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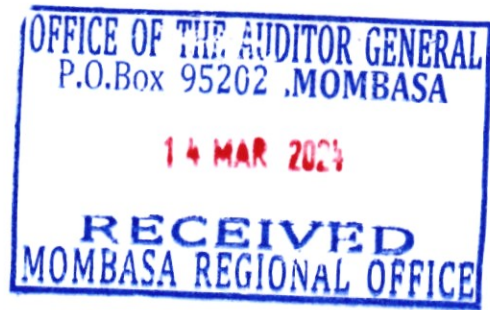
THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 05 JUN 2024	DAY: Wednesday
TABLED BY:	Hon. Wanjiku Muhia, MP
CLERK-AT-THE-TABLE:	M - modo

THE AUDITOR-GENERAL

ON

TAITA TAVETA UNIVERSITY

**FOR THE YEAR ENDED
30 JUNE, 2023**



Revised 30th June 2023



TAITA TAVETA UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

30TH JUNE, 2023

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

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Taita Taveta University
Annual Report and Financial Statements
for the year ended June 30, 2023.

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1. Acronyms, Abbreviations and Glossary of Terms

A: Acronyms and Abbreviations

CEO	Chief Executive Officer
IPSAS	International Public Sector Accounting Standards
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
SAGAs	Semi-Autonomous Government Agencies
SC	State Corporations
VC	Vice Chancellor
TTU	Taita Taveta University
KUCCPS	Kenya Universities and Colleges Central Placement Service
KENET	Kenya Education Network Trust
CEMEREM	Centre of Excellence for Mining, implementing Environmental Engineering and Resource Management
IGU	Income Generating Units
CUE	Commission for University Education
NSSF	National Social Security Fund

B: Glossary of Terms

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

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

Taita Taveta University was initially established as a Campus of JKUAT in 2008, became a Constituent College of Jomo Kenyatta University of Agriculture and Technology via Legal Notice Number 156 of 18th October, 2011, and was elevated to a fully-fledged University through award of the Taita Taveta University Charter on 7th **October, 2016**. Over the years of TTU's establishment and operations, the University Council, Management, staff and students have collectively embraced a transformative journey aimed at positioning the University as a strategic player in national and regional development, and an academic centre of excellence with a special focus on Mining, Mineral Processing and Natural Resource Management. Progressively, Taita Taveta University has accordingly established itself as the University of Mining, Applied Sciences and Entrepreneurship. The University hosts the Centre of Excellence in Mining, Environmental Engineering and Natural Resource Management (CEMEREM) supported by the DAAD of Germany.

(b) Principal Activities

The principal activity of Taita Taveta University is teaching, research and community outreach. The vision, mission and core values that underpin our principal activity are as outlined below;

Vision Statement

An educated and transformed society in sustainability of natural resources.

Mission Statement

To be a University for research, education, teaching and community service in management of mineral and natural resources.

Core Values

- i) **Result Oriented**- budgeting and planning is geared towards achieving desired results with minimum expenses
- ii) **Quality**- All work is done to ensure products and services of the highest quality are achieved.
- iii) **Innovativeness**- in the face of many challenges, innovation is championed to ensure set targets are achieved
- iv) **Transparency and accountability** –All dealings should be open and accountable to stakeholders
- v) **Professionalism and ethical conduct** -staff are required to uphold the highest professional and ethical standards in their assignment.

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(c) Key Management

Taita Taveta University day-to-day management falls under the following three key organs:

- Vice Chancellor/CEO
- Deputy Vice Chancellor (Administration, Finance & Planning)– Divisional Head
- Deputy Vice Chancellor (Academic, Research & Outreach) – Divisional Head

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2023 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Vice Chancellor	Prof. Fred Simiyu Barasa
2.	Deputy Vice Chancellor (Academic, Research and Outreach)	Prof. Christine Akoth Onyango
3.	Deputy Vice Chancellor (Administration, Finance and Planning)	Prof. Kiptanui Arap Too
4.	Ag. Registrar (Academic, Research & Outreach)	Dr. Meshack Mwandoe Pongah
5.	Ag. Director (Administration, Planning and Development)	CHRP Chrisantose Odhiambo
6.	Director of Finance	CPA Peter Kisombe
7.	Head of Procurement	Mr. Simon Kamos Ndiwa

(e) Fiduciary Oversight Arrangements

Taita Taveta University has a council whose membership and various committee membership is as follows;

A.	University Council	Date of Appointment	Designation
1.	Prof. Isaac M. Mbeche	8 th July, 2022	Chairperson
2.	Mr. Joseph Kiarii - Representing PS, The National Treasury and Economic Planning	10 th May, 2017	Member
3.	Dr. David N. Watene - Representing PS, State Department for Higher Education and Research, Ministry of Education	21 st March, 2022	Member
4.	Dr. Peter E. Opakas	4 th November, 2020 Deceased - 27 th June, 2023	Member

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5.	Mr. Karumba Kinyua	4 th November, 2020	Member
6.	Dr. Mary Njoki Ndiba	8 th August, 2022	Member
7.	Ms. Jayne Kanini Mwanza	8 th July, 2022	Member
8.	Mr. Nashon Edward Oluoch Nyona	8 th July, 2022	Member
9.	Prof. Fred Simiyu Barasa	25 th March, 2021	Vice Chancellor/Secretary

B.	Finance, Development and General-Purpose Committee	Date of Appointment	Designation
1.	Mr. Karumba Kinyua	4 th November, 2020	Chairperson
2.	Mr. Joseph Kiarii - Representing PS, The National Treasury and Economic Planning	10 th May, 2017	Member
3.	Dr. David N. Watene - Representing PS, State Department for Higher Education and Research, Ministry of Education	21 st March, 2022	Member
4.	Dr. Peter E. Opakas	4 th November, 2020 Deceased - 27 th June, 2023	Member
5.	Prof. Fred Simiyu Barasa	25 th March, 2021	Vice Chancellor/Secretary

C.	Audit, Risk and Governance Committee	Date of Appointment	Designation
1.	Mr. Joseph Kiarii - Representing PS, The National Treasury and Economic Planning	10 th May, 2017	Member
2.	Dr. David N. Watene - Representing PS, State Department for Higher Education and Research, Ministry of Education	21 st March, 2022	Member
3.	Ms. Jayne Kanini Mwanza	8 th July, 2022	Member
4.	Mr. Nashon Edward Oluoch Nyona	8 th July, 2022	Member
5.	Mr. John Runga	HoD Audit	Ex-officio Member/Secretary

D.	Human Resource and Development Committee	Date of Appointment	Designation
1.	Dr. Peter E. Opakas	4 th November, 2020 Deceased - 27 th June, 2023	Chairperson
2.	Mr. Joseph Kiarii - Representing PS,	10 th May, 2017	Member

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	The National Treasury and Economic Planning		
3.	Dr. David N. Watene - Representing PS, State Department for Higher Education and Research, Ministry of Education	21 st March, 2022	Member
4.	Dr. Mary Njoki Ndiba	8 th August, 2022	Member
5.	Mr. Nashon Edward Oluoch Nyona	8 th July, 2022	Member
6.	Prof. Fred Simiyu Barasa	25 th March, 2021	Vice Chancellor/Secretary

E.	Sealing Committee	Date of Appointment	Designation
1.	Mr. Joseph Kiarii - Representing PS, The National Treasury and Economic Planning	10 th May, 2017	Member
2.	Dr. David N. Watene - Representing PS, State Department for Higher Education and Research, Ministry of Education	21 st March, 2022	Member
3.	Dr. Mary Njoki Ndiba	8 th August, 2022	Member
4.	Ms. Jayne Kanini Mwanza	8 th July, 2022	Member
5.	Mr. Nashon Edward Oluoch Nyona	8 th July, 2022	Member
6.	Prof. Fred Simiyu Barasa	25 th March, 2021	Ex-officio Member/Secretary

(f) Entity Headquarters

Taita Taveta University
Main Campus (off Voi-Mwatate Road)
P. O. Box 635 – 80300
VOI, KENYA.

(g) Entity Contacts

Telephone: (254) 0662 322234
E-mail: vc@ttu.ac.ke
Website: www.ttu.ac.ke

(h) Entity Bankers

1. Kenya Commercial Bank Ltd
Voi Branch
P. O. Box 137 - 80300
Voi, Kenya

2. Equity Bank Ltd
Voi Branch
P. O. Box 325 - 80300
Voi, Kenya.




(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
Harambee Avenue
P. O. Box 40112
City Square 00200
Nairobi, Kenya




3. The University Council

<p>1. Prof. Isaac M. Mbeche</p> 	<p>Born: 1952 PhD in Management Science (University of Lancaster UK); MA (University of Nairobi); B.Ed (Science) University of Nairobi. He has vast Experience of over 40 years at various levels of Higher education sector as an Administrator, an accomplished Academician with published Academic work and student supervision. He has been the Deputy Vice Chancellor (Student Affairs) of The University of Nairobi since 2011 and is a member of many organizations both Locally and Internationally. He is the Chairperson of Taita Taveta University Council.</p>
<p>2. Dr. David N. Watene</p> 	<p>Born: 1967 PhD (Education Administration and Management - Maasai Mara University); M.Ed. (Education Administration & Planning); B.Ed. (Arts) (Accounting & Economics), University of Nairobi. He has vast experience of over 31 years at various levels of Education sector as an Education administrator and manager/supervisor, Senior Education Officer, Assistant Director, Senior Assistant Director and currently Deputy Director Higher Education. He represents PS-State Department for Higher Education and Research, Ministry of Education.</p>
<p>3. Mr. Joseph Kiarri</p> 	<p>Born: 1966 Bachelor of Commerce (BCom), Accounting Option, University of Nairobi (UoN). He has over 20 years' experience in Public Finance Management. He is currently working in the National Treasury and is a member of the Institute of Certified Financial Analysts (ICFA). He represents PS-The National Treasury.</p>

<p>4. Dr. Mary Njoki Ndiba</p> 	<p>Born: 1960 Bachelor of Social Work from Miles College, Birmingham, Alabama, Master of Social Work (MSW) and PhD from Clark Atlanta University. She has twenty (21) years of experience in the areas of social advocacy, social research and counselling (academic and clinical environment). She has a wide experience in strategy, consultancy and Academic work. She is a member of the Council.</p>
<p>5. Mr. Karumba Kinyua</p> 	<p>Born 1977 MSc in Corporate Real Estate Finance and Strategy; Bachelor of Commerce (Business Administration) and IMIS Diploma. Member of the Association of Chartered Certified Accountants (ACCA) graduate; Institute of Certified Investment and Financial Analysts (ICIFA), Kenya and Institute of Directors (IoD), Kenya. Currently the Managing Partner, Pinehill Consulting and has served in various capacities in different companies.</p>
<p>6. Dr. Peter E. Opakas</p> 	<p>Born: 1952 Deceased - 27th June, 2023. PhD in Environmental Studies (Human Ecology option) – Moi University; MEd (Educational Administration) – University of Leeds; D.E.A (Educational Administration) University of Leeds and B.Ed (Hons) Arts –University of Nairobi. Certificate in Human Resource Management from ESAMI and Certificate in Project Management - MDF, The Netherlands. Served as Registrar (Planning and Development), Moi University.</p>
<p>7. Ms. Jayne K. Mwanza</p> 	<p>Born 1965. MBA (Human Resource Management) Kenyatta University (KU), Bachelor of Arts (B.A) Degree, University of Nairobi (UoN) and Higher Diploma in Human Resource Management, Kenya Polytechnic. She worked as the Assistant Registrar in charge of Examinations and Admissions Jomo Kenyatta university of Agriculture and Technology (JKUAT) and at University of Nairobi (UoN). She has over 20 years working experience in Human Resource Management and currently works as the Chief Executive Officer, Rock Global Ltd. She is a member of the Human Resource Development Committee of Council.</p>

<p>8. Mr. Nashon Oluoch Nyona</p> 	<p>Born: 1961 MSC in Food Science (Thesis option), Alabama A & M University U.S.A and BSC (Honours) Food science & Technology from the same University. He has been a Graduate Assistant, Lecturer and currently a Managing Director Lule Autoworld and Construction Company Ltd where he has served since 1998. He has a span of over 40 year experience. He is a member of the Council.</p>
<p>9. Prof. Fred Simiyu Barasa</p> 	<p>Born: 1960 PhD in Comparative and International Education (University of Natal); MA(Ed.) and BEd (Sc) – Kenyatta University; Has previously served as the Executive Director/CEO of the African Council for Distance Education (ACDE); Manager (Academic Program Development and Management at the African Virtual University (AVU); Director, College of Distance Education (Egerton University); Dean, School of Education, Arts and Theology (Kabarak University); Dean, Faculty of Education and Human Resources (Egerton University), and Chairman, Department of Educational Foundations. He has also served as Deputy Principal (Administration, Finance and Planning), TTUC as well as Deputy Vice Chancellor (Administration, Finance and Planning), TTU. He is currently the Vice Chancellor.</p>

4. Key Management Team

<p>1. Prof. Fred Simiyu Barasa</p> 	<p>Vice Chancellor Accounting Officer/ Chief Administrative and Academic Head of the Institution</p> <p>PhD, Comparative and International Education, University of Natal, RSA</p>
<p>2. Prof. Christine Atieno Onyango</p> 	<p>Deputy Vice Chancellor (Academic, Research and Outreach) Head of Division and responsible for Academic, Research and Outreach functions of the institution.</p> <p>PhD in Food Science and Post-Harvest Technology, Jomo Kenyatta University of Agriculture and Technology.</p>
<p>3. Prof. Kiptanui Jonah Arap Too</p> 	<p>Deputy Vice Chancellor (Administration, Finance and Planning) Head of Division and responsible for Administration, Finance and Planning functions of the University.</p> <p>PhD in Civil Engineering specialised in Geotechnical Engineering, Kyoto University, Japan.</p>

5. Chairman’s Statement

The financial year 2022/2023 marks the twelfth year of our stewardship over financial and other resources entrusted to us. Conscious of our mandate and guided by our motto of “Home of Ideas”, we endeavour to prudently manage resources at our disposal in addition to offering the highest quality of service to our clients and all stakeholders. Taita Taveta University continues to ensure strict financial discipline, focused execution of the management agenda and resolute pursuit of agreed strategies.

The FY 2022/2023 presented great opportunities for development and growth but also significant financial shortfall challenges. However, the resources allocated and received have been instrumental in facilitating infrastructure and human resource development, and in particular the support towards personnel emolument commitments. Ongoing infrastructural projects include: construction of Phase II and III of the state-of-the art Centre for Mining, Fuels and Mineral Processing Engineering; construction of the Central Administration office block at the Main Campus; and construction of the office and classroom block at Taveta. This infrastructural development once completed will go a long way in meeting Taita Taveta University core mandate of Education, research and community outreach. On the Human Resource capital, Taita Taveta University is privileged to have qualified Management team and staff who are committed to the growth of Taita Taveta University. The University is supporting staff pursuing PhD, Master and Bachelor degree study programmes within Kenya and the globe. These Human resource capacity building Strategies will go a long way in enhancing better service delivery to Taita Taveta University fraternity and the community at large. With all the developments ongoing, the University has continued to deliver on its core mandate of academic programmes prudently while maintaining and securing her assets.

