(9,060,337)
Gain/(Loss) on Foreign Exchange Transactions	(20,900)	-
Totals	**2,486,380**	**(9,060,337)**

Note 22 (a) : - Bank Balances

Particulars	30-Jun-14 Ksh	30-Jun-13 Ksh
NBK-Capital Development Account-0102107332:	11,562,651	3,882,305
Standard Chartered Bank (Kshs) Research Acco	27,562,173	12,598,506
Standard Chartered Bank (Euro) Research Acco	3,071,459	-
Co-operative Bank (Fees Collection)-0112918317	1,646,393	7,301,541
Co-operative Bank (Canadian Dollar)	41,977	3,177,435
Co-operative Bank (Farm Account)-01129183170	845,809	32,523
Equity Bank (Fees Collection)-0300297338822	954,405	10,643,292
Kenya Commercial Bank-Research(VLIR)	2,604,768	-
Kenya Commercial Bank (Fees Collection)	718,739	6,602,216
Petty Cash account	-	173,846
Totals	**49,008,374**	**44,411,664**

Note 22 (b) : - Bank Overdraft

Particulars	30-Jun-14 Ksh	30-Jun-13 Ksh
NBK-Main Account-0102107332500	7,462,221	164,862,973
Standard Chartered Bank (Kshs-Edulink) Research A(	325,232	-
Kenya Commercial Bank-Research(VLIR)	-	312,341
Totals	**7,787,453**	**165,175,314**

Note 23 : - Receivables from Exchange Transaction

Particulars	30-Jun-14 Ksh	30-Jun-13 Ksh
Student Debtors	140,529,814	173,046,343
Prepaid Insurance	-	1,358,844
Staff Imprests	43,259,595	28,597,276
General Debtors	393,100	-
Exchequer Grants Receivable	74,437,540	-
Total	**258,620,049**	**203,002,463**

Note 24 : - Inventories

Particulars	30-Jun-14 Ksh	30-Jun-13 Ksh
Lab Chemicals	5,338,496	15,758,638
Games Materials	524,776	206,630
Loose Tools and Spares	205,699	222,067
Bookshop Books	1,392,467	1,207,656
Dry Food	6,353,716	494,388
Clinical Drugs	627,286	475,158
Consumables	4,209,841	510,306
Building Materials	4,252,452	4,473,056
Total	**22,904,733**	**23,347,899**

Note 25 :Non Current Assets

25. Property, plant and equipment

	Land	Buildings	Motor Vehicles	Computer 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 2012	-	-	**10,542,172.00**	**6,438,410.00**	-	**13,680,354.00**	-	**30,660,936.00**
Additions 2013	-	-	-	8,814,798.00	3,735,325.00	1,974,750.00	-	**14,524,873.00**
At 30 June 2013	-	-	**10,542,172.00**	**15,253,208.00**	**3,735,325.00**	**15,655,104.00**	-	**45,185,809.00**
Additions 2014	-	70,082,225.00	15,602,855.00	10,673,167.00	6,523,202.98	1,538,000.00	2,289,395.70	**106,708,845.68**
Disposals 2014	-	-	-	-	-	-	-	-
At 30 June 2014	-	**70,082,225.00**	**26,145,027.00**	**25,926,375.00**	**10,258,527.98**	**17,193,104.00**	**2,289,395.70**	**151,894,654.68**
Depreciation								
At 1 July 2012	-	-	2,635,543.00	2,143,991.00	-	1,710,044.00	-	**6,489,578.00**
Depreciation 2013	-	-	2,635,543.00	5,079,318.00	466,916.00	1,956,888.00	-	**10,138,665.00**
At 30 June 2013	-	-	**5,271,086.00**	**7,223,309.00**	**466,916.00**	**3,666,932.00**	-	**16,628,243.00**
Depreciation 2014	-	1,401,644.50	6,536,256.75	8,633,482.88	1,282,316.00	2,149,138.00	228,939.57	**20,231,777.69**
Disposals 2014	-	-	-	-	-	-	-	-
At 30 June 2014	-	**1,401,644.50**	**11,807,342.75**	**15,856,791.88**	**1,749,232.00**	**5,816,070.00**	**228,939.57**	**36,860,020.69**
Net book values								
At 30 June 2014	-	**68,680,580.50**	**14,337,684.25**	**10,069,583.13**	**8,509,295.98**	**11,377,034.00**	**2,060,456.13**	**115,034,633.99**
At 30 June 2013	-	-	**5,271,086.00**	**8,029,899.00**	**3,268,409.00**	**11,988,172.00**	-	**28,557,566.00**

