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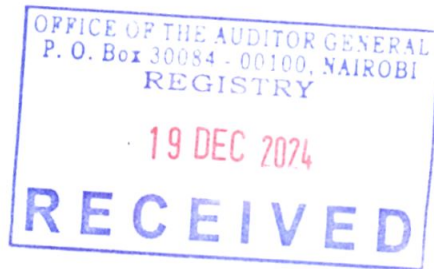
THE NATIONAL ASSEMBLY PAPERS LAID	
REPORT DATE: 30 APR 2025	DAY: 30/4/25
TABLED BY:	Leader of Majority Party
CLERK-AT THE TABLE:	M. Mado

THE AUDITOR-GENERAL

ON

TECHNICAL UNIVERSITY OF KENYA

**FOR THE YEAR ENDED
30 JUNE, 2024**



THE TECHNICAL UNIVERSITY OF KENYA

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE 2024

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

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1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
DVC	Deputy Vice Chancellor
ASA	Academic and Student Affairs
FSST	Faculty of Social Sciences & Technology
FAST	Faculty of Applied Sciences & Technology
FEBE	Faculty of Engineering & the Built Environment
KPUC	The Kenya Polytechnic University College
KES	Kenya Shillings
IAE	Institutional Advancement and Enterprise
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
OAG	Office of the Auditor General
OSHA	Occupational Safety and Health Act of 2007
PFM	Public Finance Management
PPE	Property Plant & Equipment
PSASB	Public Sector Accounting Standards Board
RTD	Research and Technology Development
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
TU-K	Technical University of Kenya
VC	Vice Chancellor

B: Glossary of Terms

Fiduciary Management- Members of Management directly entrusted with the responsibility of financial resources of the organization

Comparative Year - Means the prior period.

Chief Officers

- The University registrar and Chief Administrative Officer
- The University Secretary and Chief Legal Officer
- The University Bursar and Chief Financial Officer

2. KEY UNIVERSITY INFORMATION AND MANAGEMENT

(a) Background information

The Technical University of Kenya came into existence upon the award of charter on 15th January, 2013. The University grew out of the defunct Kenya Polytechnic. The Kenya Polytechnic was for many years the leading institution for education and training at the tertiary level in Kenya. Over the years the institution was known throughout Kenya and the East and Central African region for her high quality graduates in the technical and vocational fields. The students at the institution were typically enrolled in programmes that prepared them for diploma and certificate level qualifications. At its founding in 1961, the institution was designed to provide education and training in the technical and vocational fields to those who were already in employment.

The Technical University of Kenya has since exponentially expanded. The student population stands at 15,000 spread across the three faculties, where over 60 academic programmes are on offer. The students are tutored by some of the best scholars in this region using most modern workshop and laboratory equipment, and supported by up-to-date library resources. The University has retained its mandate as a TVET institution, in line with Kenya Vision 2030.

(b) Principal Activity

The Technical University of Kenya summarises its core mandate as guided by the Charter as follows:

1. To provide post-secondary technological, professional, and scientific education and training up to and including degree level.
2. To undertake high quality research and dissemination of research outcomes, to advance knowledge and educate students in science, technology and innovation and other areas of scholarship that will best train for the real world in the 21st Century and beyond.

Vision

To be a top-rated University of technology.

Mission

To provide technological education and training and to contribute towards the advancement of society through research and innovation.

(c) Key Management

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

- Vice-Chancellor
- Deputy Vice-Chancellors
- Executive Deans
- Chief Officers

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2024 are as listed below;

Designation	Name
Vice Chancellor	Prof. Dr.-Ing. Benedict M. Mutua,
Deputy Vice Chancellor – Institutional Advancement and Enterprise (IAE)	Prof Paul M.Wambua
Deputy Vice Chancellor – Research and Technology Development (RTD)	Prof Alfred Orina
Deputy Vice Chancellor – Academic and Student Affairs (ASA)	Prof.Paul M.Shiundu
Executive Dean - Faculty of Social Sciences & Technology (FSST)	Prof.Peter M.Matu
Executive Dean - Faculty Applied Sciences & Technology (FAST)	Prof.Gatheri F.Kimani
Executive Dean - Faculty of Engineering & the Built Environment (FEBE)	Prof.Dr.-Ing Edwin Ataro
Ag.University Secretary & Chief Legal Officer	Mrs Ruth Kirwa
Ag.University Registrar & Chief Administrative Officer	Dr.Hesbon Nyagowa
Ag.University Bursar & Chief Financial Officer	CPA Ben M. Sanda

(e) Fiduciary Oversight Arrangements

- University Council
- The University Senate
- University Management Board (UMB)
- Finance and General-Purpose Committee of University Council
- Audit Committee of Council.

(f) Technical University of Kenya Headquarters

P.O. Box 52428-00200
Haile Selassie Avenue
Nairobi, KENYA

(g) Technical University of Kenya Contacts

Telephone: (254) 020 2219929,3343672
E-mail: vc@tukenya.ac.ke
Website: www.tukenya.ac.ke

(h) Bankers

1. Kenya Commercial Bank Ltd.
P. O. Box 30081-00100
Moi Avenue Nairobi.
2. Co-operative Bank of Kenya Ltd.
Haile Selassie Avenue
P. O. Box 48231- 00100
Nairobi.
Equity Bank
3. Moi Avenue
P.O.BOX 8120-00100 Nairobi






(i) **Independent Auditors**





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

(j) **Principal Legal Adviser**

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

3. THE UNIVERSITY COUNCIL

No.	COUNCIL NAMES	QUALIFICATION	EXPERIENCE
1.	 Dr. Idle Farah, OGW; PhD Chairperson of Council Appointed 8.7.2022 D.O.B 18.04.1965	(Dr. Med. Sc) in Comparative Medicine (Uppsala University, Sweden)	<ul style="list-style-type: none"> • Former Vice Chancellor Umma university • Former University of Nairobi and; • Former Chief Executive Officer of National Museum of Kenya
2.	 Dr. Hassan Khannenje Independent Member Appointed 8.7.2022 D.O.B 07.07.1977	PhD (Nova South Eastern University, USA) Chair of Finance and General-Purpose Committee	<ul style="list-style-type: none"> • Private consultant • Director of the HORN International Institute for Strategic Studies, a research and policy think-do tank
3.	 Mr. Wilson Shollei Independent Member Appointed 03.11.2023 D.O.B 22.05.1965	B. Com, MBA. M.Sc. (Finance) Nairobi, CPA(K), CPS(K) Chair of Council Audit Committee	<ul style="list-style-type: none"> • Private Consultant • Former IEBC Deputy Commission Secretary in charge of Support Services
4.	 Mr. Joseph Ole Nkamasiai Independent Member Appointed 8.12.2023 D.O.B 20.02.1972	B.Ed.(Sc.),M.Sc.(Kenyatta).M.A(International Relations (USIU)	<ul style="list-style-type: none"> • Educator • Former Director, Programs and Strategic Partnerships - Ministry of Devolution and ASALs
5.	 Eng. Justin Runji Independent Member Appointed 03.11.2023 D.O.B 04.03.1955	M. Sc.(Eng)(UK), B.Sc. Civil Engineering (Nairobi), Dip. Management (Sweden)	<ul style="list-style-type: none"> • Private Consultant, transport sector policy and reforms • Former Senior Transport Specialist, World Bank, Washington DC. • Former CEO, Namibia Roads Authority • Civil Engineer

6.	 <p>Dr. John Nyangena Representative Principal Secretary Ministry of Education Appointed 05.12.2022 D.O.B 1971</p>	<p>PhD (Kenyatta); M.Phil Moi; B.Sc. (JKUAT) Member of Finance and General-Purpose Committee and Programmes, Statutes & Sealing Committee and Audit Committee</p>	<ul style="list-style-type: none"> • Representing PS, Ministry of Education • Environment and Climate Change Expert - State Department for University Education
7.	 <p>CPA Jane Wambugu Representative Principal Secretary The National Treasury Appointed 28.03.2024 D.O.B 1965</p>	<p>MBA. (Finance), CPA (K), CIFA Member of Council's FGPC and Audit Committee</p>	<ul style="list-style-type: none"> • Representing PS, National Treasury • Former Finance and Administration Manager at Columbia Global Center Africa
8	 <p>Mr. Justin Kabuku Independent Member. Appointed 10.09.2023 D.O.B 10.09.1963</p>	<p>M.Sc (University of Queensland, Brisbane Australia Member of Audit Committee</p>	<ul style="list-style-type: none"> • Private Consultant
9	 <p>Prof. Dr.-Ing. Benedict M. Mutua, PhD, Rer. Nat. Vice Chancellor Appointed 18.09.2023 D.O.B 30.11.1966</p>	<p>BSc Eng. (EU), MSc. (HEB), MEng.Sc. (MELB), PhD, Post Doc (BOKU), Post Doc (Stuttgart, Kiel, TelAviv, TU), EMBA (IIBMS), DMS (IIBM)</p>	<ul style="list-style-type: none"> • Professor of Water Resources, Hydraulics and Environmental Engineering. • Vice-Chancellor/ Secretary to the Council

4. THE UNIVERSITY MANAGEMENT BOARD

Vice Chancellor



Prof. Dr.-Ing. Benedict M. Mutua, PhD, Rer. Nat.

BSc Eng. (EU), MSc. (HEB), MEng.Sc. (MELB), PhD, Post Doc (BOKU), Post Doc (Stuttgart, Kiel, TelAviv, TU), EMBA (IIBMS), DMS (IIBM)

DVC- Academic & Student Affairs (ASA)



Prof. Paul M. Shiundu

B.Sc (Nairobi); CPGS (Cambridge); PhD (British Columbia)

DVC- Research & Technology Development (RTD)



Prof. Alfred Orina Isaac

B.Sc, M.Sc (Egerton; PhD (Idaho, USA); PostDoc (CWRU, USA)

DVC- Institutional Advancement and Enterprise (IAE)



Prof. (Eng.) Paul M. Wambua

BSc. (Lahore), MSc. (Leeds), PhD (Leuven), PE, FIEK

Faculty of Engineering & the Built Environment (FEBE)



Prof. Dr.-Ing. Edwin Ataro

B.Tech (Moi); Dr-Ing (Kassel); MSc (Kassel), PhD (Kassel)

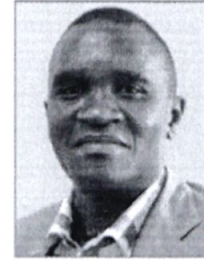
Executive Dean, Faculty of Applied Sciences and Technology (FAST)



Prof. Gathari F. Kimani

BEd, MSc (KU); PhD (UNSW)

Executive Dean, Faculty of Social Sciences & Technology (FSST)



Prof. Peter M. Matu

BA, MA (Nairobi); PhD (Free State)

Ag. University Registrar & Chief Administrative Officer



Dr. Hesbon Nyagowa

B.Ed (KU); MBA (Nairobi); PhD (Zululand)

Ag. University Secretary & Chief Legal Officer



Mrs. Ruth Kirwa

LLB (Hons) (Nairobi); Diploma (Kenya School of Law), LLM (Widener)

Ag. University Bursar & Chief Financial Controller



FA. CPA Ben M. Sanda

BA Econ (Moi); MA Econ (Nairobi), CPA (K), CIFA (EA)

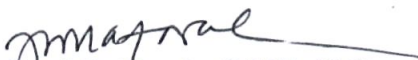
5. STATEMENT FROM THE CHAIRMAN OF COUNCIL

The Technical University of Kenya (TU-K) was established through the elevation of The Kenya Polytechnic University College (KPUC) to full university status. TU-K was established as the first Technical University in Kenya in line with the provisions of the Universities Act, 2012. The technical university is a new type of university in Kenya, whose mandate shall be to offer higher education and research in technology. The Technical University, as a concept, was being created in Kenya with the objective to be a technological force behind the Vision-2030 drive and the general economic development of the nation. This has come about from the realisation that most countries that have been able to make major technological breakthroughs were heavily propelled through this by their technological universities.

As an institution of higher learning, TU-K offers degrees at the undergraduate and postgraduate levels. In this respect it will be noted that in the education of technical personnel at the university level, institutions of higher learning in Kenya have over the years only focused on the training of professionals at the level of engineers, architects, surveyors, planners, and estate managers. The education and training of the technologist has however been totally neglected in this structure. Given that the technologist is usually the 'driving engine' in the actual industrial production, it should be no surprise that Kenya has been unable to make serious breakthrough in industrialisation. To this extent, in addition to producing graduates at the fully professional degree level, TU-K continues in the tradition that had been set by its predecessor in offering as well degrees aimed at producing technologists.

The University recognises Kenya Vision 2030 economic blue-print strategy of realising knowledge led economic development. TU-K is therefore committed to enhancing its competitiveness in the higher education sector globally in line with its vision of being the top rated university of technology. The University will offer education and training that strategically focuses on application of technological knowledge and innovative skills as well as engaging in research geared towards solving immediate and future societal challenges.

On behalf of the Members of the Council, it is my pleasure to present the Annual Report and Financial Statements of the Technical University of Kenya for the Period ended 30th June 2024.


Dr. Idle Farah, OGW; PhD

CHAIRPERSON OF UNIVERSITY COUNCIL

6. REPORT OF THE VICE-CHANCELLOR

It is my pleasure to present the Annual Report and Accounts of the Technical University of Kenya for the Year ended 30 June 2024. The institution has been operating under very constrained financial situation ever since it was upgraded to the Kenya Polytechnic University College in 2008. The Government recurrent capitation received has not been sufficient for the smooth running of its operations. The financing constraint has forced the University to curtail some of its planned activities by under-spending on certain essential and core areas of its mandate such as teaching and learning, procurement of specialised materials and laboratories. The adverse financial environment has in addition led to accumulation of bills.

In spite of the above mentioned financial challenges, TU-K currently offers 67 degree and 52 diploma programmes. Presently, the University has over 3,000 students in engineering, the largest number by a single institution in Kenya. Through its outreach programmes, TU-K has made tremendous efforts to demystify science among the youth with a view to encouraging them to take science-oriented courses. This has seen the proportion of students applying for places in science and technology rise to 81%. The University also engages in research with emphasis on practical solutions of immediate and future societal problems.

During the Year under review, the University recorded a deficit of **KSh. 877,965,757** out of total income from Government, donors and internally-generated funds all amounting to **KSh. 2,802,240,180** against an expenditure of **KSh. 3,680,205,937**. I am proud of the management and staff and greatly appreciate their ability and commitment towards achieving the University's vision, mission and objectives.

I wish to thank the University Council for dedicating their time and effort to steer and provide governance support to the University affairs. I express my sincere gratitude to the Government, Ministry of Education, development partners and other stakeholders for their continued support. This has gone a long way towards building a solid institution that is true to its mandate and stakeholders' expectations.



Prof. Dr.-Ing. Benedict M. Mutua, PhD, Rer. Nat.
Vice-Chancellor and Secretary to University Council

7. STATEMENT OF PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

The Technical University of Kenya summarises its core mandate as guided by the Charter as follows:

1. To provide post-secondary technological, professional, and scientific education and training up to and including degree level.
2. To undertake high quality research and dissemination of research outcomes, to advance knowledge and educate students in science, technology and innovation and other areas of scholarship that will best train for the real world in the 21st century and beyond.

TU-K currently offers 11 PhD programmes, 28 Masters programmes, 59-degree programmes, and 63 diploma programmes and currently has over 3,000 students in engineering and thus having the largest school of engineering in Kenya. TUK through its campus outreach programmes has made tremendous efforts to demystify science among the youth with a view to encouraging them to take science-oriented courses this has seen proportion of student registering for science and technology upsurge to 82%. The university also engages in research with emphasis on practical solutions of immediate and future societal problems

8. CORPORATE GOVERNANCE STATEMENT

The statement outlines the key aspects of the University's corporate governance framework. Corporate governance is the process by which the University is directed, controlled and held to account. It provides the structure through which the strategic objectives of the University are set, and the means of attaining them as well as monitoring performance. Corporate Governance dictates the engagement between the University Council, Senate, Management Board, Regulators and all Stakeholders.