Despite the development and growth achievements highlighted above, Taita Taveta University faced and still faces many challenges. Inadequate funding from the exchequer, near constant recurrent and capital funds allocated to the University and low staffing levels for both academic and administrative staff are among the challenges experienced. As Taita Taveta University transits and implements Commission for University Education (CUE) Regulations, Universities Standards and Guidelines on increasing staffing levels, construction of a Modern Library, expansion of office and classroom space, equipping and modernizing laboratories and workshops, construction of a Security Access Control Gate and supply of clean water through connection to the Mzima Springs pipeline, will continue being the University’s highest priority.

In planning and budgeting, the University takes into account the Bottom Up Economic Transformation Agenda (BETA), Medium Term Planning, Sustainable Development Goals (SDGs) and Vision 2030 among other National priorities. The University Council is committed to continuous improvement in the Governance and Management of Taita Taveta University.


Prof. Isaac Meroka Mbeche, PhD
Chairman of the Council.

6. Report of the Vice Chancellor/Chief Executive Officer

The financial year 2022/2023 has been an eventful year. Over time, the University has managed to meet its core mandate of Teaching, Research and community outreach through numerous activities despite little recurrent capitation, increasing food prices, as well as reduction in internally generated revenues and capital funds. In the period under review, the University continued to make a significant progress towards attaining certification on International Organization for Standardization (ISO) 90001:2015, implementation of Phase II of the Centre of Excellence for Mining, implementing Environmental Engineering and Resource Management (CEMEREM) project at Taita Taveta University in collaboration with German Universities and steady execution of the other projects undertaken in partnership with the University of Helsinki, implementing KALRO funded projects namely, Taita Banana, Taita Soils and Taita Feeds. The University undertook various austerity measures aimed at cost reduction and cost containment. We appreciate the support and goodwill of the University Council and the Government of Kenya. Despite the challenges, they have continued to support our innovative ideas and Taita Taveta University has made good progress on all fronts.

Financial Performance

In the FY 2022/2023, Taita Taveta University received from the Government of Kenya a total of **KES. 406,118,796** for recurrent expenditure, **KES.22,500,000** for development expenditure. The University was able to generate Appropriation-in-Aid of **KES.143,178,620**. During the year under review, the University realized a deficit of **KES.65,459,300** against a deficit of **KES.6,011,438** in the FY 2021/2022. The increase in deficit as compared to the previous year was as a result of low enrolment numbers of students in the current year as compared to the number of students that graduated during the period under review. The university has been receiving very little capitation from the Government of Kenya hence posing challenges to realization of the envisaged activities and other University operational needs. In order to address this revenue shortfall, the University is implementing several strategies including; greater and diversified engagement with stakeholders, planned commercialization of University facilities, expansion of postgraduate programmes and ongoing restructuring of University administrative structures and academic programs curriculum reviews.

During the year under review, TTU closed the financial year with total pending bills of **KES. 301,194,953** arising from unpaid supplier invoices, unpaid part time teaching claims, other service providers' dues, provision for retention, student fees overpayments, payroll provisions and hospital bills. The bulk (31%) of pending bills (**KES.92,943,719**) is part-time lecturer's arrears arising as a consequence of significant understaffing for academic staff. Though the financial resources are limited as compared with the daily University financial needs, TTU management is committed to reducing the pending bills over time.

To cater for the current and projected new student numbers, and in line with Government policy of prioritizing completion of ongoing projects during the period under review, the University focused on completion of the construction of the Mining and Mineral Processing Centre (MMPE) Complex,

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the Central Administration Office Block and the Office and Classroom Block at Taveta as the major on-going projects which are aimed at increasing the number of laboratories, engineering workshops, teaching and office space to improve teaching, research and work environment. To ensure quality of teaching and learning, the University has continued to systematically revise and update its academic programs and develop new niche areas in line with identified national priorities especially the Bottom up Economic Transformation Agenda.

The financial year ended 30th June, 2023 has seen the institution continue implementing austerity measures including prioritizing on critical expenditure to mitigate the spiralling costs without corresponding increase in revenue. During the period under review, the University Management continued to engage the Line Ministry and the National Treasury in order for the University's budget allocation to be reviewed upwards to a level that may more reasonably be able to cater for the growing needs of the University. Further the University continued to experience significant water shortage and was forced to continue relying on private water boozers for water supply for both consumption and cleaning. Accordingly, the call for Government support to help us actualize the plans to connect the University to the reliable Mzima Springs water supply is still of highest priority.

This fiscal year, the Management Team identified protecting and strengthening the balance sheet, increasing IGU income, efficient and transparent debtors' and creditors' management, strategic capital expenditure as well as strengthening and diversifying international collaborations in research and development as its key priorities. However, the institution still relied largely on the Bank Overdraft facility currently capped at KES.50 Million to ensure that service provision was offered to clients uninterrupted. As at 30th June 2023, the Bank overdraft stood at **KES.29,662,120** The University management is committed to reducing the bank overdraft with time.

During the period under review, TTU strived to comply with all the statutory requirements. All payments for taxes deducted from staff salaries and suppliers, NHIF contributions, NSSF and PAYE were remitted on time to the relevant authorities. However, some delays in remitting some staff salary deductions was experienced due to a deficit arising from reduced Government capitation against rising costs. The unremitted salary deductions and related payroll obligations amounted to KES. 64,086,553 (See Note 28).

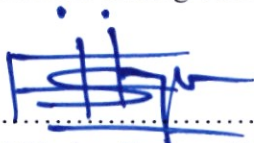
TTU has no major financial improbity as per internal audit/TTU Council Audit, Risk and Governance Committee, external auditors, or other National Government Agencies providing oversight. Additionally, there are no governance issues among the Council members and top management including conflict of interest.

Conclusion

The University is grateful to the Government of Kenya and the Ministry of Education for the continued support. The Taita Taveta University community will continue to work hard to meet targets as set in the Strategic Plan and mandate as provided in the Universities Act 2012 and its amendments and the Taita Taveta University Charter. In addition, the University takes into Bottom Up Economic

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Transformation Agenda (BETA), Medium Term Plan (MTP), Sustainable Development Goals (SDG) and Vision 2030 among other National priorities in planning and budgeting.



.....
Prof. Fred Simiyu Barasa, PhD
VICE CHANCELLOR

7. Statement of Performance against Predetermined Objectives for FY 2022/2023

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

Taita Taveta University (TTU) has six strategic pillars and underlying strategic objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

Pillar 1: Excellence in Research, Teaching, and Engagement: To increase research, academic & engagement capacity and impact;

Pillar 2: Facilities and Learning Environment: To provide high quality infrastructure to support teaching & Learning and provide sustainable and reliable water supply;

Pillar 3: Student Management and Experience: To promote the health and well-being of students including strengthening of Sports, Culture and Art and strengthen the capacity of TTU alumni unit;

Pillar 4: Human Resource Capacity: To attract and retain optimum number of qualified staff to meet the current and future needs;

Pillar 5: Financing and Resource Mobilization: To strengthen the financial management and resource policies and strategies;

Pillar 6: Strategic Leadership, Management and Good Corporate Governance: To strengthen TTU's institutional and governance organs for decision making; to strengthen the strategic partnerships and networking and to Strengthen TTU's corporate identity and visibility in the region and internationally.

Taita Taveta University develops its annual work plans based on the above 6 pillars. Assessment of the Council's performance against its annual work plan is done on a quarterly basis by way of quarterly performance contract progress reports, and on annual basis by way of annual performance contract evaluation report and annual Council Performance Evaluation conducted by the State Corporations Advisory Committee (SCAC).

The University largely achieved its performance targets set for the FY 2022/2023 period for its six strategic pillars, as indicated in the table below:

Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Excellence in research teaching and engagement.	Increase research and publication annually	Thirty (30) new publications in refereed journals.	Produce 30 new publication refereed journals as follows; SSI (11), SAEES (8), SBESS (11) and SME (5)	35 No. publications in referred journal published
	Enhance Research	Hosting/attend	Enhance personal/institutional networks through: attendance of	TTU undertook outreach and sensitization of farmers

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	Infrastructure	ance of conferences.	conferences and sign MoUs and research collaborations with other institutions and organizations Holding of Conference	on farmers' field school approach and on-farm rice experiment. Development of one (1) prototype innovation for the mining and engineering was done. TTU undertook one (1) study on dynamic of housing, preference and rental rates in Voi to aid decision making under the big 4 agenda
	Improve the quality and assessment in teaching ,learning & curriculum	Training report	Knowledge development and capacity Building	Hosted two (2) researchers from partner Universities in German so as to enhance postgraduate supervisory skills of academic staff.
	Increase engagement activities with industry, alumni, and community	Program for the virtual open day Program and notice of the capacity building Report of the Capacity building.	promote community outreach programmes by Organizing one (1) virtual open day for students	Virtual open day held on 31/03/2023 1No. Capacity building workshops was conducted for artisanal miners
Pillar 2: Facilities and learning environment.	to improve the levels of staff and student welfare activities	Establish a SACCO Office	Register a SACCO with the Society	TTU has managed to register and operationalize TATUCO SACCO
Pillar 3: Student management and experience.	Enhance cross cutting mainstreaming issues	List of counselled students/attendees Committee appointment letters	a) Conduct one (1) online group counselling session on digital platform b) Appoint a Disability mainstreaming Champion/Focal Person. c.) Establish/reconstitute a functional gender committee and train members on gender equality d) Sensitize staff and students on Alcohol and Drug Abuse (ADA) e) Allocate resources for implementation of HIV and NCD interventions e) Put in place mechanisms to mitigate against technological hazards, terrorism, fire and natural disasters by i) Maintaining an armed police presence from the Critical	ADA Prevention, Gender, Disability, Road Safety, HIV Prevention Mainstreaming Committees have been established Sensitization on ADA was conducted and students counselled on post covid issues Armed Police attached to the University

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			Infrastructure Police Unit to respond to emergencies f). Submit in the prescribed format the Annual Report on measures taken and progress achieved in the realization of National Values and Principles of Governance.	
	Enhance internship, and placement of students	List of students engaged	Engage 74 youths under internship (5) and attachment (69) arrangements	TTU engaged 74 youths under internship and attachment arrangements
Pillar 4: Human resource capacity.	Conduct a competence and training needs assessment	skills gap analysis and staff training need assessment report	Undertaking of institutional skills gap analysis and carrying out of staff training need assessment	TTU has conducted and presented the skills gap analysis report to the Administration Division Management for consideration
Pillar 5: Financing and resource mobilization.	Enhance income generated from Research and Development projects.	Funding from Research and Development enhanced and diversified Report on the training.	Conduct one (1) follow up training for staff on Leadership and Governance in Research Management	TTU received Funding from different agencies e.g. CEMEREM, TAITAGIS, TAITARICE, TAITA Banana, TAITA Pasture and TAITA Soil
Pillar 6: Strategic Management, Leadership and good Governance	Improve /enhance Service delivery	Displayed and customized SDC	Display the Citizens' Service Delivery Charter (3"x4") at key service point's i.e. Main Administration Block Reception, Library and Academic Building Reception in both English and Kiswahili Customize the charter to unique needs and convenient access of the customers by, providing mechanisms for sign language, providing audio recordings and uploading the Charter on the University's online platforms	Service Delivery Charter displayed in both English and Kiswahili languages SDC customized in sign language, audio recordings and in braille

8. Corporate Governance Statement

The University is overseen by a Council constituted in accordance with the Universities Act 2012. In the Financial year 2022/2023, a new Council chair (Prof. Isaac M. Mbeche) and three Council members (Dr. Mary Njoki Ndiba, Ms. Jayne Kanini Mwanza and Mr. Nashon Edward Oluoch Nyona) were appointed raising the Council membership to nine.

During the year under review, the council sub committees held meetings to deliberate on various matters of the University.

Taita Taveta University is required to prepare financial statements, which give a true and fair view of the state of affairs of the University as at the end of financial year, and of its surplus or deficit for the year.

The University is required to ensure that proper accounting records that disclose, with reasonable accuracy, at any time the financial position of the University, are maintained. The Council is also responsible for safeguarding the assets of the University. The Council accepts responsibility for annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgment and estimates, in conformity with International Financial Reporting Standards.

The Council confirms that the financial statements give a true and fair view of the state of financial affairs of the University as at June 30, 2023. The Council further confirms the accuracy and completeness of the accounting records maintained by the University, which may be relied upon in the presentation of the financial statements, as well as on the accuracy of the systems of internal controls.

Nothing has come to the attention of the Council to indicate that the University will not remain a going concern for at least twelve months from the date of this statement. The Council thanks the Staff for their dedication and hard work in the last financial year.

The Annual Report and Financial Statements were submitted to the Full Council for consideration and were duly approved on 27/7/2023.

9. Management Discussion and Analysis

University's Operational and Financial Performance

During the financial year 2022/2023, the University registered a deficit of KES.65,459,300 as compared to a deficit of KES.6,011,438 registered in 2021/2022 Financial Year. During the year under review, the University recorded total revenue of KES.577,996,580 compared to KES.605,957,318 recorded in 2021/2022 Financial Year. The deficit is as a result of low enrolment of students in the University in the current year. 248 students enrolled against over 600 students that graduated over the same period. The result was a reduced income to meet increasing expenditures due to inflation and payroll obligations. Management is optimistic that in the year 2023/2024, there will be increased numbers especially to the new attractive program (Bachelor of Education (Arts) that has been approved by CUE and uploaded to the KUCCPS portal. This will in return increase revenues for the University.

Revenues

Government Capitation

Taita Taveta University being a Government owned entity, receives recurrent and development capitation to finance its operations. In 2022/2023, the University received a total of KES.406,118,796 and KES.22,500,000 for recurrent and development expenditure respectively.

Student Fees

The University raised fees from students' totalling KES. 126,832,512 during the year under review. These comprise of fees from Government sponsored students and Self-sponsored students (Module II) and accounts for 21.94% of the total revenue. The funds were prudently spent in meeting the operations of the University.

Research Grants

The University works in partnership with International Donors in implementing research and development projects that are aimed at building the capacity of students and staff. The key research projects implemented in the financial year 2022/2023 include: the Centre of Excellence for Mining, Environmental Engineering and Resource Management (CEMEREM) in partnership with the University of Applied Sciences Dresden (HTWD) and the Technische Universitat Bergakademie Freiberg (TU BAF) these German Universities funded by DAAD, the TaitaGIS project undertaken in partnership with the University of Helsinki funded by the Finland Government, and three other projects (Taita Banana, Taita Soils and Taita Feeds) being implemented in partnership with KALRO. A total of KES.28,699,165 was received from the International Partners in the financial year 2022/2023.

Other Incomes

Included under this category are incomes from accommodation, catering services and Income Generating Units (IGUs). A total of KES.16,346,108 was raised in the year under review.

AIA accounted for 24.77% of the recurrent revenues including donor funded research projects as compared to 27.19% of the previous Financial Year 2021/2022. The decrease was as a result of reduction in student enrolment numbers

Expenses

Employee Costs.

Employee costs accounted for about 66.30% of the total University recurrent and development expenditure and 66.49% of the total recurrent expenditure.