Note 26:Work-In-Progress

Particulars	30-Jun-14 Ksh	Transfers to PPE Ksh	Additions Ksh	30-Jun-13 Ksh
Library Project	81,896,206	-	39,259,404	42,636,802
Hotel & Hosp. Lab	23,591,641	-	5,918,122	17,673,519
Lecture Theater	-	70,082,225	1,859,445	68,222,780
Education Complex	67,000,240	-	45,213,521	21,786,719
ERP Project	4,500,000	-	4,500,000	-
Total	**176,988,087**	**70,082,225**	**96,750,492**	**150,319,820**

Work – in – Progress

These 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, Hotel and Hospitality laboratory, Lecture Hall and Enterprise Resource Planning software (ERP).

Note 27:- Biological Assets

Particulars	30-Jun-14 Ksh	30-Jun-13 Ksh
Maize	3,176,105	2,787,993
Wheat	1,077,005	1,484,100
Fodder (Lucerne)	-	30,000
Fodder (Boma Rhodes)	-	1,300,000
Dairy Livestock	8,988,200	7,784,500
Pigs	312,000	358,850
Poultry	-	282,000
Trees	63,850	63,150
Total	**13,617,160**	**14,090,593**

Note 28 :- Trade and Other Payables

Particulars	30-Jun-14 Ksh	30-Jun-13 Ksh
Trade Creditors	105,165,737	70,460,501
Staff Medical Claims	949,461	1,059,843
Part-time Lecturers	78,455,558	28,774,750
Capital Creditors	17,721,869	-
Commissioner of Domestic Taxes	34,277,961	-
Retention (Contractor)	8,949,237	11,985,781
Caution Money	3,773,394	3,534,443
PENSION	18,413,590	-
Outstanding Staff Salaries	87,103,079	31,101,518
Rent Payable	4,645,770	-
Totals	**359,455,657**	**146,916,836**

Note 29 :- Accruals and Provisions

Particulars	30-Jun-14 Ksh	30-Jun-13 Ksh
Provision for Audit Fees	1,001,518	850,000
Provision for Bad Debts	7,026,490	9,060,337
Totals	**8,028,008**	**9,910,337**

Note 30 :Research Fund Account

Particulars	30-Jun-14 Ksh	30-Jun-13 Ksh
Research Funds	34,071,586	-
Totals	**34,071,586**	-

XVI. 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/UELD/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.
"	Delayed handing over of Assets and Liabilities by Moi University contrary to legal notice no. 125 of 13th August, 2010.	• This is an issue beyond the control of University Council and Management. • The process is currently being driven by the parent Ministry.	Prof. Teresa A.O. Akenga, Vice Chancellor	Not resolved	2014/2015 FY
"	Bank Overdraft in two Accounts	• This was occasioned by under funding challenges. • The bank overdraft was in the main account and not the Research Account.	Prof. Teresa A.O. Akenga, Vice Chancellor	Resolved	N/A

Guidance Notes:

(i) Use the same reference numbers as contained in the external audit report;

(ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;

(iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your University responsible for implementation of each issue;

(iv) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

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

Vice Chancellor Akenga's

Date.....07/07/15.....

Prof. Sarone Ole Sena, PhD

Chairman of Council

Date.....16/07/2015