The University in its decision-making processes observes the highest ethical standards and benchmarks on global best practices in compliance with the applicable legal principles, its vision, mission, and core values for sustainability of the University.

The governing organs of the University are the University Council, the Senate of the University and the University Management Board. These organs have various committees within themselves that aids them in performing various tasks.

The membership of the various key management committees within the university is guided by the university statutes, the university council charter and the various university and government policies that guide operations within the public service.

The University Council

Council Charter - The Council is guided by the Council Charter which defines the governance guidelines within which the Council exists and operates. It clearly states the respective roles, responsibilities and authorities of the Council and its Committees.

Council Appointment and Composition - In accordance with the Universities Act No. 42 of 2012, clause 36(1) the Council consists of nine persons appointed by the Cabinet Secretary for a period of three years and who are eligible for re-appointment for a further one term. The persons are as follows:

- I. The Chairperson
- II. Principal Secretary, Ministry for the time being responsible for the University Education
- III. Principal Secretary, Ministry for the time being responsible for Finance and The National Treasury
- IV. Five members appointed by the Cabinet Secretary, Ministry for the time being responsible for University Education
- V. The Vice-Chancellor who is an ex-officio member of the Council.

The University Charter (Clause 17) requires that the members of the Council at the first meeting after their appointment determine by lot which of their number shall vacate office after a period of three and four years respectively.

Council Diversity - The Council members possess a broad range of skills, expertise, experience and knowledge essential to undertake the University's mandate.

Separation of Powers and Duties - The Chairman of Council's responsibilities include the operation, leadership and governance of the Council, ensuring its effectiveness and setting its agenda. The Vice-Chancellor's role and responsibilities include the day-to-day management of the University's business and overseeing the implementation of strategies and policies approved by the Council. This is clearly stipulated in the University Statutes.

Powers and Functions of the Council - The powers and functions of the Council include:

- a) To make new or additional Statutes, alter, amend or revoke existing Statutes in consultation with the Senate;
- b) To establish such standing or other committees with membership and with such terms of reference as it may deem fit;
- c) To make regulations in accordance with the Charter for any purpose in respect of which regulations may be made, provided that no regulations shall be made until Senate has had an opportunity of reporting thereon;
- d) To provide the land, building, premises, furniture and equipment, including specialized scientific equipments, vehicles, machinery, facilities and other means required for carrying out the work of the University;
- e) To determine method of recruitment, appointment and promotion of all staff of the University;
- f) To make the appointments authorized by the Charter and the Statutes and to determine the terms and conditions of service for all staff of the University;
- g) To provide for the welfare of every person in the employment of the University;
- h) To establish, confirm, abolish or hold in suspense any professorship, lectureship or other academic, as well as other senior administrative posts in consultation with the Senate;
- i) To confer, after report from Senate, the title of Professor Emeritus, Adjunct Professor, Adjunct Faculty and other senior staff;
- j) To receive, consider and approve from University Management Board estimates of expenditure required to carry out the work of the University and to provide the requisite in so far as the estimates are approved and accepted by the Council;
- k) To provide control and regulate the finances of the University as the Council may provide in the Statutes or Regulations from time to time;
- l) To control, manage and regulate accounts, investment property and all the business affairs of the University and for that purpose appoint bankers, auditors, lawyers or any other agent as the Council may deem necessary from time to time;

- m) To promote and make financial provisions and facilities for research within the University;
- n) To determine, after considering the recommendations of Senate, all fees payable to the University;
- o) To invest any moneys belonging to the University including any unapplied income, in such stocks, funds, fully paid shares or securities as Council may from time to time think fit, in accordance with the general law for the investment of trust moneys or in the purchase of freehold or leasehold properties, including rent and subject to the Charter with the power of varying such investment from time to time by sale or re-investment or otherwise;
- p) To sell, buy, exchange, lease, grants or take on lease moveable and immovable property on behalf of the University, pursuant to section 17 of the Charter;
- q) To borrow money on behalf of the University, and for that purpose and subject to the Charter, to mortgage or charge all or any part of the property unless the conditions of the property so held provide otherwise, and to give such other security whether upon moveable property or otherwise as the Council may deem fit;
- r) To enter into, vary, carry out or terminate contracts on behalf of the University;
- s) To select a Seal, Arms and Mace for the University and to have the sole custody and use of the Seal;
- t) To provide by Statutes for the creation of new Colleges, Campuses, Schools, Departments, Directorates, Institutes, Centres or other bodies of learning and research in the University and for the abolition from time to time of any such bodies, and to approve the establishment, abolition or sub-division of any such bodies on the recommendation of Senate;
- u) To institute, on the recommendation of Senate, donors' fellowships, studentships, exhibitions, bursaries, prizes and other aids to study and research where appropriate and upon conditions acceptable to the Council;
- v) To determine the terms and conditions upon which Internal and External Examiners shall be appointed by the Senate;
- w) To consider and give effect to reports from Senate on those matters upon which Senate is authorized or required to make by the Statute;
- x) To exercise powers of removal from office for good cause of any officer or staff member and other disciplinary controls in the University;
- y) May empower any of its committee to act jointly with any committee appointed by the Senate, provided that the Council shall not delegate to the Chairperson or to a committee the powers to approve without further reference to the Council the annual Estimates of Expenditure;
- z) May refer any financial matters affecting the academic policy of the University to the Senate for advice;
- aa) Shall determine the method and condition of appointment and promotion, terms of service and remuneration of all staff of the University;
- ab) Shall authorize or control the establishment and disestablishment of Campuses, Colleges,
- ac) Schools, Departments, Directorates, Institutes, Bureau, Units and Centres;
- ad) Shall authorize or control the establishment and disestablishment of academic, library, administrative, technical, secretarial and all other posts in the University necessary for the proper functioning of the University;

ae) Shall control the appointment of any other persons working for the University, pay honoraria, fees and other remuneration as the Council may determine from time to time.

Meetings of the Council - The Council is responsible for its agenda. The Chairperson of council and the council secretary consult and prepares the council's Annual Council Work Plan and Agenda for the Council meetings. Meetings of the Council are held at least four times in each calendar year at such a place and time as the Chairperson may determine unless the Council determines otherwise. At all meetings of the Council, a quorum is the nearest whole number above half the membership of the Council. Where consensus is not achieved, decisions of the Council may be by a simple majority vote of those present and voting, provided that the Chairperson of the council shall have a casting vote in case of an equality of votes. The Chairperson may at any time call a meeting of the Council within twenty-eight (28) days of receiving request for that purpose addressed to him and signed by at least a half of the membership of Council.

Councils' Effectiveness - In order to ensure that the Council members are effective in their contribution to the management of the University. The University has also developed a comprehensive induction program and inducts all new board members.

Evaluation - The Council has put in place evaluation system to ensure that the Council achieves its objective.

Council Remuneration -The University Non-Executive Council Members are paid a sitting allowance for every meeting attended. They are not eligible for pension scheme membership. However the Chairman of Council receives honoraria on a monthly basis as indicated in Note 14 of the Financial Statements.

Council allowances are based on approved rates and guidance provided in Government Circulars

Conflict of Interest -The Council members are obligated to fully disclose to the Council any real or potential conflict of interest, which comes to any Council member's attention, whether direct or indirect. At any meeting the Council members are expected to make a declaration of any interest they may have in the business under discussion. In the financial year under review, there were no transactions with any of the Council members or their related parties.

Code of Conduct and Ethics -The University has a code of conduct and ethics policy that binds the Council members, management and employees. When joining the University, every employee is provided with a copy of the code of conduct and ethics policy and must commit to abide by its requirements as part of the employment contract with the University.

Whistle Blowing Policy -This is provided for in TU-K Anti-Corruption Policy Clause 17, which states that the University undertakes to protect the identity of persons making corruption disclosures, and the information provided therein shall be handled in utmost confidentiality. Allegations that are false and made with malicious intent are discouraged. Where such malicious or allegations are discovered, the person who made the allegation shall be subjected to disciplinary action.

Risk Management and Internal Controls -The University Council is responsible for the University system of risk management and internal control, which is designed to identifying potential risks in advance, analyzing them and taking precautionary steps to reduce/curb the risk.

The Council has delegated responsibility for the ongoing monitoring of the effectiveness of this system to the Audit Committee. Details in relation to the Audit Committee's work in this regard are set out in the University Statutes.

The Vice-Chancellor is responsible for implementing the system, including a system of internal controls and audits, to identify and manage risks that are material to the University. Independent review of the risk management framework is carried out through the University Internal Audit function that carries out risk based internal audit on regular basis.

The University has an in-house legal officer and has appointed advocates to advice on litigation risks. The identification and management of risk is a continuous process linked to the achievement of the University's objectives. The University Council through its Audit Committee receives regular reports during the year on internal controls and risks.

Compliance -The Council operates in a manner reflecting the University's values and in accordance with the Corporate Guidance, the University Act, and University Charter, University Statutes, Council Charter, Mwongozo and all other applicable regulations.

The Council is committed to ensuring that it complies with all applicable laws and regulations

Governance Audit -The University occasionally conduct governance audit.

Stakeholders -Stakeholders may be categorized, on the basis of location, into internal and external. Internal stakeholders include those inside the University. These include students and employees. On the other hand, external stakeholders are based outside the University, but have implications for survival of the University. These include customers, suppliers, government agencies, development partners, local communities, alumni, external examiners and trade unions.

A. The Senate of the University

The membership of the Senate is as follows: -

- a) The Vice-Chancellor, who shall be the Chairperson;
- b) The Deputy Vice-Chancellors;
- c) The Principals of each Constituent College;
- d) The Principals of each College within the University;
- e) Executive Directors;
- f) Executive Deans;
- g) Directors of Campuses;
- h) Chairpersons of Departments;
- i) Full Professors of the university
- j) The Chief University Librarian;
- k) Director of Student Affairs;
- l) Director Information, Communication and Technology Services (ICT);
- m) Two members elected by the students' organization, who shall be entitled to attend deliberations of the Senate on matters which are considered by the Chairperson of the Senate to be confidential of which relate to examinations, the general discipline of students, and other related matters; and
- n) Such other member as Council may determine in accordance with the Statute

The Deputy Vice-Chancellor in charge of Academic affairs shall be secretary to the senate.

The Senate shall have the following powers and duties: -

- a) To satisfy itself regarding the content and academic standard of any course of study in respect to any degree, diploma, certificate or other award of the University;
- b) To propose regulations to be made by the Council regarding the eligibility of persons for admission to degree, diploma and certificate programmes;

- c) To propose regulations to be made by the Council regarding the standard of proficiency to be gained in each examination for a degree, diploma, certificate or other awards of the University;
- d) To decide which person has attained such standard of proficiency and are otherwise fit to be granted a degree, diploma, certificate or other awards of the University;
- e) To make regulations governing such other matters as are within its powers in accordance with this Charter or the Statutes.
- f) The Senate may, subject to the Act, the Charter, Statutes and Regulations, establish committees consisting of such members of the Senate or any other persons as it may deem fit and may delegate any of its powers or duties to the Chairperson or any of its committee (s).

B. The University Management Board

Members of the University Management Board comprises;

- I. The Vice-Chancellor, who shall be the Chairperson;
- II. The Deputy Vice-Chancellors;
- III. The Executive Deans;
- IV. University Secretary and Chief Legal Officer
- V. University Registrar and Chief Administrative Officer
- VI. University Bursar and Chief Finance Officer
- VII. Such other member of senior management as the Council may determine and as provided for in the statutes.

The University Management Board shall assist the Vice-Chancellor in;

- a) The Management of urgent day-to-day academic, administrative, research, development and outreach issues;
- b) The efficient management of the human, physical, and financial resources of the University;
- c) Coordination of University and colleges strategic and development plans;
- d) Make proposals to Senate and Council on issues that have University-wide application;
- e) Receive proposals from different sectors of the University for recommendation for Council consideration;
- f) The implementation of Council and Senate approved policies;

Any other matters related to the management of the University.

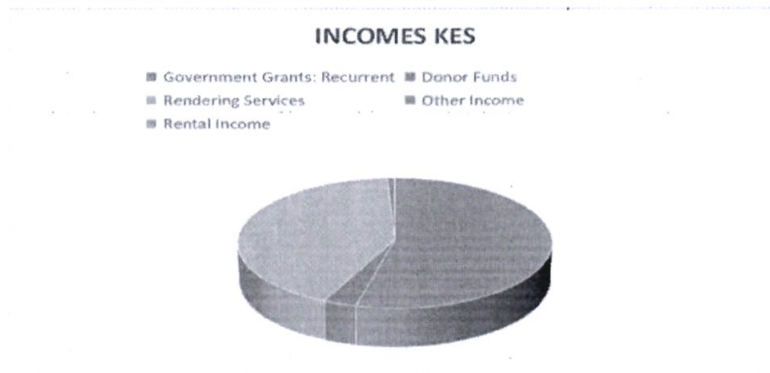
9. MANAGEMENT DISCUSSION AND ANALYSIS

Revenues

The Technical University of Kenya University has three main sources of revenue namely: -

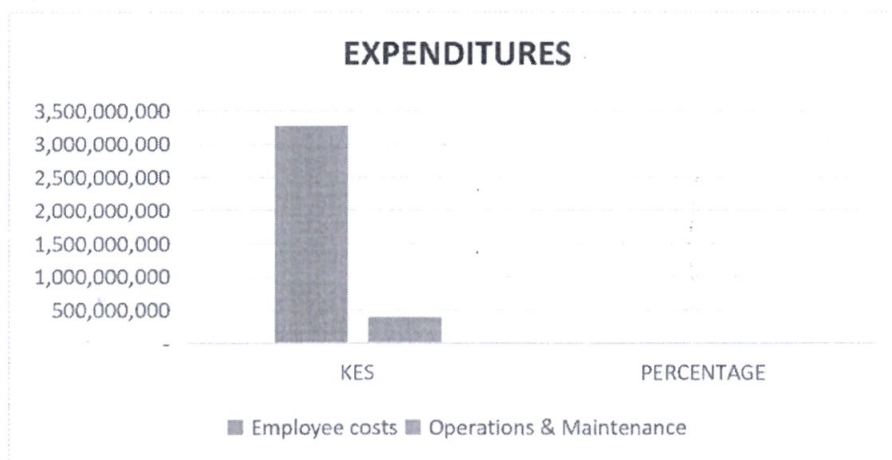
- I. Government Grants – This includes both the Recurrent and Development grants
- II. Internally generated funds- Tuition and other income generating activities.
- III. Externally sourced funds- Donations and grants

In the fiscal period under consideration, the University has reported total revenue of KES 2,802,240,180 comprising Government recurrent grants of KES 1,506,803,484 donor funds of KES 91,189,548, KES 1,180,740,180 from rendering of services which is majorly collection of fees, rental income of KES 1,993,000 and other incomes amounting to KES 21,513,969. The same is illustrated in the chart below;



Expenses

The total expenses (recurrent costs) for the university for the year ended 30th June 2024 inclusive of depreciation and amortization expenses amounted to KES 3,680,205,937. The Employee cost/personnel emoluments (PE) accounts for 89% (3,267,661,184) of the total expenses while operations and maintenance (O&M) accounts for the remaining 11% (412,544,753) as diagrammatically shown below;



The statement of changes in accumulated funds for the period ended 30th June 2024 is composed of Revenue Reserve of Kshs -6,353,486,036 Revaluation Surplus of Kshs 4,057,083,331 and capital Funds of Kshs. 2,013,106,556 .The reduction in the capital Fund by KES 66,642,639 is due to the transfer of the completed construction of buildings works to the Kasarani Technical Training Institute.