Operating and Administrative expenses

This accounts for 30.51% of the total recurrent and development expenditure. Included under this category are:

- i. Expenditure relating to research grants projects
- ii. Expenditure on Income Generating Activities
- iii. Repair and Maintenance expenses
- iv. Teaching and Office running expenses
- v. Transport and Travel expenses
- vi. ICT expenditure
- vii. Medical expenses
- viii. Council expenses

Capital Development Expenditure

In the year under review, the capital development capitation was significantly decreased from **KES.140 Million** received in the FY 2021/2022 to **KES.22.5 Million** received in the FY 2022/2023. This affected the implementation and progress of the on-going projects.

The financial year ended 30th June, 2023 has seen the institution continue implementing austerity measures including reduced activities on a priority basis to mitigate the spiralling costs without corresponding increase in revenue. During the period under review, the University Management continued to engage the Line Ministry and the National Treasury in order for the University's budget allocation to be reviewed upwards to a level that may more reasonably be able to cater for the growing needs of the University. Further the University continued to experience significant water shortage and was forced to continue relying on private water boozers for water supply for both consumption and cleaning. Accordingly, the call for Government support to help us actualize the plans to connect the University to the reliable Mzima Springs water supply is still of highest priority.

This fiscal year, the Management Team identified protecting and strengthening the balance sheet, increasing IGU income, efficient and transparent debtors' and creditors' management, strategic capital expenditure as well as strengthening and diversifying international collaborations in research and development as its key priorities. However, the institution still relied largely on the Bank Overdraft facility currently capped at KES.50 Million to ensure that service provision was offered to clients uninterrupted.

During the period under review, TTU strived to comply with all the statutory requirements. All payments for taxes deducted from staff salaries and suppliers, NHIF contributions, NSSF and PAYE were remitted on time to the relevant authorities. However, some delays in remitting some staff

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salary deductions was experienced due to a deficit arising from reduced Government capitation against rising costs.

TTU has no major financial improbity as per internal audit/TTU Council Audit, Risk and Governance Committee, external auditors, or other National Government Agencies providing oversight.

Additionally, there are no governance issues among the Council members and top management including conflict of interest.

10. Environmental and Sustainability Reporting

Taita Taveta University exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on the six pillars: Excellence in Research, Teaching, and Engagement; Facilities and Learning Environment; Student Management and Experience; Human Resource Capacity; Financing and Resource Mobilization and Strategic Leadership, Management, and Good Corporate Governance. Below is an outline of Taita Taveta University's policies and activities that promote sustainability.

i) Sustainability strategy and profile

TTU's strategic plan 2018 - 2023 aims at strengthening the capacity of TTU to provide relevant and responsive higher education on sustainable development in the areas of mining and natural resources management. Besides offering Undergraduate and Postgraduate courses on Mining and Mineral processing engineering, TTU established the Centre of Excellence in Mining Environmental Engineering and Resource Management (CEMEREM).

In the year under review, the University actively engaged in partnerships and collaborations with other institutions of higher learning, research organizations, industry and the private sector in ensuring sustainability of the programmes. To this end, the University implemented a total of **six research funded** projects that were funded by different strategic partners aimed at building the capacity of students and staff.

ii) Environmental performance

The University acknowledges that her activities have an impact on the environment. It is for this reason that the University has an Environment policy that clearly indicates the University's commitment to environmental sustainability. Whereas the University is located in a semiarid climate zone, through the Policy the University has been able to maintain her Grounds in an environmentally sensitive way (Landscaping and Tree planting) having regard to the protection of natural habitats and local Wildlife. The University is on the journey of creating a micro climate within the University by creating a mini forest cover through tree planting.

iii) Employee welfare

Gender Ratio

The University has several policies in place to cater for its employee's welfare including its Chapter Collective Bargaining Agreements (CBAs) and the Human Resource Manual which specifically guide its recruitment and management of staff welfare in terms of ensuring representation of all genders and other special groups. In addition, the University has a specific clause in its advertisement encouraging the Women and people living with disability to apply and an additional mark for women and people living with disability.

Stakeholder Engagement

As a practice all the policies developed by the University have a clause entrenched to ensure engagement of various stakeholders that the proposed policy shall govern.

Improving skills and managing careers, appraisal and reward systems

The University conducted a skills gap analysis to establish the skills gap amongst its staff. The Implementation of the identified gaps is ongoing. The University has developed and implemented competitive terms and conditions of service for its employees for use to attract employees with specialized skills. The University has also developed and implemented a continuous exit questionnaire to help in obtaining views on the existing gaps for future corrective action as well as improvements.

To comply with the requirements of the Occupational Safety and Health Act of 2007;

The University has set up a committee that will advise on all work place safety related issues as well as prepare the University for the Health Safety Inspection. Additionally, the University has acquired the following annual insurance covers for its staff in addition to regular sensitization of its members on work place safety and hazards;

- i) Work Injury Benefits Act Insurance
- ii) Group Personal Accident
- iii) Group Life Assurance

The HR Manual also outlines various obligations of employees and the University as far as safety at work place or during work is concerned.

iv) Market place practices-

Taita Taveta University continuously works to ensure the following practices are done with utmost professionalism for the betterment of society;

a) Responsible competition practice.

The University Management ensures responsible competition practices:

Anti-corruption – The Management ensures the staff, students and customers are treated fairly, equally and in accordance with established policies and procedures that govern every activity within the University. The Management adheres to national laws and regulations in regard to preventing corruption within the University and has established relevant committees not only to prevent corruption but also how whistle blowers can report cases of real or suspected corruption. It regularly submits quarterly reports to the Economic and Anti-Corruption Commission (EACC). The University Management has displayed at conspicuous places messages that the University is a ‘Corruption Free Area’.

Responsible political involvement – The University Management has established policies and mechanisms that do not allow partisan politics among staff or students within her compound. The staff are allowed to join and participate in union activities

that are registered and formally recognized by the University while students are allowed to elect officials to the Students' Governing Councils on an annual basis.

The University Management adheres to rules of fair competition and respect for competitors. It believes in the principles of equal opportunities for employees, students and customers as well as affirmative action as enshrined in the Constitution of Kenya and related laws and regulations

b) Responsible Supply chain and supplier relations

The University Management adheres to the principles of fair and cordial business dealings with its business partners as guided by various laws, regulations and policies. The university has customer service delivery charter and quality management system that promotes good business practices that is cascaded from the top to the lower levels.

The University suppliers are given equal opportunity and reasonable time to participate in tenders for supply and delivery of goods, works and services in an open, fair and transparent manner and in strict adherence to the Constitution of Kenya, Public Procurement and Asset Disposal Act, 2015 and attendant Regulations, 2020. The terms and conditions of the contracts entered between the University and the suppliers are honoured and respected; where there's a dispute or misunderstanding, a dispute resolution mechanism is used to find an amicable solution. Supplier invoices for payment of goods, works and services are settled upon inspection and acceptance that they are of the right quality and quantity.

c) Responsible marketing and advertisement

The University Management strives to promote its unique programmes to the customers that enhances trust and build a strong brand through print, electronic media and social media. The advertisements are honest and trustworthy, and geared towards forging a strong bond with the target customers.

d) Product stewardship

The management has established a mechanism for open communication with customers through provision of telephone, postal and email address. When customer rights are infringed, there are customer boxes and complaint registers in the University for them to report and seek redress accordingly. The University has a quality management system and service delivery charter that outlines procedures to safeguard customer rights and interests.

v) Corporate Social Responsibility / Community Engagements

Taita Taveta University continues to embrace Corporate Social Responsibility in day to day activities. The University has a self-regulating model that helps it to be socially accountable—to

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itself, its stakeholders, and the public at large. By practicing corporate social responsibility, Taita Taveta University is conscious of the kind of positive impact we are creating on all aspects of society, including economic, social and environmental.

Taita Taveta University staff and students have participated in activities that have directly benefited the society while boosting its brand. We continue to forge a stronger bond between employees, students and community to enhance cooperation for the good of the society.

11. Report of the Directors

The Council submit their report together with the financial statements for the year ended June 30, 2023, which show the state of the Taita Taveta University affairs.

i) Principal activities

The principal activities of the Taita Taveta University are Teaching, Research and Community Outreach.

ii) Results

The results of the Taita Taveta University for the year ended June 30, 2023 are set out on page 1 to page 53.

iii) Council

The members of the University Council who served during the year are shown on page ix to xi.

iv) Auditors

The Auditor General is responsible for the statutory audit of the Taita Taveta University in accordance with Article 129 (4) of The Constitution of Kenya, Section 89 of the Public Finance Management (PFM) Act, 2012 and Public Audit Act, 2015.

By Order of the Board



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Prof. Fred Simiyu Barasa, PhD,
Vice Chancellor/Secretary to the Council

12. Statement of Directors Responsibilities

Section 89 of the Public Finance Management Act, 2012 and cap 446 section 14 of the State Corporations Act, require the Council Members to prepare financial statements in respect of Taita Taveta University, which give a true and fair view of the state of affairs of the Taita Taveta University at the end of the financial year/period and the operating results of the Taita Taveta University for that year/period. The Council Members are also required to ensure that the Taita Taveta University keeps proper accounting records which disclose with reasonable accuracy the financial position of the Taita Taveta University. The Council Members are also responsible for safeguarding the assets of the Taita Taveta University.

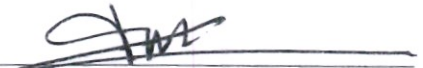
The Council Members are responsible for the preparation and presentation of the Taita Taveta University financial statements, which give a true and fair view of the state of affairs of the Taita Taveta University for and as at the end of the financial year (period) ended on June 30, 2023. This responsibility 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 Taita Taveta 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 Taita Taveta University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.


The Council Members accept responsibility for the Taita Taveta University financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act, 2012. The Council Members are of the opinion that the Taita Taveta University financial statements give a true and fair view of the state of Taita Taveta University transactions during the financial year ended June 30, 2023, and of the Taita Taveta University financial position as at that date. The Council Members further confirm the completeness of the accounting records maintained for the Taita Taveta University, which have been relied upon in the preparation of the Taita Taveta University financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Council Members to indicate that the Taita Taveta 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

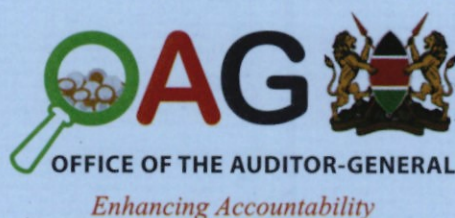
The Taita Taveta University Financial Statements were approved by the Council on 27/07/2023


Prof. Isaac Meroka Mbeche, PhD
Chairman of the Council


Prof. Fred Simiyu Barasa, PhD
Vice Chancellor/Accounting Officer

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REPORT OF THE AUDITOR-GENERAL ON TAITA TAVETA UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2023

PREAMBLE

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

- A. Report on the 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 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.
- C. Report on the 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.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations and that its internal control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

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

Opinion

I have audited the accompanying financial statements of Taita Taveta University set out on pages 1 to 52, which comprise of the statement of financial position as at 30 June, 2023, and the statement of financial performance, statement of changes in net

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

In my opinion, the financial statements present fairly, in all material respects, the financial position of Taita Taveta University as at 30 June, 2023 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, 2012 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Taita Taveta University 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 opinion.

Emphasis of Matter

1. Budgetary Control and Performance

The statement of comparison of budget and actual amounts reflects final receipts budget and actual amounts on comparable basis of Kshs.580,348,031 and Kshs.575,425,138 respectively, resulting to an under-funding of Kshs.4,922,893, or 1% of the budget. Similarly, the University expended Kshs.573,412,136 against an approved budget of Kshs.615,835,614, resulting to an under-expenditure of Kshs.42,423,478, or 7% of the budget.

The under-funding and under-expenditure may have impacted negatively on service delivery to the public.

2. Uncertainty Related to Sustainability of Services

The statement of financial position reflects total current liabilities of Kshs.301,194,953 which exceeded total current assets of Kshs.79,635,366, resulting in a negative working capital of Kshs.221,559,587 (2021/2022: Kshs.210,230,922). Further, the University reported a deficit of Kshs.65,459,300 for the year ended 30 June, 2023. This is an indication of existence of material uncertainty which may cast a significant doubt on the University's ability to sustain its services and to meet its financial obligations as and when they fall due.

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. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Matters

Various prior year audit issues remained unresolved as at 30 June, 2023 and Management has not provided reasons for the delay in resolving the issues. Further, there was no evidence provided to support issues indicated as having been resolved under the progress on follow up of auditor's recommendations section of the financial statements.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Lack of Ethnic Balance in Staff Establishment

During the year under review, the total number of employees of the University was two hundred and thirty-seven (237) out of which eighty-seven (87) or 37 % of the total number were members of the dominant ethnic community in the county. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in the employment of staff and that no public institution shall have more than one-third of its staff establishment from the same ethnic community".

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

2. Delay in Implementation of Development Projects

The statement of financial position reflects property, plant and equipment balance of Kshs.3,227,384,239 and as disclosed in Notes 22 and 23 to the financial statements. Included in the balance is an amount of Kshs.503,074,585 in relation to capital works in progress whose project completion periods have since elapsed or projects stalled as detailed below:

2.1 Incomplete Administration Block - Taita Taveta University Main Campus

The University awarded the contract for the construction of Administration Block Main Campus at a contract sum of Kshs.345,577,843 on 23 October, 2017 for a period of fifty-two (52) weeks with expected completion date of 20 December, 2018. The project report provided for audit review indicated that the project was at eighty percent (80%) completion and the expected completion date had been revised to 31 April, 2024.

2.2 Incomplete Construction of Administration Block at Taita Taveta University Taveta Campus

The University awarded the contract for the construction of administration block at Taita Taveta University at a contract sum of Kshs.109,414,921 on 23 October, 2017 for a period of one hundred and four (104) weeks. However, as at the time of audit in February, 2024, the project was at eighty-two percent (82%) completion.

2.3 Incomplete Construction and Equipping of the Mines, Fuel and Mineral Processing Laboratory Phase III at Main Campus

The University awarded the contract for the construction and equipping of the Mines, Fuel and Mineral Processing Laboratory Phase III at Main Campus at a contract sum of Kshs.98,857,625 on 10 March, 2020. However, as at the time of audit in February, 2024, the project was at fifty-six percent (56%) completion.

2.4 Stalled Construction of Water Treatment Plant and Dairy Shed

The University awarded the contract for the Construction of a Water Treatment Plant and Dairy Shed at Taita Taveta University - Ngerenyi Centre at a contract sum of Kshs.3,579,139 vide a contract agreement dated 25 October, 2016. Physical verification of the project carried out in February 2024 revealed that the project stalled when it was sixty-five percent (65%) complete.

2.5 Stalled Construction of Two-Classroom Block Phase 1 at Taita Taveta University - Ngerenyi Centre

The University awarded the contract for the construction of two (2) classroom block phase 1 at Taita Taveta University - Ngerenyi Centre at a contract sum of Kshs.6,011,868 vide a contract agreement dated 25 October, 2016. Physical verification on the project in February, 2024 revealed that the project stalled when it was sixty-three percent (63%) complete.

In the circumstances, value for money had not been realized from these projects.

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs) 4000. The Standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements

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 THE 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, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance 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 Management and 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 overall governance.