TU-K has been operating under very constrained financial position ever since it was upgraded to the Kenya Polytechnic University College in 2008. The recurrent capitation allocation has been inadequate to finance the gross employee costs/payroll. This has seen the university posting budget deficits over the years. In the last two years, the University has reported deficit of KES 795M and 877M for FYs 2022/2023 and 2023/2024 respectively. However, we are optimistic that the situation will improve as the Ministry of Education has been looking into means and ways of increasing the funding to the University including the implementation of the New Student Centered Funding Model.

University's Compliance with Statutory Requirements

The University has endeavored to comply with statutory requirement; however, due to the financial constraint the university has been experiencing, the University has not been able to fully remit payroll statutory deductions as indicated in note 8 on trade and other payables of the Financial Statements.

Key Projects and Investment Decisions the University is Planning/Implementing

SN	PROJECT NAME	COMMENCEMENT DATE	EXPECTED COMPLETION DATES	% OF COMPLETION	ESTIMATED PROJECT COST	COST INCURRED TO DATE	PROGRESS REPORT
2	Construction of Block I and senate towers (T)	2015	DEC 2026	11%	1.4B	247M	Ongoing

Major Risks facing the University

The University has identified the following Key Risks;

- i. Financial Risk- The university is exposed to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency.
- ii. Credit risk: The university is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables.
- iii. Commercial Risk-The intense competition among the universities for module II students exposes the University to commercial risk as there has been a drastic reduction in the number of self-sponsored students.

Material Arrears in Financial Obligations

The University has not been in a position to fully meet its financial obligations as and when they fall due. At the end of the financial year 2023/2024 the University had outstanding obligations as per note 22,23 & 24 of the Financial Statement.

Going Concern

The Council is committed to ensuring that the University has adequate resources to continue in operational existence for the foreseeable future and have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the university's ability to continue as a going concern for a period of at least twelve months. For this reason, the university continues to adopt the going concern basis in preparing the financial statements.

10. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

As Kenya continues to pursue sustainable economic growth by investing in infrastructure projects and extraction of natural resources, the expected manufacturing boom will be followed by a demand for technically skilled workers. Presently, demand for tertiary and higher education has seen a rise of private institutions of higher learning. This has resulted in increased competition in the education sector. The competition has had two dimensions; first, it has affected attraction of key faculty that would facilitate development of market driven study programs. Secondly, there is a limited pool of students seeking higher education. TU-K's challenge is to innovate ways to attract the key personnel and students, in this competitive environment where quality has been admittedly a key concern.

TU-K aims to differentiate itself in the education sector by addressing the quality of technical education & training offered and most importantly address existing inefficiencies to achieve its strategic goals. TUK through its campus outreach programmes/Corporate social responsibility has made tremendous efforts to demystify science among the youth with a view to encouraging them to take science-oriented courses. This has seen an upsurge in the proportion of students registering for science and technology courses.

11. REPORT OF THE UNIVERSITY COUNCIL

The University Council submit their report together with the audited financial statements for the year ended June 30, 2024, which show the state of the University's affairs.

i) **Principal activities**

The principal activities of the Technical University of Kenya continue to be as below;

- a) To provide post-secondary technological, professional, and scientific education and training up to and including degree level;
- b) To undertake high quality research and dissemination of research outcomes;
- c) To advance knowledge and educate students in science, technology and innovation and other areas of scholarship that will best train for the real world in the 21st Century and beyond

ii) **Results**

The results of the Technical University of Kenya for the year ended June 30, 2024, are set out on page 1

iii) **Council Members**

The Council Members who served during the year are shown on page vii and viii.

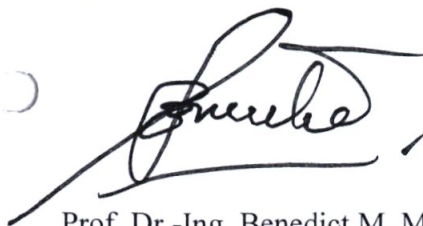
iv) **Surplus remission**

The Technical University of Kenya did not make any surplus during the period under review

v) **Auditors**

The Auditor-General is responsible for the statutory audit of the Technical university of Kenya in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015.

By Order of the Board



Prof. Dr.-Ing. Benedict M. Mutua, PhD, Rer. Nat.

Vice-Chancellor & Secretary to University Council

12. STATEMENT OF UNIVERSITY COUNCIL RESPONSIBILITIES.

Public Finance Management Act, 2012 and the State Corporations Act, require the Council to prepare financial statements for TU-K which gives a true and fair view of the state of affairs of the University at the end of a financial year and the operating results for that year. The Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy its financial position. 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 ended on 30th June, 2024. This responsibility includes:

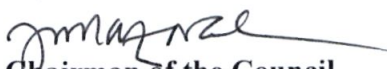
- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University;
- (iii) designing, 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 accepts 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 and the State Corporations Act. The Council is of the opinion that the University's financial statements give a true and fair view of the state of its transactions during the financial year ended 30th June, 2024, 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 financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the 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 Council on 20th September 2024 and signed on its behalf by:


Chairman of the Council

Dr. Idle Farah, OGW; PhD


Vice Chancellor

Prof. Dr.-Ing. Benedict M. Mutua, PhD

REPUBLIC OF KENYA

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OFFICE OF THE AUDITOR-GENERAL

Enhancing Accountability

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P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON THE TECHNICAL UNIVERSITY OF KENYA FOR THE YEAR ENDED 30 JUNE, 2024

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of The Technical University of Kenya set out on pages 1 to 33 which comprise the statement of financial position as at 30 June, 2024 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget versus actual

Report of the Auditor-General on The Technical University of Kenya for the year ended 30 June, 2024

amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of The Technical University of Kenya as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012 and the Universities Act, 2012.

Basis for Qualified Opinion

1. Unsupported Balances

1.1 Bank Balances

The statement of financial position and as disclosed in Note 17 to the financial statements reflects cash and cash equivalents balance of Kshs.23,103,756. Review of the bank account records revealed that three (3) accounts; students deposit savings fund of Kshs.729, 614, needy students fund of Kshs.105,738 and fixed deposits bank accounts of Kshs.300,000 remained constant during the year and were not supported by cashbooks and reconciliation statements and bank statements.

1.2 Receivables from Non - Exchange Transactions

The statement of financial position reflects a balance of Kshs.138,190,082 in respect to receivables from non-exchange transactions as disclosed in Note 19 to the financial statements. Included in this amount is unsupported deposit to suppliers of Kshs.104,350, Nyayo Vehicles Project and dishonored cheques of Kshs.500,000 and Kshs.562,501 respectively that had no movement during the year.

1.3 Inventories

The statement of financial position and as disclosed in Note 20 to the financial statements reflects a balance of Kshs.8,404,342 in respect to inventories. However, the stores department did not have updated stocks cards and bin cards for the consumable items procured and stored by the entity.

1.4 Provision for Bad Debts

The statement of financial position and as disclosed in Note 18 to the financial statements reflects a balance of Kshs.1,745,559,395 in respect to receivables from exchange transactions. Included in the amount is Kshs.193,780,884 reported as a provision for bad debts at 10% of receivables from exchange transactions. Further, Note 19 reflects a provision for bad debts of Kshs.412,566, representing 10% of receivables from non-exchange transactions amounting to Kshs.194,193,450. However, the approved policy on which forms the basis of the provision for bad debts was not provided.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

2. Property, Plant and Equipment

The statement of financial position reflects property, plant and equipment balance of Kshs.5,405,550,983 as disclosed in Note 21 to the financial statements. However, review of records revealed that the asset register maintained by the University was not updated and did not indicate the details of code list, payment voucher number, purchase date and the location of each asset acquired during the year under audit totalling Kshs.90,850,326. Further, it was noted that most of the University's assets had not been tagged as required. In addition, five (5) motor vehicles model; Peugeot 504 Saloon KAL 279U, Toyota Avanza KBL 291G, Peugeot 406 KAV 060E, VW Passat KBJ 466 and Isuzu Minibus KAC 125G of undetermined value were unfunctional and had been grounded for a long period of time.

In the circumstances, the accuracy, completeness, ownership and existence of property, plant and equipment balance of Kshs.5,405,550,983 as at 30 June, 2024 could not be confirmed.

3. Unaccounted for Council Expenses

The statement of financial performance and as disclosed in Note 16 to the financial statement reflects Council expenses amount of Kshs.8,705,101. Review of attendance register provided for audit revealed that the University Council held a total of fourteen (14) special Council meetings. However, the University only provided supporting minutes for four (4) special meetings.

In the circumstances, it was not possible to confirm the accuracy, completeness and validity of Council expenses amount of Kshs.8,705,101.

4. Inaccuracies in Employee Costs

The statement of financial performance and as disclosed in Note 11 to the financial statements reflects employee costs comparative amount of Kshs.3,146,383,107 which varies with the audited amounted of Kshs.3,182,329,831 resulting to an unreconciled variance of Kshs.35,946,724.

In the circumstance the accuracy and completeness of employee comparative balance of Kshs.3,146,387,107 could not be confirmed.

5. Irregularities in Compensation of Employees

The statement of financial performance reflects employees' costs amount of Kshs.3,267,661,184 as disclosed in Note 11 to the financial statements. However, review of records revealed the following unsatisfactory matters: -

- i. There were several cases of duplicate account numbers whereby some staff salaries were disbursed to accounts whose details were shared between two or more persons. Management did not provide an explanation into the circumstances that led to staff sharing bank account details.

- ii. Included in compensation of employees is payments totaling Kshs.1,013,145 relating to overtime payments. Analysis of the payroll data revealed that there was no attribute of overtime paid out to employees despite it been a function of the payroll. It was not possible to ascertain the validity and occurrence of the overtime charged.
- iii. An amount of Kshs.5,606,955 was paid in relation to acting allowances for twenty-three (23) employees. These officers had been receiving the acting capacity allowance for a period of one year contrary to the law. No reason was provided for the extra payments of acting allowance beyond the six months stipulated in paragraph C.14 (1) of Public Service Commission Human Resource Policies, May, 2016.
- iv. Payroll data was not checked and approved by the Accounting Officer before the salary payments were processed.
- v. There were cases of officers who were defined in the payroll and drew salaries from the University but were not in the University overall master data.
- vi. During the month of July, 2023, six (6) employees who drew salaries amounting to Kshs.652,211 were in the bank remittance but were not in the payroll data. It is not clear who the officers are and why they drew salaries from the University.

In the circumstances the accuracy and completeness of employee costs totalling Kshs.3,267,661,184 could not be confirmed.

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

Emphasis of Matter

1. Material Uncertainty Related to Going Concern

The statement of financial performance indicates that University has made a deficit of Kshs.877,965,757. Subsequently, total current liabilities balance reported is Kshs.7,604,104,706 against total current assets balance of Kshs.1,915,257,575 resulting to a negative working capital of Kshs.5,688,847,131 which is an indication that the Institution is experiencing financial difficulties. This material uncertainty casts significant doubts on the Institutions ability to continue as a going concern. The Institution is on a downward trend and if strategies are not put in place to reverse the trend it is likely to experience financial difficulties in future.

Further, no steps appear to have been taken to ensure the Institution is liquid and Management has not disclosed the same in the financial statements.

2. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis totalling Kshs.4,224,180,667 and Kshs.2,807,990,181 respectively, resulting to an underfunding amounting to Kshs.1,416,190,486 or 34% of the budget. Similarly, the statement reflects final expenditure budget and actual on comparable basis totalling to Kshs.4,224,180,667 and Kshs.3,771,056,263 respectively, resulting to under expenditure of Kshs.453,124,404 or 11% of the budget. Further, the statement reflects construction of non-residential buildings actual expenditure of Kshs.82,691,972 against a final budget of Kshs.73,000,000. The approval for the over expenditure totalling Kshs.9,691,972 was not provided. In addition, repairs and maintenance expenditure of Kshs.24,290,520 exceeded the budgeted amount of Kshs.15,187,390 by Kshs.9,103,130 whose basis was not provided.

The under-funding and under-utilization affected the planned activities of the Institution and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion/Material Uncertainty Related to Going Concern section, I have determined that there are no other key audit matters to communicate in my report.

Other Matter

Unresolved Prior Year Matters

The audit report for the year ended 30 June, 2023 raised several unsatisfactory issues in regard to balances reflected in the financial statements, lawfulness and effectiveness in use of resources and effectiveness of internal controls, risk management and governance. However, although Management has indicated some of the issues have been completed, the issues remained unresolved as Parliament has not deliberated on the same.

Other Information

The Management is responsible for the other information set out on page iv to xxi which comprise of Brief Background on the University and Management, The University Council, The University Management, Statement from the Chairman of the Council, Report of the Vice-Chancellor, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting, Report of the Directors and the Statement of University Council Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Technical University of Kenya financial statements, my responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information and I am required to report that fact. Based on the audit procedures performed and the matters described in my Basis for Qualified Opinion, I confirm that other information is not materially inconsistent with the financial statements.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Foreign Travel Expenditure

The statement of financial performance reflects expenditure on use of goods and services amounting to Kshs.298,640,426 as disclosed in Note 13 to the financial statements. Included in the balance is payments in respect of specialized, teaching materials and supplies totalling Kshs.96,964,992. Examination of payment voucher numbers 36160 and 36575 revealed that payments amounting to Kshs.499,072 were paid to an officer for air ticket, accommodation and subsistence to attend a meeting for Digit Africa Project Funds in Spain and France as per request letter dated 4 October, 2023. However, evidence to confirm whether officers travelled to the actual destinations was not provided. Further, the payment vouchers provided revealed that the imprest holders irregularly used documents for another staff to surrender the imprest.

In the circumstances the expenditure of Kshs.499,072 was irregular and could not be confirmed.

2. Regularity of Human Resource Management Practices

2.1 Lack of an Approved Limit for Medical Expenses

During the year under review, the Institution operated a medical scheme to provide subsidized medical benefit for staff. The scheme was guided by Medical Benefits Terms of Service, 2013. However, the terms of service were not signed. Further, it was noted that the University did not have an approved limit of amounts payable for both the inpatient and outpatient expenses and application of the same including the approved hospitals or designated medical facilities if any.

2.2 Staff Earning Less than a Third of the Basic Pay

Analysis carried out on the payroll revealed that there were officers who had overcommitted their salaries beyond the one third of their basic salary during the year under review hence contravening the provisions of the Employment Act, 2007, Section 19(3) which gives guidance that an employee's salary should not be deducted beyond one third of the basic salary.

2.3 Non-Compliance with Ethnic Diversity

Audit of the University Information Payroll Management System (KIPMS) revealed that the University had 1,616 members of staff as at 30 June, 2024. Analysis of the staff register for the year under review revealed that 518 representing 32% of total staff were from domicile community yet the University is a cosmopolitan. The University Management contravened Section 7(1) and (2) of National Cohesion and Integration Act, 2008.

2.4 Inactive Employees with Active System Accounts

Analysis of the user access control list for TSOFT system established that there were one hundred (100) employees who are not in the staff master file but whose accounts were still active on the system.

2.5 Terminated Employees Logging to the System

Analysis of the systems user login activity established that there were 5 employees who continued to access the system several days after termination with the highest being two sixty-two (262 days).

In the circumstances, the University Management was in breach of the law and the Institution is exposed to manipulation of the Human Resource systems.

3. Imprest Management

Reported in the statement of financial position and as supported by Note 19 to the financial statements reflects Kshs.138,190,082 in respect to receivables from non-exchange transactions. Included in the amount is Kshs.7,630,663 relating to outstanding staff imprest. Examination of sampled payment vouchers revealed that in several instances, monies for travel imprest was issued and accounted for by one person on behalf of fellow staff members. This is in contravention with the Public Finance Management (National Government) Regulations, 2015, on control of imprest which clearly indicates imprest as a personal responsibility and should only be issued to the individual directly.

The outstanding imprest schedule was not provided for audit hence, it was not possible to confirm whether applicants are included in the imprest register with the respective amounts applied and if one had an outstanding imprest before the issue of a new one. In addition, the holders of imprest do not account or surrender the imprest within seven (7) working days after return to duty station. Further, Management does not recover the

temporary imprest from defaulting officers as provided for in the regulation, thus committing an offence.