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

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

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

The University 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

The audit objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion in accordance with the provisions of Section 48 of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement and weakness when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Because of its inherent limitations, internal controls may not prevent or detect misstatements and instances of non-compliance. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University to cease to continue to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

16 April, 2024

Taita Taveta University
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14. Statement of Financial Performance for the year ended 30 June 2023

	Note	2022/2023	2021/2022
REVENUE		KES	KES
Revenue from non-exchange transactions			
Transfers from Ministries, Departments and Agencies (MDAs)	6	406,118,796	405,732,943
Donor Funded Projects/Donations	7	28,699,165	35,460,285
Total (a)		434,817,961	441,193,228
Revenue from exchange transactions			
Income from Rendering of Services	8	126,832,512	147,525,702
Income from Other Services Rendered	9	13,488,705	15,714,006
Income from other activities	10	2,857,402	1,524,382
Total (b)		143,178,620	164,764,091
Total revenue (a+b)		577,996,580	605,957,318
EXPENDITURE			
Employee Costs	11	439,932,174	433,571,276
Maintenance Costs	12	2,057,598	2,404,735
Use of Goods and services	13	136,404,797	160,887,116
Council Activities	14	9,915,833	6,372,529
Finance Cost	15	7,047,605	5,898,691
Depreciation and amortization expense	16	47,955,946	37,703,200*
Total expenses		643,313,953	646,837,547
Deficit		(65,317,373)	(40,880,228)
Increase in provision for Doubtful debt	18(b)	(111,589)	(270,273)
Gain on sale of Fixed assets	30	0	66,752
Loss on Foreign Exchange Transaction	31	(30,337)	(127,688)
NET LOSS BEFORE TAX		(65,459,300)	(41,211,438)
Tax expense		0	0
Write-off of IPUCCF Liability	25	0	35,200,000
Total Deficit for the year		(65,459,300)	(6,011,438)*

*See Note 39

The notes set out on pages 9-53 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1-8 were signed on behalf of the Council by:

Prof. Fred Barasa, PhD.
Vice Chancellor

CPA Peter Kisombe
Director of Finance
ICPAK Member No. 10342

Prof. Isaac Meroka Mbeche, PhD
Chairman of the Council

Date: 11/03/2024

Date: 11/03/2024

Date: 11/03/2024

Taita Taveta University
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During the financial year 2022/2023, the University registered a deficit of KES. 65,459,300 as compared to a deficit of KES.6,011,438 registered in 2021/2022 Financial Year. The deficit is as a result of low enrolment of students in the University in the current year; 248 students enrolled against over 600 students that graduated over the same period. The result was a reduced income to meet increasing expenditures due to inflation and payroll obligations. Management is optimistic that in the year 2023/2024, there will be increased numbers especially to the new attractive program Bachelor of Education (Arts) that has been approved by CUE and uploaded to the KUCCPS portal. This will result to increase in revenues for the University in the subsequent years.

Despite the above deficit and the negative working capital, as shown in the Statement of Financial Position, the University Management continues to seek for additional funding from the Government of Kenya, through the Ministry of Education to support the various University Operations. Additionally, to improve the working capital, the University has put in place measures which include but not limited to:

- i). Increasing the number of niche programmes by seven (7) that will proportionally lead to an increase in the overall total number of students and resultant fees collections.
- ii). Rationalizing utilization of human resource capacity through consolidation of job descriptions and redeployments.
- iii). Commercializing university facilities to generate additional revenue.
- iv). Enhancement of university consultancy services as well as Research and Development Projects Funding.
- v). Effective marketing and positioning of the University as a preferred destination for teaching and learning.
- vi). The University Management has mandated the use of NHIF accredited facilities as a first line for medical services for staff; these releases designated referral hospitals for referral cases only. This has served to reduce high medical bills thus releasing working capital.
- vii). The University has progressively been recruiting qualified academic staff and those who have been out on studies are coming back which will reduce the units being taught by part time lecturers hence reducing the cost of part time lecturers.

Based on all the above strategies, the University Management confirms that the University will remain a going concern.



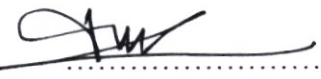
Taita Taveta University
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15. Statement of Financial Position as at 30 June 2023

<u>Description</u>	<i>Note</i>	2022/2023	2021/2022
		KES	KES
CURRENT ASSETS			
Cash and cash equivalent	17	18,436,599	15,005,635
Receivables from Exchange transactions	18	40,591,625	38,131,772
Receivables from Non Exchange transactions	19	12,987,583	0
Inventories	20	6,353,159	4,843,947
Biological Assets	21	1,266,400	1,142,200
Total (a)		79,635,366	59,123,554
NON CURRENT ASSETS			
Property, Plant and Equipment	22	3,227,384,239**	3,916,498,425*
Intangible Assets-Software	23	19,716,002	18,174,125
Total (b)		3,247,100,241	3,934,672,550
TOTAL ASSETS (a+b)		<u>3,326,735,607</u>	<u>3,993,796,104</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other Payables from exchange transactions	24	183,031,771	166,263,592
Bank Overdraft	27	29,662,120	49,212,308
Employee benefit obligation	28	64,086,553	30,851,339
Payment received in Advance	29	24,414,510	23,027,237
Total Current Liabilities		301,194,953	269,354,476
NON-CURRENT LIABILITIES			
IPPUCCF (GoK)	25	0	0
Financing Lease/KCB Loan	26	0	0
Total		0	0
NET ASSETS			
Capital/Development grants/Fund	Page 4	1,431,010,801	1,266,832,940
Retained Earnings	Page 4	(537,242,355)	(469,700,814)*
Revaluation Reserve	Page 4	2,131,772,208	2,927,309,502
Total Net Assets		3,025,540,654	3,724,441,628
TOTAL NET ASSETS AND LIABILITIES		<u>3,326,735,607**</u>	<u>3,993,796,104*</u>

*See Note 39 ** See Note 22 (iv)

The financial statements set out on pages 1-8 were signed on behalf of the Council by:

		
Prof. Fred Barasa, PhD. Vice Chancellor	CPA Peter Kisombe Director of Finance ICPAK Member No. 10342	Prof. Isaac Meroka Mbeche, PhD Chairman of the Council
Date: <u>11/03/2024</u>	Date: <u>11/03/2024</u>	Date: <u>11/03/2024</u>

16. Statement of Changes in Net Assets for the year ended 30 June 2023

Description	Capital/Development grants/Fund	Retained Earnings	Revaluation Reserve	Total
	KES	KES	KES	KES
<i>year ended 30-06-2023:</i>				
As at 1st July 2022	1,266,832,940	(469,700,814)	2,927,309,502	3,724,441,628
Adjustments, WIP (Note 22)	(38,371,622)		0	(38,371,622)
Additions Resulting from Revaluation	167,061,900			167,061,900
Revaluation loss (Note 21 b)	0		(785,473,880)	(785,473,880)
Revaluation gain on Intangible Asset			1,038,753	
Surplus / (Deficit) for the period	0	(65,459,300)	0	(65,459,300)
Additions in the year	35,487,583	0	0	35,487,583
Transfer of Accumulated Revaluation Surplus for Derecognised Assets		(2,082,241)		
Depreciation	0		(11,102,167)	(11,102,167)
At 30 June 2023	1,431,010,801	(537,242,355)	2,131,772,208	3,026,584,142
<i>year ended 30-06-2022:</i>				
As at 1st July 2021	1,126,832,940	(463,689,376)	2,938,647,990	3,601,791,554
Surplus / (Deficit) for the period	0	(6,011,438)	0	(6,011,438)*
Additions in the year	140,000,000			140,000,000
Depreciation	0	0	(11,338,488)	(11,338,488)
At 30 June 2022	1,266,832,940	(469,700,814)	2,927,309,502	3,724,441,628

*Please see Note 39

WIP adjustments, Revaluation Gain/(Loss) and additions Resulting from Revaluation are explained in notes 22iii, 22iv and 22v respectively.

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17. Statement of Cash Flows for the year ended 30 June 2023

Description		2022/2023	2021/2022
	Note	KES	KES
Cash flows from operating activities			
<i>Receipts</i>			
Transfer from Ministries, Departments and Agencies (MDAs)	6	406,118,796	405,732,943
Donor Funded projects/Donations	7	28,699,165	35,460,285
Income from rendering of services	8	124,261,069	107,651,669
Income from other services rendered	9	13,488,705	15,373,884
Income from other activities	10	2,857,402	1,524,382
Total Receipts		575,425,138	565,743,163
Payments			
Employee costs	11	406,696,960	412,115,346
Maintenance costs	12	2,057,598	2,364,985
Use of Goods and services	13	120,097,523	140,846,424
Council activities	14	9,915,833	6,372,529
Finance costs	15	7,047,605	5,898,691
Pending bills		6,375,026	7,000,421
Total Payments		552,190,545	574,598,396
Net cash flows from operating activities		23,234,592	(8,855,233)
Cash flows from investing activities			
Purchase of property, plant, equipment (WIP)	22(a)	(17,337,017)	(127,256,517)
Proceeds from Purchase of property, plant and Equipment-Computers & Equipment	21(a)	(3,557,701)	(303,925)
Proceeds from Purchase of property, plant and Equipment-Plant & Machinery	21(a)	(1,190,095)	(473,500)
Proceeds from Purchase of property, plant and Equipment-Furniture & fittings	21(a)	(668,627)	
Proceeds from disposal of Property, Plant and equipment (Motor vehicle)	9	0	166,500
Net cash flows used in investing activities		(22,753,440)	(127,867,442)
CASH FLOWS FROM FINANCING ACTIVITIES			
Exchequer capital grants	6	22,500,000	140,000,000
Repayment of borrowings	26		(653,764)
Net Cash flows used in Financing Activities		22,500,000	139,346,236
Net Increase (Decrease) in cash and cash equivalents		22,981,152	2,623,561
<i>Cash and cash equivalents at 1 July, 2022</i>		(34,206,673)	(36,830,234)
<i>Cash and cash equivalents at 30 June, 2023</i>		(11,225,521)	(34,206,673)

(Taita Taveta University has used direct cash flow method of presentation as prescribed by PSASB for all entities under the IPSAS Accrual basis of accounting).

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18. Statement of Comparison of Budget and Actual amounts for the year ended 30 June 2023

Description	Original budget KES	Adjustments KES	Final budget KES	Actual on comparable basis KES	Performance difference KES	% of utilization	Notes
	A	B	C=(a+b)	D	e=(c-d)	F=d/c	
REVENUE							
<i>ALA (a)</i>							
Fees for Services Rendered-Students	121,000,000	7,000,000	128,000,000	124,261,069	3,738,931	97	
IGU's (Catering, Farm, Clinic)	10,000,000	0	10,000,000	16,346,108	(6,346,108)	163	i
Total	131,000,000	7,000,000	138,000,000	140,607,177	(2,607,177)	102	
<i>G.O.K Grants & subsidy (b)</i>		0					
Recurrent Capital	406,118,797	0	406,118,797	406,118,796	1	100	
Development	90,000,000	(54,512,417)	35,487,583	35,487,583	0	100	ii
Total	496,118,797	(54,512,417)	441,606,380	441,606,379	1	100	
Other Revenues (d)							
CEMEREM Project funds	28,198,440	0	28,198,440	24,809,380	3,389,060	88	iii
TAITAGIS Project	1,200,000	0	1,200,000	508,991	691,009	42	iii
TAITARICE PROJECT/NRF	1,500,000	0	1,500,000	0	1,500,000	0	iii
TAITA Banana Project	1,300,000	1,335,934	2,635,934	1,335,934	1,300,000	51	iii
TAITA Pastures Project	600,000	0	600,000	0	600,000	0	iii
TAITA Feeds Project	0	1,894,860	1,894,860	1,894,860	0	100	iii
TAITA Soils Project	200,000	0	200,000	150,000	50,000	75	iii
Total Other Incomes	32,998,440	3,230,794	36,229,234	28,699,165	7,530,069	79	
Total Revenue	660,117,237	(44,281,623)	615,835,614	610,912,721	4,922,893	99	
Total Recurrent Revenue	570,117,237	10,230,794	580,348,031	575,425,138	4,922,893	99	
EXPENSES							
Use of Goods and Services	91,661,431	46,013,697	137,675,128	120,097,523	17,577,605	87	iv
Employee Costs	464,685,806	(47,794,463)	416,891,343	406,696,960	10,194,383	98	iv
Council Expenses	4,320,000	6,130,000	10,450,000	9,915,833	534,167	95	iv
Repair and Maintenance	2,250,000	1,300,000	3,550,000	2,057,598	1,492,402	58	iv
Finance Costs	3,200,000	3,400,000	6,600,000	7,047,605	(447,605)	107	v

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Payment of Pending Bills	4,000,000	1,181,560	5,181,560	6,375,026	(1,193,466)	123	vi
Total Expenditure	570,117,237	10,230,794	580,348,031	552,190,545	28,157,486	95	
Surplus for the period	0	0	0	23,234,592	(23,234,592)	0	
G.O.K Grants							
Development Grant	90,000,000	(54,512,417)	35,487,583	35,487,583	0	100	ii
Total grant	90,000,000	(54,512,417)	35,487,583	35,487,583	0	100	
Capital Expenditure							
Construction of Administration Block- Main Campus	30,000,000	(17,512,417)	12,487,583	4,051,407	8,436,176	32	iv
Completion of Mines Center Phase II	6,000,000	(3,000,000)	3,000,000	0	3,000,000	0	iv
Construction of Administration/Classroom - Taveta	22,000,000	(18,000,000)	4,000,000	3,594,843	405,157	90	iv
Design, Construction and Equipping of the Mines Labs	32,000,000	(16,000,000)	16,000,000	12,128,322	3,871,678	76	iv
Retention	0	0	0	1,447,019	(1,447,019)		
Total Expenditure	90,000,000	(54,512,417)	35,487,583	21,221,591	14,265,992	60	
Surplus/Deficit	0	0	0	14,265,992	(14,265,992)		

Budget notes

1. Commentaries on significant underutilization (below 90% of utilization) and any overutilization (IPSAS 24.14)

- i. The University commenced commercialization of University facilities to generate additional revenue, including University halls and catering services to outside organizations. In the year under review, the University has hosted several external functions which has raised income. This explains note (i) on 163% revenue generation from IGU's
- ii. The University in the beginning of the year had been allocated by the Government of Kenya KES.90,000,000 for development expenditure. However, on April 2023, the Government through a supplementary budget decreased the development grants to KES.35,487,583. Out of the expected grant, the government by close of business 30th June 2023 had disbursed KES.22,500,000. The disbursement of development grants depends on factors beyond the control of management. This explains note (ii) on development grant performance at 63%.
- iii. The University received funds from project donors for some specific project activities albeit in less amounts than initially budgeted for. The disbursement of funds is beyond the control of management. As at the end of the financial year, the University had managed to receive slightly less than the budgeted amounts from project donors while deferring other amounts to the next financial year.
- iv. The University has been receiving very little capitation from the Government of Kenya as compared with the various competing financial needs across the various departments in the University hence the reduction in expenditure across most votes. Additionally, over the last three

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years there has been a decline in student enrolment numbers and this has led to reduced income to the University for operations and development. These coupled with increased inflation has negatively affected the University has been on cash constraints. As a result, the University did not meet the costs of all the budgeted activities as at 30th June, 2023 hence the less than 100% absorption in most of the budget vote lines as reported above.