In the circumstances, Management was in breach of the law.

4. Non-Compliance with Prescription on Board and Chief Executive Officers' Terms of Service and Entitlements

The statement of financial performance and as disclosed in Note 16 to the financial statement reflects Council expenses amount of Kshs.8,705,101. During the audit of the Council matters, the following anomalies were noted;

- i. The Council did not submit its annual ALMANAC to SCAC as required by law.
- ii. During the year under review the Council held 19 sittings out of which 14 of them were special meetings. However, there was no justification or authority from the responsible Cabinet Secretary and the Institution may have lost an amount of Kshs.2,147,990 which was incurred and was not budgeted for or approved.
- iii. The Council members of the University attended two Board meetings on 14 August, 2023. It was noted that one special purpose meeting was held at 2:00pm and another urgent and special Council meeting was held at 10:00am at the Vice Chancellors Boardroom. The same Board members sat for both meetings. Review of payment vouchers revealed that the Council members were paid total allowances of Kshs.140,000 and Kshs.341,153 respectively. It was not clear why the Council members were paid allowances twice for meetings held the same day
- iv. Fourteen (14) days notices were not provided for meetings as required in preparation for a Council meeting.

In the circumstances, value for money may not have been obtained from Council expenses totaling Kshs.8,705,101.

5. Trade and Other Payables

The statement of financial position and as disclosed in Note 22 to the financial statements reflects trade and other payables balance amounting to Kshs.3,288,131,717. However, review of records revealed the following unsatisfactory matters: -

5.1 Long Outstanding Trade and Other Payables

The statement of financial position reflects trade and other payables of Kshs.3,288,131,717 as disclosed in Note 22 to the financial statements. Included in the balance is an amount of Kshs.831,306,036 relating to contractors and general creditors, third party funds and other staff claims. From the ageing analysis presented for audit review, it was noted that the University had not paid some of its creditors since May, 2018. It was not possible to determine why the University would make payments for some of its most recent suppliers while leaving out pending bills stretching way back from the year 2018.

5.2 Arrears of Unpaid Audit Fees

Included in trade and other payables balance of Kshs.3,288,131,717 is audit fees totalling Kshs.9,744,000 relating to 2022-2023 and other prior years. The unpaid long outstanding audit fees arrears remained unsettled as at 30 June, 2024. The non-settlement of audit fees arrears contravenes Section 41(1) of the Public Audit Act, 2015 and Regulation 23(2)(a) of the Public Finance Management (National Government) Regulations, 2015.

In the circumstances, Management was in breach of the law and there is risk of loss of public funds through litigations, interests and penalties.

6. Irregular Procurement

6.1 Irregular Procurement of Office Furniture

The statement of financial position reflects property, plant and equipment balance of Kshs.5,405,550,983 as disclosed in Note 21 to the financial statements. Included in the balance is additions for the year for purchase of furniture amount of Kshs.1,244,079. The University awarded to a local supplier a contract for the procurement and supply of office furniture at a cost Kshs.246,700, however, the following irregularities were noted;

- i. Request for quotations did not indicate the issue date and when the quotations were to be submitted and the specific requirements relating to the goods being procured which is contrary to Section 106 subsection (1b and c) of the Public Procurement and Asset Disposal Act, 2015. Further, the appointment letters for
- ii. the tender opening committee, tender evaluation committee and inspection and acceptance committee were not provided contrary to Sections 78(1) ,46(1) and 48(1) of the Procurement Act, 2015 which requires the Accounting Officer to appoint the ad-hoc committees specifically for the procurement in accordance with requirements of the law.
- iii. The tender opening committee members did not sign the quotation opening minutes as required in the procurement laws. Further, evaluation done did not state the evaluation criteria neither did it rank the bidders. However, the evaluation team recommended the award to the lowest bidder. Further the tender evaluation report was not signed on each page by the tender evaluation committee members as required in the procurement laws and regulations.
- iv. There was no evidence provided showing that the successful bidder was notified of the award and that the winning bidder accepted the award. Further the purchase order or contract was not provided for audit. In addition, regret letters to the unsuccessful bidders were not provided for audit.
- v. The inspection and acceptance report showing the goods were inspected and accepted before delivery was not provided for review.
- vi. **6.2 Irregularities in Supply and Delivery of iPad**
- vii. The University awarded a local supplier a contract for purchase of computer accessories at a cost Kshs.570,000. However, the following irregularities were noted;

- i. Request for quotations did not include the issue date and did not explain when the quotations shall be submitted and the specific requirements relating to the goods being procured which is contrary to Section 106 subsection (1b and c) of the Public Procurement and Asset Disposal Act, 2015.
- ii. Evaluation done did not state the evaluation criteria neither did it rank the bidders, however the evaluation team recommended the award to the lowest bidder. Further, the tender evaluation report was not signed on each page by the tender evaluation committee members as required in the procurement laws and regulations.
- iii. There was no evidence provided showing that the successful bidder was notified of the award and that the winning bidder accepted the award. Further, the purchase order or contract was not provided for audit. In addition, regret letters to the unsuccessful bidders were not provided for audit.
- iv. The minutes of the tender opening committee members was not provided hence it was not possible to ascertain the winning bidders had bided for the contract.
- v. The appointment letters for the tender opening committee, tender evaluation committee and inspection and acceptance committee were not provided which is contrary to Sections 78(1) ,46(1) and 48(1) of the Public Procurement and Asset Disposal Act, 2015, which states that the Accounting Officer shall appoint the ad-hoc committees specifically for the procurement in accordance with requirements of the law.

6.3 Irregularities in Purchase of Air Conditioner

The University awarded a local company supplies contract for supply and commissioning of floor standing air conditioner for the ICT department at a cost Kshs.900,000. The following irregularities were noted;

- i. Request for quotations did not include the issue date and did not explain when the quotations shall be submitted and the specific requirements relating to the goods being procured which is contrary to section 106 subsection (1b and c) of the Public Procurement and Asset Disposal Act, 2015. Further, the evaluation done did not state the evaluation criteria neither did it rank the bidders. However, the evaluation team recommended the award to the lowest bidder. In addition, the tender evaluation report was not signed on each page by the tender evaluation committee members as required in the procurement laws and regulations.
- ii. There was no evidence provided showing that the successful bidder was notified of the award and that the winning bidder accepted the award. Further the purchase order or contract was not provided for audit. In addition, regret letters to the unsuccessful bidders were not provided for audit. The minutes of the tender opening committee members was also not provided, hence the audit could not ascertain the winning bidders had bided for the contract.

- iii. The appointment letters for the tender opening committee, tender evaluation committee and inspection and acceptance committee were not provided which is contrary to Section 78(1) ,46(1) and 48(1) of the Public Procurement and Asset Disposal Act, 2015 which states that the Accounting Officer shall appoint the ad-hoc committees specifically for the procurement in accordance with requirements of the law.

The local purchase order provided was dated 15 April, 2024, however the invoice attached was dated 7 April, 2024. Hence it was not possible to ascertain if the bidder supplied the goods even before the contract was signed and approved. Further, the delivery note was not provided for audit and the inspection and acceptance report showing the goods were inspected and accepted after the delivery was not provided for review.

6.4 Irregular Use of Direct Procurement for Legal Services

The statement of financial performance reflects contracted services amounting to Kshs.28,991,435 as disclosed in Note 14 to the financial statements. Included in this amount is Kshs.11,669,303 relating to contracted legal fees. Records provided for audit revealed that the Institution paid various law firms for the supply of legal services. However, the following issues were noted:

- i. Direct procurement was used to procure the legal service providers contrary to Section 103 of the Public Procurement and Asset Disposal Act, 2015.
- ii. The contract for the Advocate that was entered into on 6 May, 2019 did not state the contract period. It was therefore not possible to ascertain whether the contract was valid.

6.5 Irregularities in Supply of Kitchen Uniforms and Protective Clothing

The statement of financial performance and Note 13 to the financial statements reflects an amount of Kshs.298,640,426 in respect to use of goods and services. Included in this amount is Kshs.96,964,992 relating to specialized teaching materials and supplies. During the year under review, the Accounting Officer awarded a contract to supply kitchen uniforms and protective clothing at a contract price of Kshs.104,000 through local purchase order on 4 October, 2022. Review of the procurement records revealed the following:

- i. Three bidders were issued with quotation documents on 31 March, 2022 and opened on 16 June, 2022 but not subjected to evaluation by the quotation evaluation committee. Quotation document did not contain requirement of the supplies to be met by the bidders.
- ii. Quotation opening and evaluation committee members appointment letters were not provided for review.
- iii. Quotation opening minutes, quotation register and committee attendance register were not provided for review.

- iv. Notification to the successful bidder and acceptance letters were not provided for review.
- v. Quotations were opened on 16 June, 2022 and the Local Purchase Order issued on 4 October, 2022 after three months. Further, supplies were delivered on 21 February, 2023, four (4) months later upon issuance of Local Purchase Order.

6.6 Irregularities in the Construction of Block I & T

The University contracted a contractor for construction Block I&T for a validity period of 104 calendar weeks and at a contract price of Kshs.1,245,225,049. Management paid a total amount of Kshs.82,691,972 for works done during the year under audit. However, the following irregularities were noted:-

- i. The contractor was paid Kshs.5,866,633 as interest on delayed payments. No evidence was provided of the reasons for late payments and the rate used to calculate and determine the penalty charged. Further, Management paid for interest on delayed project in the current payment certificate raised, contrary to the contract that stipulates penalties shall be paid in the next payment raised by the contractor.
- ii. Management deducted an amount of Kshs.16,735,986 being 5% retention monies. However, the existence of the retention money could not be confirmed since evidence of retention bank accounts was not provided.
- iii. Management did not provide any minutes of the inspection and acceptance committee meetings to approve and certify the works done in the Institution.

In the circumstances, Management was in breach of the Public Procurement and Asset Disposal Act, 2015 and the value for money on the expenditure incurred on these supplies and services could not be confirmed.

7. Non-Compliance with Remittance of Statutory Dues and Other Deductions

The statement of financial position and as disclosed in Note 22 to the financial statements reflects trade and other payables balances of Kshs.3,288,131,717. Review of records provided revealed the following unsatisfactory matters: -

- i. It was noted that, although the University had a regular practice of filing their monthly statutory deductions to the relevant authorities, the University had not remitted various statutory deductions including; PAYE, NHIF and NSSF amounting to Kshs.2,020,703,201 to Kenya Revenue Authority. It was further noted that PAYE amounting to Kshs.1,939,704,160 had been long outstanding for a period of more than 4 years since January, 2020.
- ii. Examination of trade and other payables schedule revealed that the University Management were making Sacco deductions, bank loan deductions and insurance

respectively without remitting the funds to the relevant institutions. The University faces the possibility of legal suits from the employees and the relevant institutions.

- iii. Further review of the trade and other payables schedule revealed that gratuity amounting to Kshs.208,194,545 was long outstanding since 2017 without explanations from Management on how the amounts were deducted and deposited and measures in place to repay the gratuity due. The audit could therefore not ascertain whether gratuity deductions were held in a separate account.

In the circumstances, Management was in breach of the law.

8. Failure to Maintain a Development Bank Account

Reported in the statement of changes in net assets is an amount of Kshs.5,750,000 relating to funds received during the period under audit, as development grant. However, Management did not maintain a development bank account or cashbook.

In the circumstances, it was not clear how the development grants were managed.

9. Receivables from Exchange Transactions

9.1 Long Outstanding Debtors

The statement of financial position reflects receivables from exchange transactions amounting to Kshs.1,745,559,395 as disclosed in Note 18 to the financial statements. The amount includes Kshs.1,937,808,836 relating to outstanding students fees. In comparison with the previous year balances, there was minimal movement of the students' receivables balances, an indication that Management may not have made much progress on recovery of the outstanding fee balances as shown below;

Category	Amount owed as at 30 June, 2024 (Kshs)	Amount owed as at 30 June, 2023 (Kshs)
Group Admission 2023	165,414,188	
Group Term	511,651,611	
Group 2009 to 2019	319,287,087	
Group Certificate	85,771,558	85,943,458
Group Graduates	47,897,814	27,976,845
Group 2007-2008	145,483,402	145,571,628
Group Deferred D	143,283,228	145,630,313
Group Discontinued NP	519,019,949	515,210,041
Total Debt	1,937,808,836	

Further, included in the amount is Kshs.464,770,489 dating back to the year 2007. Management has however not provided measures taken to recover funds from the concerned students. In addition, receivables of Kshs.165,414,188 were incurred in the year under audit despite the University's requirement of full payment by week 8, of the semester before issuance of the examination cards.

9.2 Students Graduating with Outstanding Balances

Comparison of the receivables balances reflected in the financial statements with the graduation list provided for review established that out of the two thousand, eight hundred and sixty-four (2,864) students who graduated, there were five hundred and thirty-seven (537) students who graduated with outstanding balances totalling to Kshs.24,257,967.

9.3 Students with Fee Balance and not Included in Receivables

The comparison of the invoiced amount and receipted amount for the students against the receivables schedules established that there were six hundred and eighty-nine (689) students who had fee balances as per the invoice and receipts schedules yet they had not been included in the receivables list.

In the circumstances, the accuracy and full recoverability of the outstanding receivables from exchange transactions balance of Kshs.1,745,559,395 could not be confirmed.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

1. Lack of Approved Policies and Manuals

Review of the University ICT environment during the year ended 30 June, 2024 revealed that there was no formal approved ICT policy in place to enable the University manage business processes for the delivery of services to the stakeholders in an effective and efficient manner.

Further, it was noted that the University lacks an approved risk management policy, thus it does not have a framework for management of risk and hence not possible to identify, assess and control risk. As a result, it is not possible to define the entity's risk appetite and set the risk tolerance levels by identifying boundaries against unacceptable exposure to risk. In addition, during the year under review, the University did not have an approved audit policy.

In the circumstances, the IT operations and risk management may not have been effectively managed and aligned to support the operations of the entity during the year under review.

2. Weak Invoicing Controls

It was noted that the tuition and other fees are billed through the student's management system known as TUSOFT once the student signs the nominal roll. However, a review of the invoice data established that there were seven thousand, two hundred and seventy-six (7,276) students invoiced yet they were not in the nominal roll. In addition, there were one hundred and twenty five (125) students registered on the September, 2023 nominal roll and twenty-one (21) students recorded as being in session in the January, 2024 nominal roll and had not been billed.

In the circumstances, the internal controls put in for securing student data could not be confirmed.

3. Irregular Management of Store Records

During the year under audit, the Management of the entity procured various supplies which were received and issued to various users of the entity. Verification of the sampled stores records revealed that store receiving and issue notes were completed with quantity for goods received but could not be traced in the stores since stores ledger and bin cards summarizing all goods received, issued and balances have not been maintained by the entity as per the sample of various supplies listed in the following table;

Supplier	Products	LPO Number	Amount (Kshs)
1	100bales of Jumbo tissue Paper	PSC 1320	407,500
2	100bales of Jumbo Tissue Paper	PSC 1316	388,500
3	Purchase of 3 Drum Samsung Photocopier	None	147,060
4	Purchase of office shredders	PSC850	146,940
5	Purchase of computer accessories	PSC1684	675,500

In the circumstances, the internal control processes on stores management could not be confirmed.