Additionally, the University budget is prepared on cash basis while the statement of financial performance is prepared on accrual basis, hence in real terms all the budgeted amounts were absorbed and those not paid as at 30th June, 2023 has been reported as pending bills.

- v. The University continues to utilize the Overdraft facility it has with Kenya Commercial Bank to support its critical operations and support various academic activities. As at 30th June, 2023 the amount budgeted for payment of interest on overdraft had been fully utilized and the over-expenditure resulted from negotiation fees charged during the facility renewal on October, 2022.
- vi. The University continues to strive in settlement of pending bills despite the financial challenges. In the year under review most of the pending bills paid relates to medical costs and part time teaching expenses.

2. Explanation of changes between original and final budget indicating whether the difference is due to reallocations or other factors, (IPSAS 24.29).

In the year under review the changes are due to budget virement undertaken as at 30th June, 2023.

3. A reconciliation of Deficit as per the statement of financial performance to statement of Comparison of budget and actual amounts.

Description	Amount KES.
Deficit as per statement of Financial performance	(65,459,300)
Add: Depreciation	47,955,946
Add: Accrued Employee cost	33,235,214
Add: Accrued Use of goods and services cost	16,307,274
Add: Loss on foreign exchange transactions	30,337
Add: Increase in provision for Doubtful debt	111,589
Less: Current student debtors	(2,571,443)
Less: Tuck shop and Electricity debtors	0
Less: Pending bills	(6,375,026)
Surplus as per statement of Comparison of Budget and actual amounts	23,234,592

19. Notes to the Financial Statements

1. General Information

Taita Taveta University is established by and derives its authority and accountability from University Act 2012. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. Taita Taveta Universities' principal activity is teaching, research and community outreach.

Taita Taveta University was initially established as a Campus of JKUAT in 2008, became a Constituent College of Jomo Kenyatta University of Agriculture and Technology via Legal Notice Number 156 of 18th October, 2011, and was elevated to a fully-fledged University through award of the Taita Taveta University Charter on **7th October, 2016**.

2. Statement of Compliance and Basis of Preparation

Taita Taveta University 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 Taita Taveta University accounting policies.

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

The financial statements have been prepared in accordance with the PFM Act, the State Corporations 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 2023.

Standard	Effective date and impact:
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.</p> <p>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. <p><i>In the Year under review, this standard is not applicable to Taita Taveta University.</i></p>
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity.</p>

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 Notes to the Financial Statements continued....

Standard	Effective date and impact:
	<p>(b) The key features of the operation of those social benefit schemes; and</p> <p>(c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.</p> <p><i>In the Year under review, this standard is not applicable to Taita Taveta University.</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</p> <p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guaranteed contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>d) Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>In the Year under review, this standard is not applicable to Taita Taveta University.</i></p>
<p>Other improvements to IPSAS</p>	<p>Applicable 1st January 2023</p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> Amendments to refer to the latest System of National Accounts (SNA 2008). • <i>IPSAS 39: Employee Benefits.</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS. • IPSAS 29: Financial instruments: Recognition and Measurement. Standard no longer included in the 2023 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. <p><i>In the Year under review, this standard is not applicable to Taita Taveta University.</i></p>

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2023.

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> <p><i>In the Year under review, this standard is not applicable to Taita Taveta University.</i></p>
IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations	<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 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> <p><i>In the Year under review, this standard is not applicable to Taita Taveta University.</i></p>

iii. Early adoption of standards

Taita Taveta University has not early – adopted any new or amended standards in the financial year.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

Taita Taveta University recognizes revenues from fees, sales 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 Taita Taveta University and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

Revenue from the sale of goods is recognized by Taita Taveta University 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.

Rental income

Taita Taveta University recognizes rental income arising from operating leases on the University properties and accounts for it on a straight-line basis over the lease terms and included in revenue on accrual basis.

b) Budget information

Taita Taveta University's original budget for FY 2022-2023 was approved by the National Assembly on July 2022. Subsequent revisions due to Supplementary budget on April 2023 were made to the approved budget in accordance with specific approvals from the National Treasury, Ministry of Education and the TTU Council.

Taita Taveta University's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts

and the actuals as per the statement of financial performance has been presented under section 18 of these financial statements.

c) Taxes

Taita Taveta University withholds all taxes due to the government from chargeable service providers, suppliers and employees and remits it to the Kenya Revenue Authority as per the statutory guidelines.

d) Property, plant and equipment

Taita Taveta University's 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.

e) Intangible assets

Intangible assets acquired by Taita Taveta University are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is done at a rate of 25% on a reducing balance method as per the Taita Taveta University Finance and Accounting Manual 2021.

f) Financial instruments

a) Financial assets

Trade and other receivables

Taita Taveta University recognises trade and other receivables are 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 at the year end.

b) Financial liabilities

Taita Taveta University recognizes and measures interest bearing at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

g) Inventories

Taita Taveta University measures Inventory 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.

h) Provisions

Taita Taveta University recognizes provisions when the University has a present obligation (legal or constructive) as a result of a past event if it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the University expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

i) Contingent liabilities

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

j) Contingent assets

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

k) Nature and purpose of reserves

Taita Taveta University maintains reserves in terms of specific requirements. The University maintains the following Reserves; capital development replacement reserve that accumulates all development funds received from the MoE for projects, Accumulated/Retained Earnings Reserve fund that accumulates all surplus or deficit for the University and Revaluation Reserve fund that caters for any revaluation gain or loss.

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

Taita Taveta University provides retirement benefits for its employees. The University has a Defined contribution plans where the employee and employers contribute to the

retirement of the employee on a monthly basis. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. The plan is in such a manner that permanent and pensionable employees contribute 10% of their basic salary and the University contributes 20% to the fund on a monthly basis. Employees on contract terms receive a gratuity at the end of the contract period at a rate of 31% of total gross basic salary for the contract period. In addition, the University Remits Employee and employer NSSF contributions for all employees. The pension funds are managed by a board of trustees.

n) Foreign currency transactions

Taita Taveta University accounts for transactions in foreign currencies at the ruling rate of exchange on the date of the transaction. Payment of KENET and receipt of cash and some payment of funds to foreign countries for CEMEREM project are treated as such. 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.

o) Related parties

Taita Taveta 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 her, or vice versa. Members of key management are regarded as related parties and comprise the Council Members, the Vice chancellor, the deputy Vice Chancellors, Director (Administration, Planning and development), Registrar (Academic, research and outreach), Director (Finance) and the Head of procurement.

p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which

are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year. For the purposes of these financial statements for Taita Taveta University, cash and cash equivalents also include short term cash imprests and advances to authorised University officers which were not surrendered or accounted for at the end of the financial year.

q) Comparative figures

Where necessary, Taita Taveta University amends or reconfigures comparative figures for the previous financial year to conform to the required changes in presentation.

r) Subsequent events

Taita Taveta University do not have events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2023.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of Taita Taveta University 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 outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Taita Taveta University estimates the provision for doubtful debts to be at 5% of debtors amounts and depreciates its assets based on reducing balance method at the following rates;

Land and Buildings	2%
Motor vehicles	25%
Office equipment and tools	10%
Furniture	12.5%
Computers and software	25%

Taita Taveta University has a policy on provision for doubtful debts. The University applied the policy in raising provisions and are disclosed in Note 18. Taita Taveta University gives provision of bad debts at 5% of its debtors at a particular time

6. Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total transfers 2022/2023	Prior year (2021/2022)
	KES	KES	KES	KES	KES
State department for University Education	406,118,796	0	35,487,583	441,606,379	545,732,943
Total	406,118,796	0	35,487,583	441,606,379	545,732,943
FY.2021/2022					
State department for University Education	405,732,943	0	140,000,000	545,732,943	545,732,943
Total	405,732,943	0	140,000,000	545,732,943	545,732,943

The amount recorded above to have been received from the State Department for University Education fully reconciles to the amount recorded by the State Department for University education as per reconciliation at appendix III. By the close of business 30th June, 2023, the University had received KES. 22,500,000 from the National Treasury and Economic Planning for Development Grants. This is against a budget allocation of KES.35,487,583. However, there was cash on transit of KES.12,987,583 disbursed at the close of the year under review and has been adequately reported under note 19.

7. Donor Funded projects/ Donations

Description	2022/2023	2021-2022
	KES	KES.
CEMEREM	24,809,380	29,677,630
Taita GIS	508,991	500,000
Taita Rice (NRF)	0	1,500,000
Sust ASM Project	0	970,834
Taita Banana Project	1,335,934	0
Taita Pasture Project	0	634,040
Taita Feeds Project	1,894,860	1,858,230
Taita Soils Project	150,000	219,550
Asali Trust Foundation	0	100,000
Total	28,699,165	35,460,285

8. Income from Rendering of Services

Description	2022/2023	2021/2022
	KES	KES.
Tuition Fees	55,115,600	63,520,722
Residential Fees	6,308,133	8,254,103
ID/Registration Fees	2,247,245	2,747,328
Examination Fees	14,953,437	17,416,930
Medical Fees	9,561,298	11,140,558
Internet Fees	5,632,002	6,576,445
Computer Fees	4,342,812	5,614,818
Library Fees	3,755,888	4,390,527
Field Trip/Attachment	9,815,572	10,544,854
Student Activity Fees	3,569,879	4,163,017
TTUSO	1,300,700	1,529,000
C.U.E Quality Assurance	2,641,000	3,103,750
Project	75,000	140,000
KUCCPS	330,750	603,000
Retake fees	69,000	130,400
Group personal Insurance cover	2,568,500	3,086,500
Teaching practice	4,545,696	4,563,750
Totals	126,832,512	147,525,702

In the current period under review, the Income from rendering of services declined by KES.20,693,190 as compared to the comparative quarter due to decline in student enrolment numbers in the current year. 248 students were enrolled as compared to over 600 students that graduated within the same period. In its endeavour to increase the revenue, the University has been increasing the number of niche programmes with the expected concurrent increase in the number of students and resultant fees collections. To this end, University Senate approved seventeen new programs and submitted a number of them to the Commission for University Education (CUE), paid for and uploaded on CUE platform for accreditation. Currently, CUE has approved Bachelor of Education (Arts) program and the first cohort of students will report on September, 2023.

9. Income from other services rendered

Description	2022/2023	2021/2022
	KES	KES
Application Fees	199,926	114,346
Accommodation Charges	53,350	22,850
Students p.a.y.e.	1,569,117	3,019,698
Staff cafeteria	1,948,071	1,600,991
Shop Rent	73,891	233,434
Disposal of Fixed assets	0	196,500
TTU Hospital Cost Sharing	198,089	137,053
Sale of Tenders	0	21,440
Miscellaneous Income	241,710	394,391
Transport charges	53,000	33,600
Supplementary exam fees	1,137,200	1,229,600
Graduation fees	3,569,300	90,300
Training Levy	942,686	1,223,229
Insurance Compensation	3,502,366	7,396,574
Total	13,488,705	15,714,006

The decrease in collection from services rendered by KES.2,225,301 in the year under review as compared to the comparative year is as a result of decline in student enrolment numbers in the financial year 2022/2023 as 248 students reported to the University compared to over 600 students that had graduated in the same year. This reduced the income flows to the University for other Income Generation Activities like Student Pay as you Eat (PAYE).

10. Income from other activities

Description	2022/2023	2021/2022
	KES	KES
Bookshop	89,415	0
Tailoring/Laundry Unit	1,000	0
Guest House	123,700	80,400
Farm Income	32,771	338,195
Green house	0	7,000
Facility rental/lease	643,171	209,429
Bakery Unit income	458,661	162,225
IGU External Functions	1,508,685	727,133
Total	2,857,402	1,524,382

University Commenced commercialization of University facilities to generate additional revenue, including University halls and catering services to outside organizations. This saw an increased revenue of KES.1,333,020 in the year under review as compared to the previous year.

11. Employee Costs

Description	2022/2023	2021/2022
	KES	KES
Staff Salary	379,113,460	369,136,004
Casual Wages	8,749,577	13,302,189
Gratuity	7,025,297	7,976,917
Pension -Employer Contribution	42,063,806	40,315,486
Internship Allowance	0	167,550
Travelling and accommodation	2,980,034	2,673,130
Total	439,932,174	433,571,276

An increase of KES. 6,360,898 in FY 2022/2023 in employee costs is as a result of July 2022 and January 2023 salary increments and employment of two Graduate assistants in the school of Mining during the year under review.

12. Maintenance Costs

Description	2022/2023	2021/2022
	KES	KES.
Maintenance of plant/mach/equip	1,507,666	1,546,782
Repair & Maintenance of Furniture	17,500	133,400
Maintenance of buildings	296,626	468,062
Maintenance of water/sewerage	116,706	91,576
Maintenance of Roads/Grounds	104,100	164,915
Maintenance of Ngerenyi Campus	15,000	0
Total	2,057,598	2,404,735

Taita Taveta University
Annual Reports and Financial Statements for the year ended June 30, 2023.
Notes to the Financial Statements continued....

13. Use of goods and services

Description	2022/2023	2020/2021
	KES	KES.
Cleaning Materials	164,087	233,840
Uniforms/ Clothing's	11,200	5,350
Stationery	4,287,670	6,000,192
Medical Exp. In-Patient/Out-Patience	1,142,016	1,798,675
Medical Exp. Referral Hospital Bills	8,266,526	13,639,056
Medical Drugs and stores	698,806	3,173,118
IGU Investment (Seed Money)	120,000	462,151
Food stuffs for patients-Hospital	0	450,000
External travelling	266,750	72,000
Telephone Expenses	21,800	42,350
Postal & telegrams expenses	68,301	98,032
Official entertainment	230,321	121,178
Conference & seminars	292,500	363,200
Public celebrations/funerals	175,000	308,240
Publishing & printing	214,560	38,000
Advertising & Publicity	1,053,116	190,200
Legal fees	596,373	347,000
ISO Expenses	67,200	200,000
Rent and Rates	10,567	0
Contracted professional services	1,532,566	1,857,824
Hire of transport & machinery	294,380	237,500
Motor vehicle insurance	127,314	31,987
General Insurance	7,524,444	6,762,460
Fees, Coms And Out of Pocket	164,000	156,500
Staff Training expenses	382,916	524,840
VC's award/Finalist party expense	18,000	0
Purchase of Workshop and Lab equipment	1,561,292	6,603,129
Part Time Teaching	24,989,800	29,022,615
Purchase of Teaching/Production Materials	483,066	457,752
Field Attachment Expenses	7,917,356	9,023,158
Examination Expenses	1,398,100	1,844,950
Service Delivery and Customer satisfaction	64,120	0
Research Expenses	0	113,000
Graduation expenses	1,350,272	13,200
Work Study	15,940	28,695
Subscription to Professional Bodies	128,800	197,050
Contingence& Disaster Mgt	0	45,000

Taita Taveta University**Annual Reports and Financial Statements for the year ended June 30, 2023.**

Notes to the Financial Statements continued...