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

Responsibilities of the Management and the University Council

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

In preparing the financial statements, Management is responsible for assessing the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

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

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

The University Council is responsible for overseeing the University's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards for Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I

consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

31 December, 2024

14. STATEMENT OF FINANCIAL PERFORMANCE

FOR THE PERIOD ENDED 30 JUNE 2024

	Notes	2024 Kshs.	2023 Kshs.
INCOME			
Revenue from non-exchange transactions			
Government Grants: Recurrent	6	1,506,803,484	1,988,880,331
Donor Funds	7	91,189,548	31,259,947
Revenue from exchange transactions			
Rendering Services	8	1,180,740,180	763,751,675
Other Income	9	21,513,969	18,442,302
Rental Income	10	1,993,000	3,282,450
Total Revenue		2,802,240,181	2,805,616,706
EXPENSES			
Employee costs	11	3,267,661,184	3,146,383,107
Depreciation and amortization expense	12	65,173,127	71,511,413
Use of Goods and Services	13	298,640,426	294,946,137
Contracted services	14	28,991,435	29,060,401
Repairs and Maintenance	15	11,034,665	48,857,628
Council Expenses	16	8,705,101	9,959,226
Total Expenses		3,680,205,937	3,600,717,912
Surplus before tax(Deficit) for the year		(877,965,757)	(795,101,206)

The notes set out on pages 6 to 23 form an integral part of these Financial Statements. The Financial Statements set out on pages 1 to 5 were signed on behalf of the Council by:



Vice Chancellor

Prof. Dr.-Ing. Benedict M. Mutua,
PhD, Rer. Nat.

11th December, 2024



Chief Finance Officer

CPA B.M. Sanda
ICPAK No:11018

11th December, 2024



Chairman of Council

Dr. Idle Farah, OGW; PhD

11th December, 2024

15. STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Notes	2024 Kshs.	2023 Kshs.
CURRENT ASSETS			
Cash and Cash Equivalents	17	23,103,756	15,037,859
Receivables from Exchange	18	1,745,559,395	1,453,421,741
Receivables from Non Exchange	19	138,190,082	7,833,591
Inventories	20	8,404,342	7,744,409
TOTAL CURRENT ASSETS		1,915,257,575	1,484,037,600
NON CURRENT ASSETS			
Property, Plant and Equipment	21	5,405,550,983	5,446,516,422
TOTAL ASSETS		7,320,808,557	6,930,554,022
CURRENT LIABILITIES			
Trade and other payables	22	3,288,131,717	3,125,726,027
Refundable Deposits	23	167,296,385	138,017,307
Employee Benefit Obligation	24	4,148,676,604	3,011,248,440
TOTAL CURRENT LIABILITIES		7,604,104,706	6,274,991,774
NET ASSETS			
Capital Fund		2,013,106,556	2,073,999,195
Revenue Reserve		(6,353,486,035)	(5,475,520,278)
Revaluation Surplus		4,057,083,331	4,057,083,331
TOTAL NET ASSETS		(283,296,148)	655,562,248
TOTAL FUNDS AND LIABILITIES		7,320,808,557	6,930,554,022

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



Vice Chancellor

Prof. Dr.-Ing. Benedict M. Mutua,
PhD, Rer. Nat.

11th December, 2024



Chief Finance Officer

CPA B.M. Sanda
ICPAK No:11018

11th December, 2024



Chairman of Council

Dr. Idle Farah, OGW; PhD

11th December, 2024

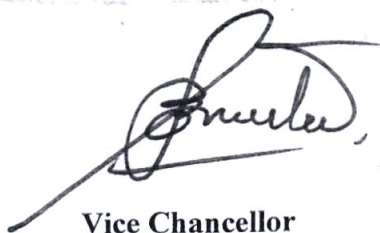
16. STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIOD ENDED 30 JUNE 2024

	<u>Capital Fund</u>	<u>Revaluation Reserve</u>	<u>Revenue reserve</u>	<u>Total</u>
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 June 2022	2,038,511,612	4,057,083,331	(4,680,419,072)	1,415,175,871
Funds received during the Period	35,487,583			35,487,583
Surplus for Period			(795,101,206)	(795,101,206)
As at 30 June 2023	2,073,999,195	4,057,083,331	(5,475,520,278)	655,562,248

	<u>Capital Fund</u>	<u>Revaluation Reserve</u>	<u>Revenue reserve</u>	<u>Total</u>
	Kshs.	Kshs.	Kshs.	Kshs.
At 30 June 2023	2,073,999,195	4,057,083,331	(5,475,520,278)	655,562,248
Funds received during the Period	5,750,000			5,750,000
Surplus for Period			(877,965,757)	(877,965,757)
Completed Projects/Transfer to K	(66,642,639)			(66,642,639)
As at 30 June 2024	2,013,106,556	4,057,083,331	(6,353,486,035)	(283,296,148)

17. STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2024

Notes	2024 Kshs.	2023 Kshs.
Cash flow from operating activities:		
Receipts		
Government Grants	1,506,803,484	1,988,880,331
Donor funds	91,189,548	31,259,947
Tuition Fees	1,180,740,180	763,751,675
Other Incomes	21,513,969	18,442,302
Rental Income	1,993,000	3,282,450
	2,802,240,181	2,805,616,706
Payments		
Compensation of employees	3,267,661,184	3,146,383,107
Use of Goods and Services	298,640,426	294,946,137
Contracted services	28,991,435	29,060,401
Repairs and Maintenance	11,034,665	48,857,628
Council Expenses	8,705,101	9,959,226
	3,615,032,811	3,529,206,498
Receipts less Payments (Net)	(812,792,630)	(723,589,793)
(Increase)/Decrease in current receivable	(422,494,145)	(101,621,915)
(Increase)/Decrease in inventory	(659,933)	(1,321,486)
Increase in payables	1,329,112,931	932,115,913
Net cash from Operating Activities	93,166,222	105,582,720
 Cash flows from investing activities		
Purchase of property plant and Equipment & IA	<u>(90,850,326)</u>	<u>(152,168,180)</u>
Net Cash flows used in investing activities	(90,850,326)	(152,168,180)
 Cash flows from financing activities		
Development grants received	<u>5,750,000</u>	<u>35,487,583</u>
Net Cash flows used in financing activities	5,750,000	35,487,583
 Net increase/decrease in cash and Cash Equivalent	8,065,896	(11,097,877)
 Cash and Cash equivalents at beginning of period	<u>15,037,859</u>	<u>26,135,736</u>
Cash and Cash equivalent at end of period	<u>23,103,756</u>	<u>15,037,859</u>



Vice Chancellor

Prof. Dr.-Ing. Benedict M. Mutua,
PhD, Rer. Nat.

11th December, 2024



Chief Finance Officer

CPA B.M. Sanda
ICPAK No:11018

11th December, 2024



Chairman of Council

Dr. Idle Farah, OGW; PhD

11th December, 2024

18. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
FOR THE PERIOD ENDED 30 JUNE 2024

	Original	Adjustments	Final	Actual on	Performance	%age of
	Budget		Budget	Comparable	Difference	Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	a	b	c=(a+b)	d	e=(c-d)	F=(d/c*100)
Revenues						
Government Grants-Recurrent	1,506,803,484	-	1,506,803,484	1,506,803,484	-	100
Government Grants-Development	23,000,000	-	23,000,000	5,750,000	17,250,000	25
Grants , Dev't Partner t (Donor Partner)	57,784,000	-	57,784,000	91,189,548	(33,405,548)	158
Rendering Services	1,662,588,471	-	1,662,588,471	1,180,740,180	481,848,291	71
Other Income -Recurrent (IGU)	970,139,903	-	970,139,903	21,513,969	948,625,935	2
Rental Income	3,864,809	-	3,864,809	1,993,000	1,871,809	52
Total Revenues	4,224,180,667	-	4,224,180,667	2,807,990,181	1,416,190,487	
Expenses						
Employee Costs	3,577,906,291	-	3,577,906,291	3,267,661,184	310,245,107	91
Council Expenses	11,310,901	-	11,310,901	8,705,101	2,605,800	77
Bulk Purchases of Water and Electricity	54,773,080	-	54,773,080	38,379,850	16,393,230	70
Repairs & Maintenance	15,187,390	-	15,187,390	11,034,665	4,152,725	73
Depreciation		-		65,173,127	(65,173,127)	
Contracted Professional Services	32,231,285	-	32,231,285	28,991,435	3,239,850	90
Provision for Audit Fees	1,458,712	-	1,458,712	812,000	646,712	56
General Expenses:						
Domestic Travel	13,578,377	-	13,578,377	5,665,107	7,913,270	42
Foreign Travel	6,200,219	-	6,200,219	3,037,885	3,162,334	49
Printing and Advertising expenses	17,476,892	-	17,476,892	699,744	16,777,148	4
Land Rates and Rentals	30,730,058	-	30,730,058	7,500,000	23,230,058	24
Staff Training Expenses	15,909,054	-	15,909,054	4,461,897	11,447,157	28
Hospitality Supplies and Services	20,194,965	-	20,194,965	11,454,827	8,740,139	57
Medical & Insurance Expenses	54,645,222	-	54,645,222	32,548,461	22,096,761	60
Specialized, Teaching Materials \$ Supplies	149,252,634	-	149,252,634	96,964,992	52,287,642	65
Provision for Bad Debt		-		32,323,567	(32,323,567)	
General Supplies	32,874,708	-	32,874,708	17,918,265	14,956,443	55
Communication Supplies & Services	31,311,726	-	31,311,726	21,121,407	10,190,319	67
Foodstuffs supplies	10,776,691	-	10,776,691	5,772,328	5,004,364	54
Gas & Lubricants	18,533,883	-	18,533,883	13,894,673	4,639,210	75
Other Operating Expenses	42,483,746	-	42,483,746	6,085,426	36,398,320	14
Total Expenditure	4,136,835,834	-	4,136,835,834	3,680,205,937	456,629,897	
Capital Expenditure						
Purchase of Motor Vehicles	4,500,000	-	4,500,000		4,500,000	-
Purchase of Furniture & General equipmen	9,844,833	-	9,844,833	8,158,354	1,686,479	83
Capital Development - WIP	73,000,000	-	73,000,000	82,691,972	(9,691,972)	113
Total Capital Expenditure	87,344,833	-	87,344,833	90,850,326		
	4,224,180,667	-	4,224,180,667	3,771,056,263	453,124,404	

19. NOTES TO THE FINANCIAL STATEMENTS

1. General Information

The Technical University of Kenya is established by and derives its authority and accountability from the University Act 2012. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The University's principal activity is to provide quality education and training.

2. Statement of compliance and basis of preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5 of these financial statements.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the Entity. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the public universities Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

3. Adoption of New and Revised Standards

i. *New and amended standards and interpretations in issue effective in the year ended 30 June 2024.*

There were no new and amended standards issued in the financial year.

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2024*

Standard	Effective date and impact:
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity.</p> <p>The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
IPSAS 44: Non-Current Assets Held for Sale and	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires,</p> <p>Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to,</p>

Standard	Effective date and impact:
Discontinued Operations	<p>cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p>
IPSAS 45- Property Plant and Equipment	<p><i>Applicable 1st January 2025</i></p> <p>The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.</p>
IPSAS 46 Measurement	<p><i>Applicable 1st January 2025</i></p> <p>The objective of this standard was to improve measurement guidance across IPSAS by:</p> <ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS; iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47- Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48- Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49- Retirement	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public</p>

Standard	Effective date and impact:
Benefit Plans	sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.

iii. Early adoption of standards

The University did not early – adopt any new or amended standards in the year.

4. Summary of significant accounting policies

(a) Revenue Recognition

i) Revenue from non-exchange transaction

Fees, taxes and fines

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

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the TU-K and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transaction

Rendering of services

The TU-K recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

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

Interest income

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

Notes to the Financial Statements (Continued)

Rental income

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

(b) Budget information

The original budget for FY 2023-2024 was approved by the Ministry of Education on 4th July 2023 while the supplementary budget was approved on 20th December 2023. The original budget is adjusted with subsequent revisions or additional appropriations upon receiving the respective approvals from the appropriate authorities to form the final budget. The TU-Ks budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

(c) In-kind contributions

In-kind contributions are donations that are made to the University in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the university includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

(d) Property, plant and equipment

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

Depreciation is calculated on a straight-line basis at annual rates estimated to write off the carrying values of the assets over their expected useful lives.

The annual depreciation rates in use are as tabulated below;

Land	
Buildings	2.5%
Motor Vehicles	25%
Furniture & Fittings	12.5%
Computer & Printers	30%
Office Equipment	12.5%

A full year's depreciation charge is recognised both in the year of asset purchase and in the year of asset disposal.

(e) Intangible assets

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

(f) Research & Development Costs

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

- i. The technical feasibility of completing the asset so that the asset will be available for use or sale.
- ii. Its intention to complete and its ability to use or sell the asset.
- iii. How the asset will generate future economic benefits or service potential
- iv. The availability of resources to complete the asset.
- v. The ability to measure reliably the expenditure during development.

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

(g) Financial Instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the University's financial statements. A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

a) Financial assets

Classification of financial assets

The University classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts less outstanding cash imprests and advances to staff at the year end.

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/ equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Impairment

The University assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date.

b) Financial liabilities

Classification

The University classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

(h) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- i. Raw materials: purchase cost using the weighted average cost method.

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

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the University.

(i) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the University will incur in fulfilling the present obligations represented by the liability.

(j) Employee Benefits

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

(k) Foreign currency transactions

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

(l) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowing costs have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

(m) Cash and cash equivalents

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

Notes to the Financial Statements (Continued)

(n) Provision on bad and doubtful debts

The University provides for bad and doubtful debts at the rate of 10% of the outstanding debtors, less outstanding staff imprests and salary advances.

(o) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the period under review

(p) Related Parties

The University regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the entity, or vice versa. The National Government, Council Members and Members of Management Board are regarded as related parties.

(q) Comparative figures

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

(r) Contingent liabilities

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

(s) Contingent assets

The Entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Entity in the notes to the financial statements.

5. Significant Judgments and Sources of Estimation Uncertainty

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

Estimates and assumptions

The University did not make any 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.

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:

- a. The condition of the asset based on the assessment of experts employed by the Entity.
- b. The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- c. The nature of the processes in which the asset is deployed.
- d. Availability of funding to replace the asset.

- e. Changes in the market in relation to the asset

Provisions

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

NOTES TO THE FINANCIAL STATEMENTS CONT

6 REVENUE FROM NON-EXCHANGE TRANSACTIONS	2024	2023
Description	Kshs.	Kshs.
Unconditional Grants		
Recurrent Grants	1,506,803,484	1,988,880,331
Other Grants	-	-
Total Unconditional Grants	1,506,803,484	1,988,880,331
Conditional Grants		
Other Organizational Grants	-	-
Total Government Grants And Subsidies	1,506,803,484	1,988,880,331
7 PUBLIC CONTRIBUTIONS AND DONATIONS	2024	2023
	Kshs.	Kshs.
Donor Funds	91,189,548	31,259,947
Total	1,597,993,032	2,020,140,278
REVENUE FROM EXCHANGE TRANSACTIONS	2024	2023
	Kshs.	Kshs.
8 Rendering Services	1,180,740,180	763,751,675
9 Other Income	21,513,969	18,442,302
10 Rental Income	1,993,000	3,282,450
Total Exchange Revenue	1,204,247,149	785,476,427
11 EMPLOYEE COSTS	2024	2023
	Kshs.	Kshs.
Personal Emoluments	2,970,314,658	2,899,591,553
Overtime	1,013,145	979,415
Gratuities	21,194,213	44,170,865
Other Employer Contributions	250,093,462	193,745,534
N.S.S.F	25,045,706	7,895,740
Total	3,267,661,184	3,146,383,107
12 DEPRECIATION AND AMORTIZATION EXPENSES	2024	2023
	Kshs.	Kshs.
Buildings	20,927,178	21,463,772
Motor Vehicles	1,815,658	2,420,877
Property plant and equipment	42,430,291	47,626,764
Total depreciation and amortization	65,173,127	71,511,413

13 USE OF GOODS AND SERVICES	2024	2023
	Kshs.	Kshs.
Domestic Travel	5,665,107	25,974,251
Foreign Travel	3,037,885	9,972,474
Printing, Advertising & Publicity	699,744	4,952,060
Land Rates & Rental Expenses	7,500,000	6,553,000
Staff Training Expenses	4,461,897	7,940,072
Hospitality Suppliers & Services	11,454,827	21,692,508
Medical & Insurance Expenses	32,548,461	41,198,056
Specialized ,Teaching Materials & Supplies	96,964,992	82,152,426
Provision for bad debts(Increase/ Decrease)	32,323,567	11,752,171
General Supplies	17,918,265	20,553,070
Communication Supplies & Services	21,121,407	9,759,102
Foodstuffs Supplies	5,772,328	8,986,047
Gas & Lubricants	13,894,673	860,062
Other Operating Expenses	6,085,426	5,970,047
Bulk purchase of water	8,621,876	8,084,584
Bulk purchase of Electricity	29,757,974	27,734,208
Audit Fees	812,000	812,000
Total	<u>298,640,426</u>	<u>294,946,137</u>
14 CONTRACTED SERVICES	2024	2023
	Kshs.	Kshs.
Contracted Legal Services	11,669,303	4,725,829
Contracted Security Services	17,322,132	22,970,412
Contracted Consultancy Services		1,364,160
Total Contracted Services	<u>28,991,435</u>	<u>29,060,401</u>
15 REPAIR AND MAINTENANCE	2024	2023
	Kshs.	Kshs.
Maintenance of Motor Vehicles	2,692,565	17,519,608
Maintenance of other Assets	8,342,100	31,338,021
Total	<u>11,034,665</u>	<u>48,857,628</u>
16 COUNCIL EXPENSES	2024	2023
	Kshs.	Kshs.
Chairman's Honoraria	752,500	682,048
Sitting Allowances	3,416,000	3,912,000
Induction and Training	764,600	180,215
Travel and Accommodation	3,236,034	4,577,759
Insurance	359,967	487,204
Other Allowances	176,000	120,000
Total	<u>8,705,101</u>	<u>9,959,226</u>

NOTES TO THE FINANCIAL STATEMENTS CONT

17 CASH AND CASH EQUIVALENTS	2024	2023
	Kshs.	Kshs.
Cash in hand	74,000	623,245
Production Unit Account- 110163686	929,041	1,830,468
Hostel Fund Account- 1101631791	1,189,611	925,767
Fund Account-01109148224	39,855	46,972
Cash at Bank- Coop Collection account	1,137,144	2,605,878
Cash at Bank- Equity Collection account	1,752,124	290,733
Students Deposit-1107252822-Caution Money	1,963,560	282,918
Machine Replacement Fund-1105828646	989,268	996,385
Staff Pension Fund -1122174462	545,845	552,962
Students Deposit savings Fund	729,614	729,614
Needy Students Fund	105,738	105,738
Fixed Deposit	300,000	300,000
Cash at Bank- KCB Collection account	6,514,486	1,593,883
Enterprise Development Fund-1101631953	1,787,241	55,787
Production Unit Savings-1107289408	401,363	406,351
KESSP Account-1108979432	23,018	135
Main Account- 1109148135	3,147,256	2,211,441
Kasarani TTI Account-1160726485	1,474,595	1,479,583
	<u>23,103,756</u>	<u>15,037,859</u>
18 RECEIVABLES FROM EXCHANGE TRANSACTIONS	2024	2023
	Kshs.	Kshs.
Outstanding Students fees	1,937,808,836	1,614,913,045
Less: Provision for bad Debts @ 10%	(193,780,884)	(161,491,305)
E-citizen Unsettled Payments	1,531,442	-
Net Debtors from Exchange Trans.	1,745,559,395	1,453,421,741
19 RECEIVABLES FROM NON EXCHANGE	2024	2023
	Kshs.	Kshs.
Outstanding Staff Imprest	7,630,663	2,569,914
Salary Advances	1,279,364	1,856,466
Medical Advances	2,958,813	2,618,939
Deposits to Suppliers	104,350	104,350
Nyayo Vehicle Project	500,000	500,000
Dishonored cheque	562,501	562,501
Ministry of Education	125,566,957	-
	<u>138,602,648</u>	<u>8,212,170</u>
Less:10% Provison for bad debts	(412,566)	(378,579)
Net Debtors from Non-Exchange Trans.	138,190,082	7,833,591
20 INVENTORY	2024	2023
	Kshs.	Kshs.
Consumable stores	8,404,342	7,744,409

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. PROPERTY, PLANT & EQUIPMENT

	LAND KSHS	BUILDINGS KSHS	MOTOR VEHICLES KSHS	FURNITURE & COMPUTERS, FITTINGS KSHS	COMPUTERS, PRINTER & SOFTWARE KSHS	MACHINERY & EQUIPMENT KSHS	WORK IN PROGRESS KSHS	KASARANI TTI-WIP KSHS	TOTAL KSHS.
Depreciation Rates	0%	2.50%	25%	12.50%	30%	12.50%			
COST/VALUATION:									
At 30 June 2023	3,068,000,000	1,167,170,000	71,629,618	63,133,578	128,085,073	883,631,442	1,165,871,247	66,642,639	6,614,163,596
Valuation/Additions				1,244,079	5,297,850	1,616,425	82,691,972		90,850,326
Completed Projects/Transfer to KATTI								(66,642,639)	(66,642,639)
At 30 June 2024	3,068,000,000	1,167,170,000	71,629,618	64,377,657	133,382,923	885,247,867	1,248,563,219	-	6,638,371,283
DEPRECIATION:									
At 30 June 2023		330,082,897	64,366,986	42,087,961	112,217,800	618,891,530	-	-	1,167,647,174
Charges for the Period		20,927,178	1,815,658	2,786,212	6,349,537	33,294,542	-	-	65,173,127
As at 30 June 2024		351,010,075	66,182,644	44,874,173	118,567,337	652,186,073	-	-	1,232,820,300
NET BOOK VALUE:									
At 30 June 2024	3,068,000,000	816,159,925	5,446,974	19,503,484	14,815,586	233,061,794	1,248,563,219	-	5,405,550,983
At 30 June 2023	3,068,000,000	837,087,103	7,262,632	21,045,617	15,867,273	264,739,912	1,165,871,247	66,642,639	5,446,516,422

(1). In the opinion of the Council there is no impairment in the value of property, plant and equipment.

(2). All classes of the University assets were valued to fair market values by independent contracted professional valuers, Syagga and Associates Limited. The valuation report included also assets bought during the year. The report was issued in September 2011.

	LAND KSHS	BUILDINGS KSHS	MOTOR VEHICLES KSHS	FURNITURE & COMPUTERS, FITTINGS KSHS	COMPUTERS, PRINTER & SOFTWARE KSHS	MACHINERY & EQUIPMENT KSHS	WORK IN PROGRESS KSHS	KASARANI TTI-WIP KSHS	TOTAL KSHS.
Depreciation Rates	0%	2.50%	25%	12.50%	30%	12.50%			
COST/VALUATION:									
At 30 June 2022	3,068,000,000	1,167,170,000	71,629,618	59,740,518	125,388,973	880,773,937	1,022,649,732	66,642,639	6,461,995,416
Valuation/Additions				3,393,060	2,696,100	2,857,505	143,221,515		152,168,180
Completed Projects									
At 30 June 2023	3,068,000,000	1,167,170,000	71,629,618	63,133,578	128,085,073	883,631,442	1,165,871,247	66,642,639	6,614,163,596
DEPRECIATION:									
At 30 June 2022		308,619,125	61,946,108	39,081,444	105,417,540	581,071,543	-	-	1,096,135,761
Charges for the Period		21,463,772	2,420,877	3,006,517	6,800,260	37,819,987	-	-	71,511,413
As at 30 June 2023		330,082,897	64,366,986	42,087,961	112,217,800	618,891,530	-	-	1,167,647,174
NET BOOK VALUE:									
At 30 June 2023	3,068,000,000	837,087,103	7,262,632	21,045,617	15,867,273	264,739,912	1,165,871,247	66,642,639	5,446,516,422
At 30 June 2022	3,068,000,000	858,550,875	9,683,510	20,659,074	19,971,432	299,702,394	1,022,649,732	66,642,639	5,365,859,656

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22 TRADE AND OTHER PAYABLES	2024	2023
	Kshs.	Kshs.
Auditor General	9,744,000	8,932,000
Contractors & General Creditors	319,449,891	228,867,617
Provision for NCC - Land Rates	-	-
UoN Salary Reimbursement	2,788,531	2,788,531
Gratuities	208,194,545	304,422,789
Third Party Funds	442,175,719	313,585,516
Statutory Obligations	2,020,703,201	2,012,983,064
Sacco Deductions	26,584,865	24,361,237
Bank Loan Deductions	184,589,946	164,697,833
Insurance Premium Deductions	4,220,593	3,691,251
Other Staff Claims	69,680,426	61,396,189
	3,288,131,717	3,125,726,027

23 CURRENT LIABILITIES	2024	2023
	Kshs.	Kshs.
Refundable Deposits(Prepaid Fees)	167,296,385	138,017,307

24 EMPLOYEE BENEFIT OBLIGATION	2024	2023
	Kshs.	Kshs.
Staff Pension Fund	4,148,676,604	3,011,248,440
	4,148,676,604	3,011,248,440

25 Cash Generated from Operations

Description	2024	2023
	Kshs.	Kshs.
Surplus for the year before tax	(877,965,757)	(795,101,206)
Adjusted for:		
Depreciation	65,173,127	715,114,131.11
Non-cash grants received	-	-
Contributed assets	-	-
Impairment	-	-
Gains and losses on disposal of assets	-	-
Contribution to provisions	32,323,567	11,752,171.50
Contribution to impairment allowance	-	-
Working capital adjustments		
Increase in inventory	(659,933)	(1,321,486)
Increase in receivables	(454,817,712)	(113,374,086)
Increase in deferred income	-	-
Increase in payables	1,299,833,854	908,839,735.5
Increase in payments received in advance	29,279,077	23,276,178.00
Net cash flow from operating activities	93,166,222	105,582,720

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. Prior Year adjustment

Domestic and Foreign Travel Expences have been reclassified under Use of Goods and Services in line with the new reporting format.

27. Financial Risk Management

The University's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The University's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The University's does not hedge any risks and has in place policies

which states among other things:

- i. All fees and other charges due shall be paid at the commencement of the semester they are due and not beyond the third week of the semester. No student shall be allowed into the lecture, examination room or participate in activities which they have not fully paid for.
- ii. The University shall withhold any and all services, examination results, conferment of any degree, certificate and diploma until all outstanding fees are settled and further reserve the right to institute legal recovery proceedings against students with outstanding fees and also surcharge an interest at a rate to be determined by the council from time to time.

The University has endeavored to enforce the above in order to reduce the student debtors.

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

i) Credit risk

The University has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of 10% allowances for doubtful receivables, based on provision for doubtful debt policy and prior year practices.

ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the University's Council, which has built an appropriate liquidity risk management framework for the management of the University's short, medium and long-term funding and liquidity management requirements. The University manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

iii) Market risk

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

a) Foreign currency risk

The university has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The University manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

Capital Risk Management

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

	Capital Fund Kshs.	Revaluation Reserve Kshs.	Revenue reserve Kshs.	Total Kshs.
At 30 June 2023	2,073,999,195	4,057,083,331	(5,475,520,278)	655,562,248
Funds received during the Period	5,750,000			5,750,000
Surplus for Period			(877,965,757)	(877,965,757)
Completed Projects/Transfer to KATTI	(66,642,639)			(66,642,639)
As at 30 June 2024	2,013,106,556	4,057,083,331	-6,353,486,036	-283,296,149

b) Interest rate risk

Interest rate risk is the risk that the Entity's financial condition may be adversely affected as a result of changes in interest rate levels. The Entity's interest rate risk arises from bank deposits. This exposes the Entity to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the Entity's deposits.

c) Management of interest rate risk

To manage the interest rate risk, management has endeavored to bank with institutions that offer favourable interest rates.

28. Related Party Disclosures

Nature of related party relationships

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

29. Contingent assets and Liabilities

Contingent Assets

There were no any foreseeable contingent assets for the reporting period ended 30th June 2024

Contingent Liabilities

The contingent liabilities arising from the ongoing court cases amounts to KES 66,785,535

Contingent Liabilities	Total Claim KES
Court Cases, Others against the Technical University of Kenya	66,875,535
TOTAL	66,875,535

30. Events after the Reporting Period

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

31. Ultimate And Holding Entity

The Technical University of Kenya is a State Corporation under the Ministry of Education . Its ultimate parent is the Government of Kenya.

32. Currency

The financial statements are presented in Kenya Shillings (Kshs) rounded to the nearest Kshs.

33. Appendix 1: Implementation Status of Auditor-General's Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Ref No.	Issue / Observations from Auditor	Management comments	Status:	Time frame
1	Unsupported Balances		Not resolved	
	1.1 Unsupported Revenue from Exchange Transactions- Rendering Services The statement of financial performance reflects revenue from rendering services amount of Kshs.763,751,675 as disclosed in Note 8 to the financial statements. However, Management did not provide schedule of receipts to ascertain how much had been received. It was therefore not possible to confirm accuracy and completeness of the reported amount in the financial statements	<i>A schedule of receipts of revenue from rendering of services is available for audit verification.</i>		
	1.2 Unsupported Expenditure on Donor Funds			
	The statement of financial performance and as disclosed in Note 7 to the financial statements reflects donor funds totaling Kshs. 31,259,947. Sampled donors' records as detailed below revealed that these funds were received by the University for research purposes.	<i>The documentary evidence for the listed projects to support the expenses as well as the project files to confirm how the projects were implemented and progressed are available for audit verification.</i>	Not resolved	
	i) Leuven Fund (Global Minds) PhD Scholarship for a PhD student – an amount of Kshs. 2,228,981,			
	ii) University of Leeds (Dara Project) – an amount of Kshs. 969,985. Chemonics Kenya Ltd. Research and Innovation Systems for Africa (RISA Project) – an amount of Kshs. 16,575,899,			
	iii) UNCTAD (United Nations) Sustainable Leather Tanning and Trading Technologies in Kenya Leather Sector an amount of Kshs. 4,655,000.			
	However, no documentary evidence was provided in support of the expenditure as indicate in the funding summaries for the projects. Further, the project files to confirm how the projects were implemented and progressed were not provided for audit review.			
	1.2 Unsupported and Long Outstanding Receivables from Non-Exchange Transactions			
	The statement of financial position and as disclosed in Note 19 to the financial statements, reflects a balance of Kshs. 7,833,591 in respect of receivables from non-exchange transactions. Included in the balance is unsupported amount of Kshs. 104,350, Kshs. 500,000 and Kshs. 562,501 in respect of deposits to suppliers, Nyayo Vehicles Project and dishonored cheques all totaling Kshs. 1,166,851. Further, these amounts were brought forward from previous years and have been outstanding for a long period.	<i>Deposits to suppliers totaling Kshs 104,350.00, Nyayo vehicle Project Kshs 500,000.00 and Dishonored cheques Kshs 562,501.00 were inherited from the defunct Kenya Polytechnic and has remained in our financial statements ever since. The provision of these debts has become extremely doubtful to realize and the management has initiated a process of writing them off as bad debts.</i>	Not resolved	
2	Delay in Payments of Trade and Other Payables			