Internet Connectivity	7,582,333	7,923,007
Computer Accessories & Software	309,787	127,200
Electricity expenses	4,956,498	5,318,158
Water expenses	3,397,272	692,250
Gas and Cooking fuel	39,000	1,044,790
Fuel for Generator	290,776	65,214
Food and rations	8,578,603	9,850,434
Transport Operating expenses	2,941,692	2,681,956
Library Expenses	1,226,236	1,093,826
Crockery and utensils	0	75,000
Bank Charges	1,553,233	1,320,170
Audit fees	1,867,733	635,680
Farm works expenses	215,440	143,472
Animal Expenses	10,000	44,686
Disability Mainstream Expenses	0	13,500
Drug and Substance Abuse Expenses	603,818	
Gender Mainstreaming Expense	28,000	56,000
Academic Quality Assurance	84,000	96,025
Prevention of HIV and Aids Expenses	17,500	49,000
Strategic Plan Expenses	241,800	70,000
Final accounts & Budget committee	90,000	60,000
Performance contract Expenses	22,900	17,000
New programmes implementation	395,900	0
TaitaRice Project	1,214,940	1,516,206
Cemerem Project	23,531,540	28,924,409
Tender Evaluation Committee Expenses	305,800	43,000
Quality Assurance commission for University Education	2,661,560	1,432,000
Disposal committee	34,000	12,000
National Cohesion & Integration Commission	0	46,400
TTU Alumni Association expenses	33,000	0
TaitaGis	649,000	1,346,653
Isangaiwishi Expenses	0	513,000
Staff recognition award scheme	44,000	0
Sust ASM Project	0	980,774
Taita Banana- KALRO	786,645	1,611,662
Taita Feeds - KALRO	929,760	1,508,388
Taita Pastures - KALRO	546,460	850,700
Taita Soils - KALRO	150,000	321,850
KUCCPS	927,900	1,795,500
COVID 19 Expenses	20,000	228,802

Taita Taveta University**Annual Reports and Financial Statements for the year ended June 30, 2023.**

Notes to the Financial Statements continued....

Corporate social responsibility	367,400	62,000
Teaching materials	46,400	0
Internal attachment school of mining	278,143	175,234
Purchase of gowns	12,600	0
Endowment fund	348,838	230,400
Sports and Games	899,045	986,514
SATTU	1,976,286	1,483,015
Dean of students office expenses	59,400	56,250
DSTV Subscription	490,400	688,200
Students guidance and counselling	0	234,550
Total	136,404,797	160,887,116

In the current period under review, the University has been on austerity measures due to limited resources. Management has been operating on payment plans for suppliers depending on the available cash flows. As a result, the use of goods and services declined by KES. 24,482,319 in the current period under review.

14. Council Activities

Description	2022/2023	2021/2022
	KES	KES
Allowance/Honoraria	8,466,533	6,048,529
Council Training	425,600	300,000
Council Chair Honoraria/Other Expenses	1,023,700	24,000
Total	9,915,833	6,372,529

The Council expenditure has an increase of KES.3,543,304 in the year under review as compared to the comparative year as a result of appointment of the Council chair and additional members of the council which increased the composition of the Council from 6 to 8 members in the year under review. Additionally, there was an induction training for the new members during the year under review.

15. Finance Costs

Description	2022/2023	2021/2022
	KES	KES
Interest on KCB Loan	0	24,284
Interest on Bank Overdraft	7,047,605	5,874,407
Total	7,047,605	5,898,691

The University continued to meet some operational costs through use of bank overdraft facility with Kenya Commercial Bank Ltd, whenever urgent need arises, as a result of little capitation from

the Government of Kenya and decreased enrolment hence reduced revenue to meet all the University financial obligations. The increase of interest on Bank Overdraft by KES. 1,148,914 is attributable to facility renewal charges of KES. 1,500,000 incurred in October, 2022 when the facility was being negotiated between the University and Kenya Commercial Bank Ltd.

16. Depreciation and Amortization expense

Description	2022/2023	2021/2022
	KES	KES
PPE Depreciation Attributable to P& L A/C	47,947,076	37,691,372*
Intangible assets	8,871	11,828
Total Depreciation Attributable to P& L Account	47,955,946	37,703,200
PPE Depreciation attributable to Revaluation reserve	11,102,167	11,338,488
Total Depreciation and Amortization	59,058,114	49,041,688

*Please see Note 39

Depreciation and amortization cost increased by KES. 10,016,426 in 2022/2023 FY as compared to the previous year due to some additions and capitalization of Work in progress for projects completed and handed over amounting to KES.206,420,310 as at 30th June, 2023 and subjecting the capitalized assets to depreciation as per the TTU Finance regulations and Accounting Manual Revised 2021.

Additionally, there were Assets in respect to Land, Buildings, Dam & Lab Equipment for the School of Agriculture, Ngerenyi which were being recognized for the first time in the Financial Statements after the recent Revaluation exercise as per IPSAS 17 Section 29.

17. Cash and Cash Equivalents

Description	KES	KES
Current account	7,537,659	15,005,635
On-Call Deposits	10,898,940	0
Total cash and cash equivalents	18,436,599	15,005,635

17.a Detailed Analysis of the Cash and Cash Equivalents

Financial institution	Account number	2022/2023	2021-2022
a) Current account		Ksh	KES
Kenya Commercial Bank - Student Fees Account	1136119140	568,608	766,009
Kenya Commercial Bank - Catering Account	1136118993	368,401	227,451
Kenya Commercial Bank - Schedule Account	1151267538	304,959	469,378
Kenya Commercial Bank - Salary Account	1139946110	52,356	7,396,842
Kenya Commercial Bank - Cemerem Project Account	1181962455	5,524,908	5,477,405
Kenya Commercial Bank - TAITAGIS Account	1211933903	409,404	371,509
Equity Bank Ltd-Equity fees account	0790299712769	309,023	297,041
Sub total		7,537,659	15,005,635
b) On - call deposits			
Equity Bank Ltd-Taita Taveta University Call account	0790384205158	10,898,940	0
Sub total		10,898,940	0
Grand Total		18,436,599	15,005,635

In the year under review, the University had a bank balance of KES. 18,436,599 slightly above the comparative period by KES. 3,430,964. This is due to a near similar operational calendar for the two comparative periods. The University in May 2023 competitively committed an amount of KES. 10,898,940 in an interest earning call account at Equity Bank after it offered the best interest rate as compared to other banks which submitted their bids.

18. Receivables from Exchange Transactions

Description	2022/2023	2021-2022
	KES	KES
Current receivables		
Staff Advances (Outstanding Imprests)	454,650	85,000
Student fees balance	41,885,266	39,874,033
Tuck Shops rent & electricity	364,182	143,622
Sale of Fixed asset	0	30,000
Total	42,704,098	40,132,655
Less: impairment allowance	(2,112,472)	(2,000,883)
Total (a)	40,591,625	38,131,772

The increase in the students' fees balances as at 30th June, 2023 were due to billing for some students who reported back from long holiday in the Month of May, 2023. Additionally, the staff outstanding imprests were in respect to TTU Academic Staff who were in the field undertaking student attachment supervision in various parts of the Country. Students usually undertake their attachments during the long holiday of May to August each year.

18 (b). Reconciliation for Impairment Allowance on Receivables from Exchange Transactions

Impairment Allowance/ Provision	2022/2023	2021-2022
Description	KES	KES
At the beginning of the year	2,000,883	1,730,609
Additional provisions during the year	0	0
Additions/Recovered during the year	111,589	270,274
Written off during the year	0	0
At the end of the year	2,112,472	2,000,883

The TTU Finance and Accounting Manual 2021 provides for 5% on uncollectable debts. This explains the amounts of impairment allowances for receivables.

19. Receivables from Non Exchange Transactions

Description	2022/2023	2021/2022
	KES	KES
Development grants Cash in Transit	12,987,583	-
Totals	12,987,583	0

As at 30th June, 2023, the University had received KES. 22,500,000 from the Ministry of Education for Development Grants and KES.12,987,583 were still on transit and the same has been accordingly reported as Receivables in the Financial Statements as per IPSAS 23 Section 35.

20. Inventories

Description	2022/2023	2021/2022
	KES	KES
Stationary Store	584,430	1,031,239
Catering Store	151,190	123,942
Maintenance Store	1,557,261	1,538,250
Drug Store	467,796	162,775
MMPE Workshop	610,949	670,035
Examinations Store	1,647,177	649,106
Transport store	382,000	382,000
Sports store	952,356	286,600
Total	6,353,159	4,843,947

21. Biological Assets

Description	2022/2023	2021/2022
	KES	KES
Dairy Cows	1,220,000	1,140,000
Rabbits	3,900	2,200
Poultry	42,500	0
Total	1,266,400	1,142,200
Total	1,266,400	1,142,200

The Biological Assets were measured at their fair values using the ruling market prices and considering their location and condition as at the reporting date as per IPSAS 27, section 14, 16 & 19.

The increase in fair value was as a result of introduction of new poultry unit in the year under review and transformational increase in value for Dairy Cows through procreation as there was a new born calf and three cows In Calf of between 3 to 8 Months.

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Notes to the Financial Statements (Continued).....

22. Property, Plant & Equipment

Item	Land	Buildings	Motor vehicles	Furniture and fittings	Computers & Equipment	Plant and Machinery	Capital Work In Progress	Total
<i>Depreciation Rates</i>	0.0%	2.0%	25.0%	12.5%	25.0%	25.0%	0.0%	
Cost (KES)								
<u>Cost 2021/2022 FY</u>								
Cost as at 30-06-2021	1,025,000,000	1,799,250,475	36,743,633	32,687,717	85,349,464	13,956,156	616,717,531	3,609,704,977
Cost attributed to revaluation as at 30-6-2021	40,000,000	755,292,029	0	333,559	0	561,652	0	796,187,240
Total Cost as at 30-6-2021	1,065,000,000	2,554,542,504	36,743,633	33,021,276	85,349,464	14,517,808	616,717,531	4,405,892,217
<u>Cost FY 2021/2022</u>								
As at 01-07-2021	1,025,000,000	1,799,250,475	36,743,633	32,687,717	85,349,464	13,956,156	616,717,531	3,609,704,977
Cost attributed to revaluation as at 01-07-2021	40,000,000	755,292,029	0	333,559	0	561,652	0	796,187,240
Disposals	0	0	(729,010)	0	0	0	0	(729,010)
Additions	0	0	0	217,150	1,321,925	647,671	108,696,750	110,883,496
Total Cost as at 30-6-2022	1,065,000,000	2,554,542,504	36,014,623	33,238,426	86,671,389	15,165,479	725,414,281	4,516,046,703
As at 01-07-2022	1,025,000,000	1,799,250,475	36,014,623	32,904,867	86,671,389	14,603,827	725,414,281	3,719,859,463
Cost attributed to revaluation as at 30-6-2023	40,000,000	755,292,029	0	333,559	0	561,652	0	796,187,240
Cost adjustment							(38,371,622)	(38,371,622)
Derecognized Assets			(2,082,241)					(2,082,241)
Additions for the year 2022-2023	43,400,000	122,618,000		668,627	3,451,601	1,190,095	22,452,236	193,780,559

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Capitalized Work-in-Progress (Note 22a and 22 b)		187,339,002				19,081,308	(206,420,310)	0
Cost as at 30-06-2023	1,108,400,000	2,864,499,506	33,932,382	33,907,053	90,122,990	35,436,882	503,074,585	4,669,373,398
Depreciation & Impairment								
Accumulated Depreciation for cost at 01-07-2021	0	219,412,674	36,479,098	20,244,199	80,080,606	3,281,266	0	359,497,842
Accumulated Depreciation for Revalued Costs as at 01-07-2021	0	191,022,090	0	163,344	0	434,403	0	191,619,837
Depreciation on Disposed Assets	0	0	(599,262)	0	0	0	0	(599,262)
Charge for the Year 2021/2022	0	31,596,756	33,697	1,582,583	1,647,696	2,830,640	0	37,691,372
Charge Attributable to Revalued Assets as at 30-06-2022	0	11,285,399	0	21,277	0	31,812	0	11,338,488
Derecognized Assets Accumulated depreciation			(2,082,241)					(2,082,241)
Charge for the year ended 30-06-2023	0	37,163,961	25,273	1,468,339	2,098,672	7,190,831	0	47,947,076
Charge Attributable to Revalued Assets as at 30-06-2023	0	11,059,691	0	18,617	0	23,859	0	11,102,167
Total Depreciation As at 30-6-2023	0	501,540,570	33,856,564	23,498,359	83,826,974	13,792,811	0	656,515,279
Net Book Amount								
As at 30-06-2021	1,065,000,000	2,144,107,740	264,536	12,613,733	5,268,858	10,802,139	616,717,531	3,854,774,538
As at 30-06-2022	1,065,000,000	2,101,225,585	101,091	11,227,023	4,943,087	8,587,358	725,414,281	3,916,498,425
As at 30-06-2023	1,108,400,000	2,362,958,936	75,818	10,408,694	6,296,016	21,644,071	503,074,585	4,012,858,119
REVALUATION GAIN/(LOSS)	51,600,000	(927,089,436)	16,124,182	16,142,449	14,964,143	42,784,781		(785,473,880)
REVALUED AMOUNT	1,160,000,000	1,435,869,500	16,200,000	26,551,143	21,260,159	64,428,852	503,074,585	3,227,384,239

** , Please see note 22iv.

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N/B: The Net Book Value of the respective classes of Property, Plant & Equipment as at 30th June, 2023 were restated to the Revalued Amount of the respective Assets as per IPSAS 17, section 50 (b), which states inter alia,

'IPSAS 17, Section 50-When an item of property, plant, and equipment is revalued, any accumulated depreciation at the date of the revaluation is treated in one of the following ways:

Section 50 (b), Eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

The amounts for work in progress has been retained at the current certified amounts as at the time of valuation, the buildings under construction were ongoing and had not been handed over by the contractor.

The adjustments to work in progress relating to prior periods has since been rectified as per note 22(iii) and also reflected in the statement of changes in net assets.

In 2021/2022 FY, a motor vehicle was disposed through a procurement procedure and the same was derecognized and accordingly adjusted in the financial statements.

22 i Work in Progress Schedule

Details	2012/2013 B/F	2013/2014 Additions	Additions 2014/2015	Additions 2015/2016	Additions 2016/2017	Additions 2017/2018	Additions 2018/2019	Additions 2019/2020	Additions 2020/2021	Additions 2021/2022	Additions 2022/2023	TOTAL
	KES	KES	KES	KES	KES	KES	KES	KES	KES	KES	KES	KES
Construction of Water tank	1,446,464	9,985,345	3,138,993	0	410,408	2,049,840	1,245,107	1,432,293	0	0	-	19,708,450
Capitalization to plant and Equipment	(1,446,464)	(9,985,345)	(3,138,993)		(410,408)	(2,049,840)	(1,245,107)	(1,432,293)				-19,708,450
Construction of Water Treatment Plant-Main Campus		6,539,750	8,292,272	4,228,486			20,800	0	0	0	-	19,081,308
Capitalization to plant and Equipment		(6,539,750)	(8,292,272)	(4,228,486)			(20,800)					-19,081,308
Construction of Water Treatment Plant-School of Agriculture	0	0	0	0	663,274	0	0	0	0	0	-	663,274
Adjustment					(663,274)							-663,274
Construction of Mines, Fuels & Mineral Processing Centre-Phase I	0	7,343,552	88,751,352	23,054,435	25,705,310	5,499,450	1,735,402	4,217,325	0	0	-	156,306,826
Capitalization to buildings		(7,343,552)	(88,751,352)	(23,054,435)	(25,705,310)	(5,499,450)	(1,735,402)	(4,217,325)				-156,306,826

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Notes to the Financial Statements (Continued).....