	<p>2.1 Analysis of the payables data revealed increments of Kshs. 131,912,690 and Kshs. 2,665,446 or 402% and 260% in respect of unremitted bank loan and insurance premiums from prior year audited financial statements. Analysis of the payroll reflects salary deductions in respect to the above commitments hence failure by the Institution to honor and remit loans and premium deductions to the respective Banks and Insurance Companies as entrusted by their employees. This poses a risk of penalties by the banks to the employees, a liability which should be fully owned by the University for breach of the law. In addition, the aging analysis presented for audit revealed that the University had not paid its creditors since May, 2018.</p>	<p><i>The university has not been able to promptly settle all its financial obligations as and when they fall due due to inadequate funds. However the university has been prioritizing payments with an aim of ensuring that the university is able to remain afloat with its operations and settling most of the outstanding claims when there are improvements on the cash flow. However, the university is considering tapping on other revenue streams for purposes of strengthening its revenues to be able to settle its financial obligations on a timely fashion.</i></p>	Not resolved	
	<p>2.2 Non-Compliance with Deduction and Remittance of Statutory Dues</p>			
	<p>The trade and other payables balance of Kshs. 3,125,726,027 includes statutory obligations amounting to Kshs. 2,012,983,064 as disclosed in Note 22 to the financial statements. The ledger provided for audit revealed that this amount was owed to Kenya Revenue Authority being PAYE deducted but not remitted. However, the repayment plan on how the University plans to settle outstanding amount was not provided for audit. In the circumstances, management is not able to meet its short-term obligations as and when they fall due and is exposed to loss of funds through fines and penalties.</p>	<p><i>The university has been expanding since its transition from the Kenya Polytechnic to the current Technical University of Kenya. However, the increase in the total revenue has not been commensurate with increase in the total expenditure especially during the period that the university experienced tremendous growth in establishment of the various degree programmes and the accompanying infrastructures for teaching, learning and research leading to the financial constraints</i></p>	Not resolved	2026
3	<p>Unsupported and Non-Remittance of Staff Pension</p>			
	<p>The statement of financial position and as disclosed in Note 24 of the financial statements reflects employee benefit obligation balance of Kshs. 3,011,248,440. By failing to remit pension deductions, the University is exposed to loss of funds in case of litigation cases and was in breach of Section 53A. (1)(3) of the Retirement Benefits Act, 2017 that requires an employer to remit employee's pension emoluments within fifteen (15) days of the deduction and shall attract a compound interest at the rate of three percent per month. Management is therefore exposed to loss of funds through penalties and fines.</p>	<p><i>The university has not been able to remit pensions deductions within the stipulated time limits due to financial constraints it has been facing. The University has been under-capitalized over the years it has been in existence as a University College and subsequently a fully-fledged University. The increase in the total revenue has not been commensurate with increase in the total expenditure. This adverse financial disposition has negatively impacted on the liquidity position of the university resulting to these unremitted deductions.</i></p>	Not resolved	2026
4	<p>Irregularities in the Property, Plant and Equipment</p>			
	<p>4.1 Grounded Motor Vehicles</p>			
	<p>Physical verification of motor vehicles revealed the four (4) vehicles modeled; Peugeot 504 Saloon KAL 279U, Toyota Avanza KBL 291G, Peugeot 406 KAV 060E, and Isuzu Minibus KAC 125G of undetermined value were not functional and had been grounded for a long period of time. An internal memo from the Fleet and Transport Manager to the Vice Chancellor dated 5 May, 2023 issued an inspection report of grounded University vehicles and recommendation for disposal. Further, records provided revealed that a vehicle VW Passat Reg No. KBJ 466 attached to the Vice Chancellor's Office developed gearbox problems in 2021 and was taken to D.T. Dobie for diagnosis. The vehicle was declared to be worn out beyond repair, and the dealer gave a quotation of Kshs. 1,950,000 for a new gearbox. The transport Department recommended that the University should consider disposing off this vehicle in its present mechanical condition and in its place purchase a new saloon car of comparable class for the Vice chancellor's Office. However, the current position of the grounded vehicles could not be established.</p>	<p><i>The grounded motor vehicles have been evaluated and those found unserviceable are being considered for disposal in accordance to the existing Public Procurement and Asset Disposal Act, 2015.</i></p>	Not resolved	2025

	4.2 Work-In-Progress – Kasarani Technical and Vocational College			
	Technical University of Kenya as the mentor institution for Kasarani Technical and Vocational College was in charge of the construction of the Technical and Vocational College tuition block. However, it was noted that the Company that had been contracted did not hand over the project valued at Kshs. 66,642,639 considering the contract was awarded on 14 October, 2014 for ten (10) Months period. Further, details of the building disclosed under the property, plant and equipment may be misleading since Kasarani Technical and Vocational College is currently an independent reporting entity.	<i>The buildings relating to Kasarani Technical and Vocational College are still disclosed in our books of accounts awaiting official handing over of the facility to the institution.</i>	Not resolved	2024
5	Failure to Disclose Material Uncertainty in Relation to Sustainability of Services			
	The statement of financial position reflects total current assets balance of Kshs. 1,484,037,600 against total current liabilities of Kshs. 6,274,991,774 resulting to a negative working capital of Kshs. 4,790,954,174. Further, the statement of financial performance indicated that the University recorded a deficit of Kshs. 795,101,206 resulting to increase of accumulated deficit from Kshs. 4,680,419,072 as at 30 June, 2022 to Ksh. 5,475,520,278 as at 30 June, 2023.	<i>As has been explained earlier, the University has been under-capitalized over the years it has been in existence as a University College and subsequently a fully-fledged University despite the resilient efforts by Council and the Management. The increase in the total revenue has not been commensurate with increase in the total expenditure especially during the period that the university experienced tremendous growth in establishment of the various degree programmes and the accompanying infrastructures for teaching, learning and research. However, the University has been in communication with the parent Ministry and the National Treasury appealing for their intervention and financial support and indeed it is very optimistic that the issues are being looked into. The university is also putting in place strategies geared towards enhancing institutional capacity and productivity as well as maximization of university resources for purposes of revamping the university profitability</i>	Not resolved	2026
	Emphasis of Matter			
1	Budget Control and Performance			
	The statement of comparison of budget and actual amounts reflects final revenue budget and actual on comparable basis totaling Kshs. 3,959,898,868 and Kshs. 2,805,616,706 respectively, resulting to an underfunding amounting to Kshs. 1,154,282,163 or 29% of the budget. Similarly, the university expended an amount of Kshs. 3,600,717,912 against an approved budget of Kshs. 3,914,775,405 resulting to an under expenditure of Kshs. 314,057,494 or 8% of the budget.	<i>The reduction in revenue was as a result of unrealised revenues especially from other incomes stream, while the resultant under expenditure was due to reduction of revenues to support the expenditures. Majority of the over expenditures listed were within the allowable threshold of + or - 5% variance except for the repairs and maintenance. The over-expenditure on repair and maintenance was occasioned by the various works done ahead of the the presidential visit to the university in December 2022.</i>	Response Submitted for audit review	
	Other Matters			
1	1. Long Outstanding Debtors			

	<p>The statement of financial position reflects receivables from exchange transactions balance of Kshs. 1,453,421,741 as disclosed in note 18 to the financial statements which relates to outstanding students' fees and provision for bad debts balance of Kshs. 1,614,913,045 and Kshs. 161, 491,305, respectively. However, student's fees debts totaling Kshs. 145,534,175 relate to the year 2007. Further, Management has not provided measures taken to recover funds from the concerned students and no policy for provision of bad debts was provided. In the circumstances, the recoverability of receivables from exchange transactions balances of Kshs. 145,534,175 could not be confirmed.</p>	<p><i>The University withholds certificates for those who have graduated with fees balances and only releases the certificated upon full clearance of the outstanding fees. The management is also considering other means of recovering the outstanding fees from the graduates which is not limited to liaising with other government agencies in order to recover the debts. A policy on provision for bad debts has been developed and is awaiting council approval</i></p>	Not resolved	
	1. Long Outstanding UoN Salary Reimbursement and Audit Fee			
	<p>The statement of financial position and as disclosed in Note 22 to the financial statements reflects trade and other payables balance of Kshs. 3,125,726,027 which includes a balance of Kshs. 2,788,531 and Kshs. 8,932,000 in respect of UoN salary reimbursement and audit fee respectively which have been carried forward over the years. Analysis of the UoN salary reimbursement revealed that the amount has been accruing at a constant amount of Kshs. 812,000 annually since 2013. No reasons are provided as to why the University had not cleared the balances. In the circumstances, Management is not able to meet its short term obligations as and when they fall due and may expose the university to legal suits.</p>	<p><i>The university has been facing financial challenges and has not been able to settle all its financial obligations promptly. However, the university is currently considering cost saving interventions including staff rationalization for purposes of improving the university financial standing and therefore would be able to settle its debts as and when they fall due.</i></p>	Not resolved	
	REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES			
	1 Unapproved Over Expenditure			
	<p>The University expended an amount of Kshs. 3,600,717,912 against an approved budget of Kshs. 3,600,717,912 resulting to an under-expenditure of Kshs. 314,057,494 or 8% of the budget. However, Management incurred expenditure above the budgeted amounts totaling KES. 29,965,143 on the following four items; Council Expenses -599,044, Repairs and Maintenance - KES 24,654,440, Hospitality Supplies and services KES 4,140,001, Foodstuffs Supplies KES 571,658</p>	<p><i>The under expenditure was due to reduction of revenues to support the expenditures items. Majority of the over expenditures listed were within the allowable threshold of + or - 5% variance except for the repairs and maintenance. The over-expenditure on repair and maintenance was occasioned by the various works done ahead of the the presidential visit to the university in December 2022.</i></p>		
	2 Employee Cost			
	2.1 Non-Compliance with Law on Fiscal Responsibility and Unsustainable Wage Bill			
	<p>The statements of financial performance reflect an expenditure of Kshs. 3,182,329,831 on employees cost representing 113% of the total receipts amount of Kshs. 2,85,616,706. This is contrary to Regulations 26(a) of the Public Finance Management (National Government) Regulations, 2015 which states that expenditure on the employee's costs shall not exceed 35 percent of the National Government's equitable share of the revenue raised nationally plus other revenues generated. In addition, the circumstances in which employee costs exceeded the revenue generated were not explained or supported.</p>	<p><i>The revenue to wage bill ratio for the Technical University of Kenya is 1: 1.1 which has been accessioned by low capitation. The University is desirous to bring down the ratio to 1: 0.35 by 2028 as advised the Government. To achieve this, the University will adhere to the following:</i></p> <ul style="list-style-type: none"> <i>i. Ensure recruitment freeze with exception of critical positions;</i> <i>ii. Increase the number of programmes accredited by Commission for University with the aim of increasing the number of students gradually;</i> <i>iii. Exploit other avenues of revenue realization to bridge the deficit;</i> <i>iv. Prepare for staff rationalization by declaring redundancies.</i> <p><i>These action plans incorporate staff rationalization, non-replacement of staff exiting through natural attrition,</i></p>	Not resolved	

		<i>boosting prospective students' perception of the University as the preferred destination for advanced education and increasing contract research and entrepreneurial activities</i>		
	2.2 Non-compliance with the One-Third of Basic Salary Rule			
	During the month of January ,2023, thirty-six (36) employees earned a net salary of less than a third (1/3) of the basic salary contrary to Section C.1(3) of the Public Service Commission(PSC) Human Resource Policies, 2016. The Management has not given an explanation for the failure to comply with the policy.In the circumstances, the Management contravened Section C.1(3) of the Public Service Commission (PSC) Human Resource Policies, 2016 and this may expose the staff to pecuniary embarrassment.	<i>The numbers of officers who had over-committed their salaries beyond the one third of their basic salary can be seen to be going down from the tabulated summary . This is an indication that action is being taken to discourage the over commitment of the salaries by the employees in accordance to the employment Act . Going forward mitigation measures has been put in place to ensure that no staff get less than1/3 of the basic salary.</i>	Not resolved	
	2.3 Staff in Acting Position for More than Six Months			
	The statement of financial performance reflects employee costs amount of Kshs. 3,182,329,831 as disclosed in Note 11 to the financial statements which includes acting allowance totaling Kshs. 5,709,460. Examination of the payroll and other staff records revealed that fourteen (14) employees serving in various capacities continued to serve in acting positions and receive acting allowance beyond six (6) months. This is contrary to Section C.14 (1) of the Public Service Commission(PSC) Human Resource Policies, 2016.	<i>Council has approved the HR Instruments especially the Organization structure and staff establishment and shall ensure that all post are substantially filled up once the employment embargo is lifted.</i>	Not resolved	2025
3	Irregularities in the Procurement Process			
	3.1 Procurement for the Construction of Block I&T			
	During the year under audit, the University carried out procurement process for the construction of Block I&T. The procurement was an open tender advertisement on 20 April, 2022 through the University boards, website and the Public Procurement Information Portal. Tender opening took place on 10 May, 2022 after an addendum postponing it from 3 May, 2022 with a validity period was one hundred and fifty (150) days. Evaluation took place on 29 May, 2022 and the tender was awarded to an International Company in a joint venture with a Local Company at a contract sum of Kshs. 1,245,225,049. Analysis of the professional opinion and other procurement documents presented for audit review, revealed the following issues;		Not resolved	
	i. The professional opinion by Head of Procurement was dated 27 June, 2022, however, the notice of award was issued three (3) weeks prior to the professional opinion on 3rd June, 2022.	<i>i. The letter of offer to award was issued to confirm the intent to award, while the professional opinion was signed on 27/6/2022 due to technical delay which was unavoidable. The tender validity period was extended through an addendum.</i>		
	ii. The winning bidder presented his acceptance to carry out the works on 14 June,2022 two (2) weeks before the professional opinion was signed by the Accounting Officer.	<i>The letter of offer for the contract was sent on 3rd June 2022 and the acceptance was done on 14th June 2022.</i>		
	iii. The law requires that contract signing should take place within thirty (30) days after award of the tender, however, the contract signing took place after four and a half months from the award date on 18 October, 2022.	<i>The contract for signing Block-I and Block-T was done on 18th October 2022 after the acceptance letter from the recommended bidder and approval of the professional opinion from the Vice Chancellor.The tender validity was extended through an addendum. The addendum is available.</i>		
	iv. Due diligence to the winning bidder took place on 7 June, 2022 four (4) days after the Accounting Officer had	<i>The attendance register was signed on 2nd June 2022 which was before</i>		

already issued a letter of award to the winning bidder.	<i>the letter of award was issued. The attendance register is available.</i>		
v. Clause 18.1 of the contract agreement on Management meeting required that, there shall be monthly meetings by the Project Manager, Contractor and the employer representative to review plans of the remaining work and deal with any matters raised. No reports or minutes of the respective meeting were presented for audit review.	<i>Minutes of sites meetings held every fortnight (Two weeks) have been availed for audit review</i>		
vi. Review of the requisition form from the Director of Properties to procurement department dated 4 April, 2022 requesting for construction of Block I&T as per the approved drawings had the winning supplier name and contract sum of Kshs. 1,245,225,049. This may be an indication the Management was already aware of the winning bidder and the exact contract sum. Therefore, it was not possible to confirm authenticity of the whole procurement process for the construction of Block I&T.	<i>The requisition forms are designed in such a way that the various sections of the forms are being completed as the procurement process progresses on. This is evident by the two different handwriting on the requisition documents. The first handwriting is the one that was used for the requisition. The second handwriting was used after the process was complete and is the requirement and normal practice when documents are filed</i>		
vii. Three (3) members of the tender opening committee did not sign the minutes contrary to the law.	<i>The lack of signing of the opening minutes was an oversight. They signed the attendance list during the tender opening. One member was absent due to a technical hitch. They later affirmed by memo that they had no objection to the opening minutes.</i>		
viii. The University had written to the Inspector General corporations in request for additional funding of Kshs. 413,818,623. In his response, the Inspector General requested the University to submit a report on the procurement process from the inception to contract award by 4 November, 2022. However, the said report was not possible to confirm whether the University Management complied with the Director's request.	<i>The report was presented to the inspector general corporations and the cover letter for the report submission is available.</i>		
ix. The University Management did not tender for consultancy services for the specific project but rather used and existing consultancy contract that was signed on 15 July, 2015. No explanation was provided for above anomalies.	<i>The Consultants were procured in year 2015 and undertook the design of the projects complete with design approvals from the Nairobi County Government (which is the time they were commissioned). There has been passage of time between the design phase and the construction phase but suffice it to say that it is the designs done earlier that are being implemented in the current construction phase. The previous consultants have not completed their assignments which is to design and then supervise the construction.</i>		
3.2 Irregularities in the Procurement for Small Project Works			
During the financial year under review, the Department of Properties and Facilities Management had a works related budget of Kshs. 1,976,422,638 as approved in the University Procurement plan. Analysis of the payment vouchers and procurement documentations revealed the following issues:		Not resolved	
i) The quotation document stated closing date as 19 October, 2022 while the professional opinion stated that the quotations were opened on 26 October, 2022, one week after the closing date in the quotation document.	<i>The quotation document stated closing date as 19 October, 2022. However, due to exigencies of work, the quotations were opened on 26 October, 2022. This doesn't contravene the law.</i>		
ii) The provisional sum of Kshs. 450,000 was not accounted for.	<i>The provisional sum was accounted for under variation in certificate No.1 page 3 and 4 under items 2.1, 2.2, 2.7, 2.9, 2.11 and 2.12. The total figure of KES 548,750.00 is higher than KES 450,000.00 and accounts</i>		