Construction of Mines, Fuels & Mineral Processing Centre-Phase II					48,375,486	27,416,026	18,729,385	13,874,480	2,046,088	7,558,891	-	118,000,356
Adjustments					(4,923,998)	(1,394,340)	(6,125,435)	(1,916,000)				-14,359,773
Fencing of Taveta Land	0	0	0	5,496,660	5,080,361	6,159,355	0	0	0	0	-	16,736,376
Adjustments					(1,542,593)	(4,616,661)						-6,159,254
Capitalization to buildings				(5,496,660)	(3,537,768)	(1,542,694)						-10,577,122
Construction of Incinerators	0	0	0	0	746,604	0	0	0	0	0	-	746,604
Capitalization to plant and Equipment					(746,604)							-746,604
Construction of water treatment plant and Dairy shed Ngerenyi Centre						2,343,055	0	0	0	0	-	2,343,055
Proposed Construction of 2 No. Classroom block phase I					3,840,847							3,840,847
Construction of Admin block main campus						27,051,415	70,739,365	57,508,159	42,705,126	69,436,723	1,613,852	269,054,640
Adjustments						(16,470,122)	3,669,827		-4,389,026			-17,189,321
Construction of Admin block Taveta campus						9,226,716	24,074,987	24,769,180	8,801,775	5,306,454	3,994,270	76,173,382
Isanga Iwishi Land						115,276	3,227,077	173,143			300,000	3,815,496
Construction of Mines, Fuels & Mineral Processing Centre-Phase III									18,457,107	26,394,682	16,544,114	61,395,903
TOTAL	0	0	0	0	47,292,335	48,288,026	114,315,206	94,408,962	67,621,070	108,696,750	22,452,236	503,074,585

N/B. The WIP has been adjusted for previous overstatements and capitalization of assets already handed over to TTU by the contractors. The summary of capitalized assets is shown in note 22 ii and summary adjustments in WIP is shown in Note 22 iii.

22 ii Capitalized Work in Progress

Description	2022/2023	2021/2022
Capitalization to Plant and Equipment Refer Note 23 (a)	KES	KES
Construction of Water Treatment Plant-Main Campus	19,081,308	0
Sub-total Capitalization to Plant and Equipment	19,081,308	0

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Notes to the Financial Statements (Continued).....

Capitalization to Buildings		
Construction of Water tank	19,708,450	0
Construction of Incinerators	746,604	0
Construction of Mines, Fuels & Mineral Processing Centre-Phase I	156,306,826	0
Fencing of Taveta Land	10,577,122	0
Sub-total Capitalization to Buildings	187,339,002	0
Total Capitalization of WIP	206,420,310	0

22 iii WIP Adjustment

Description	2022/2023	2021/2022
	KES	KES
Construction of Water Treatment Plant-School of Agriculture	663,274	-
Construction of Mines, Fuels & Mineral Processing Centre-Phase II	14,359,773	-
Fencing of Taveta Land	6,159,254	-
Construction of Admin block main campus	17,189,321	-
Total	38,371,622	-

The University Management recognizes the applicability of the prior year adjustment retrospectively if practical and prospectively if the retrospective application is impractical. For the purpose of this adjustment, management has applied a prospective approach to the adjustment owing to the nature of error which spills over in a number of past years.

22 iv Revaluation Gain/Loss on revalued assets

NO	ITEM	CURRENT VALUATION	NBV AS AT 30/06/2023	VALUATION GAIN/(LOSS)
1	Land	1,160,000,000.00	1,108,400,000.00	51,600,000.00
2	Buildings	1,435,869,500.00	2,362,958,935.63	(927,089,435.63)

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	Motor Vehicles	16,200,000.00	75,817.97	16,124,182.03
3	Furniture & Fittings	26,551,142.50	10,408,693.52	16,142,448.98
4	Computer & Equipment	21,260,159.38	5,933,046.31	15,327,113.08
5	Plant & Machinery	64,428,852.00	21,644,070.54	42,784,781.46
	SUB TOTAL (A)	2,724,309,653.88	3,509,420,563.96	(785,110,910.08)

The Valuation of TTU Assets was undertaken through an independent valuer, Touchstone Valuers Limited, who was competitively procured and the report was prepared in accordance with professional standards and the effective date of its application is 30th June, 2023.

The report classified TTU assets into Land, Buildings, Motor vehicles, Intangible assets, Loose assets, Roads, Walkways, Water and Sewer system, Playing fields, Academic Attires, Biological Assets and Laboratory items. For the purpose of classification to the PPE as per the Taita Taveta University Finance and Accounting Manual 2021 and in line with depreciation rates, management has classified academic attires to fittings category while roads, walkway, water tanks, incinerators, playfields and dams have been classified to buildings. Loose assets has been reclassified to Computer & Equipment, Furniture and fittings and Plant and Machinery depending on the nature of asset. The overall revaluation loss has been adjusted to Property Plant & Equipment schedule and the Statement of Changes in net assets.

The valuation of PPE Assets, in respect to Ngerenyi Land Parcel No.Chawia/Kidaya/Ngerenyi/1152, including Land, Buildings, Dams, Laboratory Equipment, etc were not included in the computation of the Revaluation Loss/Gain as this was their first recognition in the TTU Financial Statements and the valuation report was used to determine its Fair Values for recognition in the different classes of Assets. However, they will be part of subsequent revaluations as per IPSAS 17 Section 29, which states:

“For the purposes of this Standard, the measurement at recognition of an item of property, plant, and equipment, acquired at no or nominal cost, at its fair value consistent with the requirements of paragraph 27, does not constitute a revaluation. Accordingly, the revaluation requirements in paragraph 44, and the supporting commentary in paragraphs 45–50, only apply where an entity elects to revalue an item of property, plant, and equipment in subsequent reporting periods”.

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Notes to the Financial Statements (Continued).....

22 v Additional PPE Resulting from Revaluation

NO	ITEM	PPE CLASSIFICATION (Amount KES)			
		LAND	BUILDING	COMPUTER & EQUIPMENT	TOTAL
1	NGERENYI LAND	43,400,000			43,400,000
2	NGERENYI BUILDING		83,518,000		83,518,000
3	NGERENYI DAM		39,100,000		39,100,000
	NGERENYI LAB ITEMS			1,318,500	1,318,500
	TOTAL	43,400,000	122,618,000	1,318,500	167,336,500

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Notes to the Financial Statements (Continued).....

23. Intangible Assets – Software

Description	2022/2023	2021/2022
	KES	KES
Balance b/d	35,483	47,310
Amortization	8,871	11,828
Balance c/d	26,612	35,483
Add: Work In Progress (ERP Version 16)	17,580,102	17,580,102
Add: Work In Progress (ERP Version 17)	1,070,535	558,540
Total Net Book Value	18,677,249	18,174,125
Add: Valuation gain	1,038,753.13	
Total	19,716,002	18,174,125

A slight increase in Net book value of Intangible assets in the current period under review is as a result of partial payment of ERP consultant currently working on the TTU ERP 17 system and revaluation of the intangible assets that resulted in revaluation gain. The revaluation gain has been captured in note 22 I and accordingly reflected in the Statement of Changes in Net Assets.

24. Trade and other Payable from Exchange transaction

Description	2022/2023	2021/2022
	KES	KES
Sundry creditors	29,307,039	25,983,320
JKUAT Arrears	4,015,012	4,003,212
TUM Arrears	3,537,503	3,537,503
Hospital Bills	8,219,995	9,273,026
Part-time lecturers	92,943,719	81,274,944
Retention for WIP	41,917,783	39,824,227
Audit fees	3,090,720	2,367,360
Totals	183,031,771	166,263,592

The University has worked on reducing the pending bills with time. The University has and continues to experience cash flow and budgetary constraints as a result of reduced student enrolment and little capitation from Government of Kenya, through Ministry of Education. The University Management is committed to meeting all pending obligations over time.

25. IPUCCF Loan Write off

Description	2022/2023	2021/2022
	KES	KES
IPUCCF Liability	-	35,200,000
Write off to gain account	-	(35,200,000)
Total	-	-

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26. Financing Lease/KCB Loan

Description	2022/2023	2021/2022
Description	KES	KES
Balance B/F	-	653,764
Addition within the year	-	-
Adjustment	-	-
Total Loan	-	653,764
Loan Repayment	-	(653,764)
Total	-	-

27. Bank Overdraft

Description	Account Number	2022/2023	2021/2022
		KES	KES
KCB TTUC Main account	1135369682	29,662,120	49,212,308
Total		29,662,120	49,212,308

28. Employee benefit obligation

Description	2022/2023	2021/2022
	KES	KES
Accrued employee gratuity 2021/2022 FY	4,480,669	3,529,049
Accrued employee gratuity 2022/2023 FY	4,645,577	7,976,917
Unremitted Deductions	0	18,886,151
Accrued Casual expenses	0	459,222
Pension	15,452,715	0
Bank Deductions	19,499,948	0
Welfare deductions	66,925	0
Sacco deductions	10,332,291	0
Union deductions	763,016	0
Insurance deductions	144,317	0
Helb deduction	40,869	0
NSSF deductions	544,098	0
NHIF deductions	344,850	0
PAYE Deductions	7,746,278	0
Others	25,000	0
Total	64,086,553	30,851,339

The employee benefit obligation of KES.64,086,553 in the year under review comprise of partly unpaid salary deductions for the month of partly April 2023, May 2023 and June 2023 payroll. The unremitted deductions arose as a result of decline in revenue generated from student fees as a result of decline in student enrolment numbers and little capitation from the Government of Kenya for the last 4 years.

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29. Prepayments

Description	2022/2023	2021/2022
	KES	KES
Fees prepayment	24,414,510	23,027,237
Total	24,414,510	23,027,237

The prepayment refers to student fee payments made in advance. Some of the prepayments results from funds received from various stakeholders and donors, including Constituency Development Funds (CDF), County Governments and other sponsors who have been supporting some of the students in fees payment. Currently, students are on long holiday upto September 2023 and the prepayment will be utilized once they report for their succeeding academic years.

30. Gain on sale of Fixed assets

30. Gain on sale of Fixed assets		
Description	2022/2023	2021/2022
	KES	KES
Disposal of motor vehicle	-	44,763
Disposal of motor cycle	-	21,989
Total	-	66,752

In the period under review, there were no disposals of assets in the University.

31. Loss on Foreign Exchange Transaction

Description	2022/2023	2021/2022
	KES	KES
Exchange rate loss	30,337	127,688
Total	30,337	127,688

The University is in collaboration with CEMEREM project donors in Germany. In the year under review, a transaction was paid in dollars but the funds were refunded to the University. The refunds were less as compared to what the University had paid due to exchange rates. This led to the loss on Foreign Exchange.

32. Financial Risk Management

Taita Taveta 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 minimise the potential adverse effect of such risks on its performance by setting

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acceptable levels of risk. The University does not hedge any risks and has in place policies to ensure that credit is minimized. The University's financial risk management objectives and policies are detailed below:

i. Credit risk

Taita Taveta 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. Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the University's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the Taita Taveta University's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount	Fully performing	Past due	Impaired
	KES	KES	KES	KES
As at 30th June 2023				
Receivables from exchange transactions	40,591,625	40,591,625	0	2,112,472
Bank balances	18,436,599	18,436,599	0	0
Total	59,028,224	59,028,224	0	2,112,472
As at 30 June 2022				
Receivables from exchange transactions	38,131,772	38,131,772	0	1,906,589
Bank balances	15,005,635	15,005,635	0	0
Total	53,137,407	53,137,407	0	1,906,589

The totals ties with what is disclosed in the Statement of Financial position.

ii. Working capital Management (Liquidity risk)

The University Management has continuously worked towards ensuring high liquidity to the University. In its endeavour to increase the liquidity, the University has been implementing the following strategic measures:

1. Increasing the number of niche programmes with the expected concurrent increase in the number of students and resultant fees collections. To this end, University Senate approved seventeen new programs and submitted a number of them to the Commission for University Education (CUE), paid for and uploaded on CUE platform for accreditation. Currently, CUE has approved Bachelor of Education (Arts) program and it is uploaded in the KUCCPS portal. The University has been publicizing the program to the wider population and all efforts are geared towards increasing student numbers for increased revenue and liquidity.
2. Rationalized utilization of human resource capacity through consolidation of job descriptions and redeployments.
3. Commenced commercialization of University facilities to generate additional revenue, including utilizing Ngerenyi farm for production of animal and crop products to generate more incomes. Currently, the Ngerenyi farm is producing broiler chicken for commercial purposes.
4. Enhancement of University consultancy services as well as Research and Development Project Funding.
5. Developed and registered The TTU Endowment Fund whose formal launched in the Month of May, 2023. The Fund is expected to mobilize significant external financial resources to support the University's mandate in relation to scholarship awards, research, innovations and community outreach.
6. Effective marketing and positioning of the University as a preferred destination for teaching and learning. To this end, the University staff is working on marketing the University through various radio talk shows, town hall forums and advertisement through social and print media.
7. Mitigated part time teaching costs as one of the major costs drivers by increasing the normal workload for full-time Lecturers from three (3) course units to four (4) units per semester with effect from 1st September 2022.

iii. Market risk

The University 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,

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Notes to the Financial Statements (Continued).....

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 Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies. There has been no change to the University's exposure to market risks or the way it manages and measures the risk.

iv. Foreign currency risk Management

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 by limiting on foreign transactions except those related to project donor funding like CEMEREM and other services that are inevitably paid through foreign currency like KENET.

v. Capital Risk Management

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

Description	2022/2023	2021-2022
	KES	KES
Revaluation Reserve	2,131,772,208	2,927,309,502
Retained Earnings	(537,242,355)	(469,667,118)
Capital Reserve	1,431,010,801	1,266,832,940
Total Funds	3,025,540,654	3,724,475,324
Total Borrowings	301,194,953	269,354,476
Less: Cash And Bank Balances	(18,436,599)	(34,206,673)
Net Debt/(Excess Cash And Cash Equivalents)	282,758,354	235,147,803
Gearing	9.35	6.31

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The gearing of 9.31% implies that the University operations are funded by lenders to an extent of 9.31% of its entire operations. This projects Taita Taveta University as a going concern and nothing has come to the attention of the University Management to project the contrary. The University continues to offer services and receive funding from the Government of Kenya and fees from students.

33. Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal shareholder of the Taita Taveta University, holding 100% of Taita Taveta University equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external.

Other related parties include:

- i) The Parent Ministry.
- ii) County Governments
- iii) Other SCs and SAGAs
- iv) Key management.
- v) Council

34. Related party transactions

Description	2022/2023	2021/2022
	KES	KES
Transactions with related parties		
a) Grants /Transfers from the Government		
Grants from National Government	441,606,379	545,732,943
Total	441,606,379	545,732,943
b) Expenses incurred on behalf of related party		
Total		-
c) Key management compensation		
Directors' emoluments	9,915,833	6,099,454
Compensation to key management	51,997,376	50,500,014
Total	61,913,209	56,599,468

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35. Segment Information

Where an organisation operates in different geographical regions or in departments, IPSAS 18 on segmental reporting requires an entity to present segmental information of each geographic region or department to enable users understand the entity's performance and allocation of resources to different segments. Taita Taveta University has no significant segmented departments and most of operations are carried out within the main campus with minor operations being carried out in Ngerenyi campus which is within the same geographical location of Taita Taveta County.