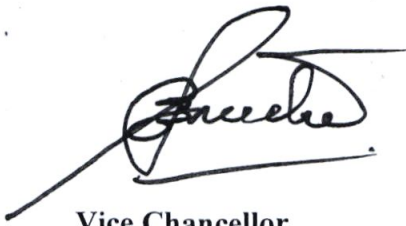
		<i>for the provisional sum.</i>		
	iii) Opening minutes were not presented for review.	<i>Opening minutes are available for audit review.</i>		
	iv) Contract progress and inspection reports were not presented for audit review hence it was not possible to confirm the authenticity of the payment certificates attached to the payment vouchers.	<i>The normal practice is for the contractor to make a claim for payment. Thereafter the works are inspected and measurements of actual work done is undertaken and payment is made against actual work done (which can differ slightly from estimates in the BQ). There are minutes, instructions, snag list to show that inspection was taking place.</i>		
	v) There was no signed contract document hence not possible to confirm the contract terms and duration of completion.	<i>For small works, LPOs are used as contract documents and is available for review. All the supporting documentation including quotation, opening minutes, evaluation report and letter of appointment for the evaluation committee among others are available for audit review.</i>		
	vi) The contractor was paid in full without withholding retention money.	<i>vii. An inspection of payment certificate 1 of 2 page 5 item 3.9 shows retention of KES 104,861.50 was not paid and therefore the contractor was not paid in full as misconstrued</i>		
	vii) The University did not maintain a project file hence it was not possible to confirm the procurement process used in contracting the respective contractor.	<i>A project file for M/s Quishi International Limited exists and is available for audit review</i>		
	3.2.2 Proposed Painting of Library			
	Payment voucher number 33300 of Kshs. 2,340,103 paid to a contractor for proposed painting of Library, Block F & G revealed the following issues:		Not resolved	
	i. Payment certificate number 1 of Kshs. 2,340,103 stated that the works were 80% complete. However, the tender document indicated that certificate number 1 should be paid upon 100% completion of works hence and irregular variation of the contract terms.	<i>Even though, the tender document indicated that certificate number 1 should have been paid upon 100% completion of works. The contractor had to requested to be partly paid awaiting final completion of the works since the work had been temporarily halted due to the ongoing examination that did not require noise and disruptions associated with the construction works (hence the 80% payment).</i>		
	ii. The University Management varied works totaling Kshs. 560,850 and Kshs. 176,300 for the decoration works at DVC Office and painting works at Student Centre respectively. No variation minutes were presented for audit.	<i>Variation minutes are available.</i>		
	iii. Documentation on completion of works totaling Kshs. 517,000 and Kshs. 588,000 for Block G & H which was noted as incomplete in certificate number 1 was not provided. It was not possible to confirm whether the works were done or not.	<i>List of AGPO suppliers is available. M/s Vithek Enterprises Limited is registered under Access to Government Procurement Opportunities (AGPO) for Youth Women and Persons with Disabilities and was contracted through requests for quotation based on the Government directive on affirmative action for special group. The list of AGPO registered suppliers is available</i>		

<p>iv. The quotation document indicated duration for the works as ten (10) days. However, after one month the contractor had only completed 89% of the works. No explanation was provided to justify the delay in completion of the works.</p>	<p><i>The delay in the works was occasioned by the examinations that were being done and did not require noise and obstructions associated with the works. All the supporting documentation including quotation opening minutes, evaluation report and letter of appointment for the evaluation committee among others are available.</i></p>		
<p>3.2.3 Electrical Works and Associated Services for Block G</p>			
<p>3.2.3 Payment voucher number, 34173 reflects an amount of Kshs. 1,038,018 paid to a contractor for electrical works and associated services for Block G. The supporting documents presented for audit review revealed the following issues;</p>		<p>Not resolved</p>	
<p>i) Payment certificate number 1 had unapproved variations totaling Kshs. 140,000.</p>	<p><i>The variation of KES 140,000 was necessitated by the site meeting held on 16th November 2022 where it was resolved that the listed items on site instruction No.01 dated 10th November 2022 be considered. The minutes are available.</i></p>		
<p>ii) The quotation document and the professional opinion indicated total contract sum of Kshs. 999,200 while the supplier was paid a total amount of Kshs. 1,092,650. No explanation was provided as to why the contractor was paid more than the quoted contract sum by an amount of Kshs. 93,450.</p>	<p><i>While the contract sum was KES 999,200, payment is always made on actual work done which in this case is the gross value of work done at KES 1,092,650 as per the payment certificate.</i></p>		
<p>iii) The project progress, inspection reports, registered list of AGPO Suppliers, quotation and LPO stating the contract duration were not presented for review.</p>	<p><i>Minutes, site instructions, snag list, constitute the progress /inspection reports and are available. The list of AGPO registered suppliers is available. The contract period was one month or 4weeks as was indicated on page 7 of the quotation document.</i></p>		
<p>iv) The professional opinion was signed on 14 October, 2022 while the LPO was signed two (2) days before the professional opinion on 12 October, 2022. It was not possible to confirm the basis in which the Accounting Officer awarded the contract without recommendations from the procurement department.</p>	<p><i>The correct and true position is that the professional opinion was signed on 14/10/2022 while the LPO was approved on 18th October 2022 and not on 12th October 2022 as depicted</i></p>		
<p>3.2.4 Upgrading of Room N 102</p>			
<p>Examination of payment voucher number 34561 reflects an amount of Kshs. 1,442,888 and Kshs. 84,041 paid to a contractor through certificate number 1 and 2 respectively for the upgrading of Room N 102. Analysis of the supporting documents revealed that the payment certificate number 1 reflected a contract variation of Kshs. 634,100, whose approval was not provided. Further, it was noted that the University did not maintain a project file for the works hence it was not possible to confirm whether the project adhered to the Procurement Act in contracting for the project. In addition, it was noted that the quotation had a validity period of ninety (90) days. However, the quotations were opened on 19 October, 2022 and LPO issued on 6 March, 2023, a period of one hundred and forty (140) days. No minutes of the variation were presented for audit review.</p>	<p><i>Variation minutes and site instructions are available. The variation was based on the actual work done as opposed to the initial bills of quantities provided. The project file has been available for audit review. The delay in issuance of the LPO was due to the impact of Covid 19 pandemic which interrupted normal working conditions due to restricted movement during that period.</i></p>	<p>Not resolved</p>	
<p>3.2.5 Proposed Re-roofing of lecture theatre</p>			

	<p>Payment voucher number 33176 reflects payment of Kshs. 1,870,515 to a contractor under certificate no. 1; being 85% works done for the proposed reroofing of a lecture theatre contrary to the provisions of the tender document which required certificate number 1 to be raised after 100% project completion. Further, the quotation was floated to AGPO Suppliers only. In addition, it was noted that the University Management did not maintain procurement file for the said project hence it was not possible to confirm the procurement process from sourcing to payment and retention money. Similarly, approval of the variation of Kshs. 770,350 was not provided. In the circumstance, value for money from the above procured projects could not be confirmed. Further, Management was in breach of the law.</p>	<p><i>The Lecturer Theater is a busy teaching space that kept disrupting the contractor's work and timeline as the students needed silence to learn. This made the work take too long to complete. The contractor raised an early claim due to this. This was also interrupted by the covid-19 period slowing down the work. Hence the 85% work claim. The project file has been availed for audit verification same with Variation minutes, snag list and site instructions. The variation was as a result of actual work done vis- a- vis the bills of quantities provided.</i></p>		
4	Irregular Management of Framework Agreements			
	<p>Analysis of the procurement documents presented for audit revealed that the University advertised for framework agreements of various categories on 17 June, 2022. However, it was noted that, The University used quotation method to procure for supply of goods already signed for in the framework agreements which include foodstuff and stationeries from the list of prequalified supplier. This was in contravention of Regulations 106 of the Public Procurement and Asset Disposal Regulation, 2020 which states that a procuring entity is not required to advertise or invite quotations from person not shortlisted under the framework agreement where a framework agreement has been entered into by the procuring entity.</p>	<p><i>The university has instituted measures to ensure adherence to the Public Procurement and Assets Disposal Act, 2015 regarding Framework Agreement</i></p>	Not resolved	
	<p>Further, it was noted that the Head of Procurement Unit did not prepare and submit to the Accounting Officer a copy to the Internal Auditor quarterly reports detailing an analysis of items procured through framework contracts and the reports include an analysis of pattern of usage, procurement costs in relation to the prevailing market rates and any recommendations.</p>			
	<p>In addition, analysis of all payment documents revealed that goods are received directly by the University procurement unit without verification by the receiving and inspection committee. It was therefore not possible to confirm compliance in terms of contract specifications of goods received.</p>		Not resolved	
	<p>In the circumstances, value for money on the contracts procured could not be confirmed. Further, Management was in breach of the law.</p>			
	<p>Irregular Approval and Application of the Procurement Plan During the financial year under audit, Management prepared and approved a procurement plan with an estimated cost of Kshs. 271,062,761. Analysis of the approved procurement plan document revealed several irregularities concerning the approval as detailed below;</p>			
	<p>i. The procurement plan presented for audit review was signed on 6 October, 2022 contrary to Section 53(2) of the Public Procurement and Asset Disposal Act, 2015 which requires and Accounting Officer to prepare an annual procurement plan which is realistic in a format set out in the Regulations within the approved budget prior to commencement of each financial year as part of the annual budget preparation process.</p>			

	ii. The approved procurement plan presented for audit had several gaps which include; procurement items listed with no indication of the method to be used as the case of all items under University Health and Wellness services. This was contrary to Section 53 (10) of the Public Procurement and Asset Disposal Act, 2015, which provides that, the procurement and disposal plans approved under Subsection (5) shall include choice of procurement and disposal methods. Further, the approved procurement plan had gaps on items required where amounts were indicated with the item to be procured not listed and the amount is tallied to the sub totals as in the case number 72 of Property and Facilities Management.			
	iii. The procurement plan present for audit review approved procurement of up to Kshs 925,000,000 and Kshs. 300,000,000 to be procured through request for quotation as per item number 82 and 83 of the Property and Facilities Management contrary to the threshold matrix under the Second Schedule of the Public Procurement and Asset Disposal Regulations, 2020 that has capped the threshold of project works through request for quotation at kshs. 5,000,000.			
	iv. An amount of Kshs. 178,000,000 was planned and approved in the procurement plan under Engineering Professional Services to be procured through request for quotation. However, the category could not be traced in the list of prequalified suppliers presented for audit			
	v. The procurement plan items listed to be procured through request for quotations did not agree with the framework agreements and list of prequalified suppliers presented for audit review.			
	vi. Non-procurement categories which include subsistence allowance, travelling expenses and passage and baggage were listed in the approved procurement plan, fully costed and procurement method indicated as request for quotation as the case of Electrical and Engineering number 24,25 and 26.			
	In the circumstances, it was not possible to confirm, the lawfulness of procurements carried out under the University's approved procurement plan in 2022/2023. Further, Management was in breach of the law.			
	REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE			
	1. Lack of Policy Document			
	1.1 Risk Management Policy			
	During the audit, it was noted that the University lacks a Risk Management Policy thus it does not have a framework for management of risk and hence not possible to identify, assess and control risk. In the circumstances, the University lacks fraud prevention mechanism; and a system of risk management and internal control that builds robust business operations.	<i>The university has developed a risk management policy and is awaiting council approval.</i>	Not resolved	2025
	1.2 Disaster Recovery Plan			
	During the audit, it was noted that the University did not have in place a disaster recovery or business continuity plan. In the absence of a disaster recovery or business continuity plan, the Institution lacks a blue print for identifying, preventing and mitigating against disaster and ensuring that its operations are not interrupted. In the circumstance, the University lacks the ability to meet its obligations of providing basic services or its financial commitments, identify the financial problems and be designed to place the National Government in a sound and sustainable financial condition.	<i>The management shall ensure that there is a disaster recovery plan in place to ensure operations are not interrupted in case of a disaster.</i>	Not resolved	2025
2	Unapproved ICT Policy			

	Review of the University ICT environment during the year ended 30 June, 2023 revealed that there was no formal approved ICT policy in place to enable the University manage business processes for the delivery of services to the stakeholders in an effective and efficient manner. In the circumstances, the IT operations may not have been effectively managed and aligned to support the operations of the entity during the year under review.	<i>The university has developed several ICT related policies that are awaiting council approval. The policies include; i. eLearning Policy and Proceduresii. TU-K Web Accessibility Policyiii. The appropriate use of information communication technology resources Policyiv. Policy and Procedures for ICT Securityv. Code of Conduct for Information Technology Policyvi. University Access to Personal Digital Content Policyvii. ICT Maintenance Policy</i>	Not resolved	Dec 2024
3	Outstanding Staff Imprests			
	The statement of financial position and as disclosed in Note 19 to the financial statements reflects a total balance of Kshs. 7,833,591 in respect of receivables from non-exchange transactions which include outstanding staff imprest amounting to Kshs. 2,569,914. No explanation was provided as to why the imprest had not been surrendered as at 30 June, 2023.	<i>It is the Practise of the university to recover temporary and safari imprests within forty eight (48) hours after returning to duty station, and if not accounted for within the stipulated time, the same is recovered from the salary. However, the imprests that are for research /Project related activities often cut cross financial years before completion and account for over 90% of the larger percentage of the outstanding imprests of KES 2,569,914.</i>	Not resolved	June 2025
4	Failure to tag and Update the Fixed Asset Register			
	Note 21 to the financial statements reflects property, plant and equipment additions totaling to Ksh. 152,168,180 in respect of furniture and fittings, computer, printer and software, machinery and equipment and work in progress of Kshs. 3,393,060, Kshs. 2,696,100, Kshs. 2,857,505 and Kshs. 143,221,515, respectively. However, it was noted that the fixed asset register was not updated to include the details of code list, payment voucher numbers and the cheque numbers of each of the assets acquired. Further, it was note that most of the University's assets have not been tagged which assist in unique identification of assets.	<i>The University has initiated revaluations and tagging of its assets and has requested the Ministry of Public Works to carry on the valuation and tagging of the university assets for purposed of updating the asset register in the prescribed format as required by the National Treasury Circular and template, No. 5/2020 dated 25/02/2020.</i>	Not resolved	June 2025



Vice Chancellor

Prof. Dr.-Ing. Benedict M. Mutua,
11th December 2024



Dr. Idle Farah, OGW; PhD
11th December 2024

Appendix II: Projects implemented by The Technical University of Kenya

Projects implemented by the Technical University of Kenya and Funded by the Government of Kenya

Project title	Project Number	Donor/Financier	Period/duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
Construction of studios, computers laboratories, classrooms and offices for the department of geospatial science and engineering (Block S)		GoK	1 yrs	Nil	No	Yes
Construction of block T & Senate Tower		GoK	4yrs	Nil	No	Yes

Status of Projects completion

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1	Construction of studios, computers laboratories, classrooms and offices for the department of geospatial science and engineering	1.2B	1,022.6M	99%	0	0	GoK
2	Construction of block T & Senate Tower	1.4B	247M	11%	0	0	GoK