36. Events after the Reporting Period

There were no material adjusting and non- adjusting events after the reporting period. However, a capital grant of KES. 12,987,583 which was anticipated to be received by 30th June 2023, was still on transit as at 30th June, 2023. This transaction was reported as a receivable from exchange transaction as at 30th June, 2023 and included in the capital development reserve fund.

37. Ultimate and Holding Entity

Taita Taveta University is a Semi- Autonomous Government Agency under the Ministry of Education, science and Technology. Its ultimate parent is the Government of Kenya.

38. Currency

The financial statements for Taita Taveta University are presented in Kenya Shillings (KES) rounded to the nearest KES.

39. Restatement *

Restatement to reflect adjustment of KES.33,697 on depreciation on Motor-Vehicles for the year ended 30th June, 2022.

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20. Appendices

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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
1.Receivables from exchange transactions	A review of the student debts schedule revealed that the opening balance of students' debtors was an amount of KES.28, 803,508 while the prior period financial statements reflected an amount of KES.34, 482,567 resulting to an unexplained difference of KES. 5,679,059.	The variation arises from timing differences of payment of fees. Some students who were debtors by 30 th June 2021 were no longer debtors in the year ending 30 th June 2022. A reconciliation for the same is attached.	Resolved	
2.Uncertainty related to sustainability of services	The statement of financial position reflects total current liabilities of KES. 269,354,476 which exceeded total current assets of KES. 59,123,554, resulting in a negative working capital of KES. 210,230,922. Further the University reported a deficit of KES. 6,011,438 for the year ended 30 th June, 2022. This is an indication of existence of material uncertain which may cast a significant doubt on the University's ability to sustain its services and to meet its financial obligations as and when they fall due.	<i>The Disclosure of Material Uncertainty Related to Sustainability of Services has been explained in Note 34 to the financial statements. The negative working capital is as a result of reduced incomes from students' fees and insufficient Government capitation as compared to University operational requirements. To improve the working capital and ensure continued sustainability, the University has put in place the following strategic measures:</i> 1. Increasing the number of niche programmes with the expected concurrent increase in the number of students and resultant fees collections. 2. Rationalized utilization of	Efforts to Resolve are ongoing	

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		<p>human resource capacity through consolidation of job descriptions and redeployments.</p> <p>3. Commenced commercialization of University facilities to generate additional revenue</p>		
1. Non compliance with the law on ethnic compositions	<p>Review of staff Establishment records revealed that one ethnic community represents thirty seven (37%) percent of the total staff establishment in Taita Taveta University. This is contrary to section 7 (1) and (2) of the National Cohesion and integration Act, 2008 which states that, ‘all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community. In the circumstances, management was in breach of the law.</p>	<p>The initial employees of University recruited in the year 2013 and 2014 which were largely support staff (grades 1-5) were mainly drawn from the casual employees who had served the University from the time it operated as a Campus of Jomo Kenyatta University of Agriculture and Technology (JKUAT) in the year 2008. This category was majorly consisting of the local community (the Taita) and the non –Taita from the neighbouring Counties who were permanent residents of Taita Taveta County.</p> <p>Over the years, however, the University has made efforts to balance the tribal composition of its staff population from the initial 41% composition of Taita in 2014 to 37% in June 2022 and the current 34% as at February 2023. This has been achieved by ensuring balance of ethnic composition in the respective departments during recruitment including positive discrimination of the candidates originating from marginalized Counties or background</p>		
2. Non compliance with the one third of basic salary rule	<p>Review of the University records revealed that, twenty-one (21) employees earned a net salary of less than a third (1/3) of the basic salary, contrary to section 19(3) of the Employment Act, 2007.</p>	<p>The Management undertakes regular review of the staff payroll including net salaries to ascertain the extent of compliance with the third (1/3) rule</p> <p>Further internal controls for</p>	Resolved	

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	<p>This may expose the staff to pecuniary embarrassment. In the circumstances, Management was in breach of the law.</p>	<p><i>ensuring that the provision on compliance with the Act is assured, including the signing of Agreements with various financial entities that provide loan financing facilities to our members of staff specifically includes a clause that requires observance of the third (1/3) rule.</i></p>		
<p>6. Incomplete Enterprise Resource Planning (ERP) System</p>	<p>The University contracted for supply, installation, implementation and commissioning of an ERP system on 18 September, 2015 at a contract sum of KES.17,580,103, with an implementation timeline of fourteen(14) weeks. However, the vendor did not deliver as per the agreement despite payment of KES.15,297,884 prompting the University to terminate the contract and advertise for a new one.</p> <p>The records further show that the University awarded another contract at a sum of KES.1,861,800 on 23 April, 2021 for a duration of seventeen (17) weeks. The contractor established that the developer licence for the system had expired and could not support the integration of the system. As at the close of the financial year in June, 2022, an amount of KES.558,540 had been paid to the new contractor. However, verification conducted during the month of February, 2023 revealed that the contractor</p>	<p><i>The new Contractor undertook a comprehensive review of the System, and engaged the respective Users of the System. From User engagement the scope of works was much more than the original scope and which the Contractor undertook to do without variation in contract sum. This required more time.</i></p> <p><i>There was a slow start of the project as the Country and the University in particular was transitioning from Covid-19 pandemic effects including social, economic and financial effects.</i></p> <p><i>The project has made tremendous progress; and as at 30th June, 2023 the completion status is 99%.</i></p>	Resolved	

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	<p>had not completed the services as per the contract agreement.</p> <p>In the circumstances, value for money had not been realized from the system despite the expenditure of KES.15,856,424.</p>			
1.1 Incomplete Administration Block – Taita Taveta University Main Campus	<p>The University awarded the contract for the construction of Administration Block Main Campus at a contract sum of KES.280,870,539 on 23 October, 2017 for a period of fifty-two (52) Weeks with expected completion date of 20 December, 2018. However, the project was still incomplete at 73%, two hundred and thirty six (236) weeks after commencement.</p>	<p><i>There are notable factors that have negatively affected the completion rate of the aforementioned projects and they include the following:</i></p> <ol style="list-style-type: none"> 1. <i>Insufficient budgetary allocation for capital projects by the State Department for Higher Education and Research under parent Ministry of Education.</i> 2. <i>Non-disbursement of all MOE approved budget allocation for the respective financial years. In FY2018-2019, KES 142,672,842 was disbursed against an approved capital budget of KES 200,180,000.00 despite submission of pending unpaid project certificates.</i> 3. <i>Delays in disbursement of funds for cleared Certificates for Payments. This occurred variously since commencement of projects (Doc 4.12A).</i> 4. <i>Formal downward revision of approved capital budget (Doc 4.12B). During the FY2020-2021, the approved budget allocation for capital expenditure was KES 73,029,332.00, however, MOE</i> 	Not Resolved	
1.2 Incomplete Construction of Administration Block at Taita Taveta University Taveta campus	<p>The University awarded the contract for the construction of administration block at Taita Taveta University at a contract sum of KES.87,531,993 on 23 October, 2017 for a period of one hundred and four (104) weeks. However, the project was still incomplete at eighty-two (82%) two hundred and seventy seven (277) weeks after commencement.</p>	<p><i>4. Formal downward revision of approved capital budget (Doc 4.12B). During the FY2020-2021, the approved budget allocation for capital expenditure was KES 73,029,332.00, however, MOE</i></p>	Not Resolved	

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<p>7.3 Incomplete Construction and Equipping of the Mines, Fuel and Mineral Processing Laboratory Phase III at Main Campus</p>	<p>The University awarded the contract for the construction and equipping of the Mines, Fuel and Mineral Processing Laboratory Phase III at Main Campus at a contract sum of KES.98,857,624.80 on 10 March, 2020. However, the project was still incomplete at fifty-six (56%) as at the time of audit in February, 2023.</p>	<p><i>communicated downward revision by 50% of this budget citing the outbreak of COVID-19. This negatively affected implementation of the projects. The same reduction had happened in FY 2018/2019, where The National Treasury communicated, during a consultative meeting with the University on budget, that the Government had reduced the capital budget allocation from KES.300,180,000 to KES. 200,180,000 for FY2018-2019 (Doc 4.12C and 4.12D)</i></p>	<p>Not Resolved</p>	
<p>7.4 Stalled Construction of Water Treatment Plant and Dairy Shed at Taita Taveta University - Ngerenyi Centre</p>	<p>The University awarded the contract for the Construction of Water Treatment Plant and Dairy Shed at Taita Taveta University - Ngerenyi Centre at a contract sum of KES. 3,579,139 via a contract agreement dated 25 October, 2016. However, the project had stalled at sixty-five (65%) as at the time of audit in February, 2023.</p>	<p><i>5. Outbreak of COVID-19 pandemic in Kenya in March 2020. The COVID-19 pandemic impacted negatively on the progress of the projects; they were completely stopped because of MOH and GoK protocols put in place to mitigate spread of Corona virus.</i></p> <p>Stalled projects:</p>	<p>Not Resolved</p>	
<p>7.5 Stalled Construction of Two-Classroom Block Phase 1 at Taita Taveta University - Ngerenyi Centre</p>	<p>The University awarded the contract for the construction of two (2) classroom block phase 1 at Taita Taveta University - Ngerenyi Centre at a contract sum of KES.6,011,868 via a contract agreement dated 25 October, 2016. However, the project had stalled at sixty-three (63%) as at the time of audit in February, 2023.</p>	<p><i>The Construction of Water Treatment Plant and Dairy Shed and Construction of 2 No. Classroom Block Phase 1 at Taita Taveta University - Ngerenyi Centre stalled following an advisory from the Attorney General REF:AG/CONF/21/58/15 Vol.I dated 5th February 2019 that informed the University to stop any further investment at the Ngerenyi Centre until a title deed in the name of the University is obtained. The Management has successfully acquired the Ngerenyi title deed</i></p>	<p>Not Resolved</p>	

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		<i>in October 2022 and the construction of the stalled projects is expected to resume in the Financial Year 2023/2024.</i>		
2. Trade and other Payables - Long Outstanding Payables	<p>The statement of financial position and Note 27 to the financial statements reflect trade and other payables balance of Ksh.166,263,592, out of which Ksh.81,274,944 (or 49%) owed to part-time lecturers has been outstanding for over ninety(90) days.</p> <p>Further, an amount of Ksh.2,367,360 due to the Auditor-General, being audit fees for audit services provided has been outstanding since 2019, contrary to Section 41 of the Public Audit Act, 2015 which requires funds of the Office of the Auditor-General to consist of audit fees charged at rates prescribed by the Auditor-General. No explanation was provided for the non-payment of the audit fees.</p> <p>In the circumstances, the University Management is in breach of the law.</p>	<p><i>Due to financial challenges occasioned by reduced student numbers and insufficient budgetary allocations, the University has not been able to pay all its debts on time. The University Management has continued to prioritize payment of debts in the budget every financial year and will ensure all long overdue debts are paid first and strive to adhere to the policy on Financial Management especially on payment of creditors.</i></p> <p><i>The University has progressively been recruiting qualified academic staff and those who have been out on studies are coming back which will reduce the units being offered by part time lecturers. However, due to financial constraints the University has not achieved the optimum numbers for each programme. The University therefore bridges the teaching staff gap by engaging part time lecturers. It is expected that part-time expenses will reduce as most of the staff return from study leave and as funds become available for new recruitments of full-time staff. Further, the workload for full-time Lecturers has been increased from six units to eight units per academic year.</i></p> <p><i>Additionally, the University Management has developed</i></p>	Resolved	

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		<p><i>payment plans for most of the long outstanding debts with a view of ensuring that they are fully settled whenever funds are available.</i></p> <p><i>The University is also engaging the Government for enhanced capitation to enable it to meet all financial obligations.</i></p>		
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 Prof. Fred Simiyu Barasa PhD.
 Vice Chancellor

11/03/2024

Date

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Appendix II: Projects implemented by Taita Taveta University
Status of Projects completion

S/No	Project	Total Project Cost	Total Expended to date	Comple-tion % to date	Budget	Actual as at 30th June 2023	Sources of Funds
		KES.'000'			KES'000'		
1	Construction of Administration Block at Main Campus (TTU/T/01/2017/2018)	345,578.00	251,865.00	73.0%	12,487.00	251,865.00	GoK
2	Completion of Mines, Fuels and Mineral Processing Centre, Phase II (TTUC/T/04/2016/2017) and Equipping of the Mines Labs Phase II	102,251.00	103,657.00	100.0%	3,000.00	103,657.00	GoK
3	Completion and Equipping of Administration and Classroom Block at Taveta Campus (TTU/T/02/2017/2018)	87,532.00	72,179.00	82.0%	4,000.00	72,179.00	GoK
4	Completion of Water Treatment Plant and Dairy Shed at Taita Taveta University - Ngerenyi Centre (TTUC/T/06/2016-2017)	5,340.00	2,343.00	44.0%	-	2,343.00	GoK
5	Completion of Classroom Block Phase 1 at Taita Taveta University - Ngerenyi Centre (TTUC/T/05/2016/2017)	8,840.00	3,840.00	43.0%	-	3,840.00	GoK
6	Proposed Construction and Equipping of the Mines, Fuel and Mineral Processing Laboratory Phase III at Main Campus (TTU/OT/01/2019 -2020)	98,857.00	58,027.00	59.0%	16,000.00	58,027.00	GoK

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Appendix III- Inter-Entity Confirmation Letter

Taita Taveta University,
 P.O Box 835-80300,
 Voi.


The State Department University Education wishes to confirm the amounts disbursed to you as at 30th June 2023 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Reference Number	KES Date Disbursed	Amounts Disbursed by [State Department University Education] (KES) as at 30th June 2023				Received by Taita Taveta University, (KES) as at 30th June, 2023	Differences, F=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)	Total , D=(A+B+C)		
FT2221505TTY	03.08.2022	33,843,233			33,843,233	33,843,233	0
FT2225185XQN	08.09.2022	33,843,233			33,843,233	33,843,233	0
FT22273L9T64	30.09.2022		22,500,000		22,500,000	22,500,000	0
FT2227601ZBP	03.10.2022	33,843,233			33,843,233	33,843,233	0
FT223149KHK8	10.11.2022	33,843,233			33,843,233	33,843,233	0
FT223431HGMS	09.12.2022	33,843,233			33,843,233	33,843,233	0
FT22364BJP7B	30.12.2022	33,843,233			33,843,233	33,843,233	0
FT23034D12F1	03.02.2023	33,843,233			33,843,233	33,843,233	0
FT23076Q8J0P	17.03.2023	33,843,233			33,843,233	33,843,233	0
	14.04.2023	33,843,230			33,843,230	33,843,230	0
FT2312565H9J	05.05.2023	33,843,234			33,843,234	33,843,234	0
FT23160SVP55	09.06.2023	33,843,234			33,843,234	33,843,234	0
FT23178TY637	27/06/2023	33,843,234			33,843,234	33,843,234	0
FT23185K02Y1	04.07.2023		12,987,583		12,987,583	12,987,583	0
Total		406,118,796	35,487,583	0	441,606,379	441,606,379	0

I confirm that the amounts shown above are correct as of the date indicated.

Head of Accountants Department of Taita Taveta University:

Name ... CPA Peter Kisombe

Sign 

Date 11/03/2024