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**THE AUDITOR-GENERAL**

**ON**

**KAIMOSI FRIENDS UNIVERSITY  
COLLEGE**

**FOR THE YEAR ENDED  
30 JUNE, 2020**



University College Annual Report

# KAIMOSI FRIENDS UNIVERSITY COLLEGE

*(A Constituent College of Masinde Muliro University of Science and Technology)*



**Kaimosi  
Friends  
University  
College**

## ANNUAL REPORT AND

### FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING JUNE 30, 2020

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

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## KEY ENTITY INFORMATION AND MANAGEMENT

### a) Background Information

Kaimosi Friends University College hereinafter referred to as KAFUCO is a Statutory Corporation established under the Universities Act, 2012. The University College derives its objectives and functions from Section 3(1) of the Universities Act, 2012 and the Legal Notice No. 87 of the Kenya Gazette Supplement No. 65 of 2015.

KAFUCO is the only University in the tropical rain forest in Kenya situated off Chavakali - Kapsabet road in Vihiga County. It is the first and the only University in the County. Its location in the forest provides a serene environment for teaching, learning and research.

The expedition to establish KAFUCO was conceptualized in October, 2006 by the East Africa Yearly Meeting of the Friends Church (Quakers) who submitted a proposal to institute a private University to the Commission for University Education (CUE).

In November, 2008, CUE visited the institution to assess the progress made in development of infrastructure to support the proposed programs and enrolment. A follow-up inspection by CUE was carried out in July, 2011. However, it was observed that the Friends Church had not made any significant progress.

In 2012, the Friends Church having recognized their limitations in establishing a Private University, decided to explore the possibility of transforming Kaimosi Teachers Training College (KTTC) facilities to a Constituent College of a Public University.

On 24<sup>th</sup> July, 2012 the Masinde Muliro University of Science and Technology (MMUST) Council considered the Friends Church's request and recommended the establishment of KAFUCO as her Constituent College. In this regard, on 30<sup>th</sup> January, 2014 CUE, in line with its guidelines and criteria inspected the KTTC with a view of initiating the accreditation process for a Constituent University College.

A stakeholders meeting held on 25<sup>th</sup> February, 2014 and chaired by the then Governor of Vihiga County proposed the relocation of KTTC to its new site adjacent to Kaimosi Boys High School. As a result, a transition Committee chaired by the Governor and with the inclusion of representation from the Friends Church, Ministry of Education officials, KTTC, County Government, MMUST and selected members of the public was formed. It was mandated with ensuring the peaceful co-existence between KTTC and the University College and facilitating the transition of KTTC to its new site.

On 10<sup>th</sup> April, 2014, CUE recommended upgrading of KTTC to a Constituent College of MMUST. The MMUST Steering Committee recommended secondment of a few members of staff from MMUST to KAFUCO to put structures in place in preparation for admission of students. Consequently, MMUST appointed Prof. Ogodo, M. J. Nandi as Director of KAFUCO, approved two programmes and transferred the first batch of 528 students and 46 staff to KAFUCO to enable the University College start operations on 3<sup>rd</sup> September, 2014. KAFUCO later admitted her very own students on 9<sup>th</sup> January, 2017.

On 1<sup>st</sup> February, 2016, MMUST Council appointed Prof. Ogodo, M.J. Nandi as Ag. Principal, the late Prof. Y.K. Ayodo as Ag. Deputy Principal (ASA) and Prof. M. M. Amadalo as Ag. Deputy Principal (AF&P). KAFUCO Council was later appointed on 7<sup>th</sup> November 2016 by the Ministry of Education and inaugurated on 2<sup>nd</sup> December 2016 under the Chairmanship of Dr. Bernadette Mungai thus boosting up the University College to a semi-autonomous corporate.

On 25<sup>th</sup> January, 2018, the then Cabinet Secretary of Education in the Ministry of Education, appointed Prof. Ogodo, M. J. Nandi as the founding Principal, the late Prof. Y. K. Ayodo and Prof. M. M. Amadalo as the Deputy Principal (ASA) and Deputy Principal (F&D) respectively.

Teaching, research and innovation is KAFUCO's key pillar. The University College has steadily excelled in infrastructure and academia in many aspects. In the Financial Year 2019/2020, KAFUCO started a number of renovations which have given it a facelift from the former KTTC.

Currently there are four Schools with two (2) Senate approved Ph.D Programmes, nine (9) Masters Programmes, seventeen (17) Bachelor Programmes, four (4) Diploma courses and four (4) Certificate courses and endeavors to develop new programmes that suit the University College's philosophy and Academic niche.

Student numbers continue to grow in line with the University College plans with a current population of 2,134 in Certificate, Diploma, Undergraduate and Graduate studies. Plans are underway to commence the School of Nursing.

In conclusion, KAFUCO with the support of Government, the University College Council, the commitment of its Management; and other stakeholders has actualized its dream of being a University of Excellence in Teaching, Learning, Research, Innovation and Holistic Development, notwithstanding the challenges emanating from the COVID-19 pandemic and inadequate funding.

**b) Principal Activities of the University College**

The principal activities of the University College are derived from the core functions as stipulated in the Universities Act, 2012 and the University College statutes. The mandate of KAFUCO is to provide quality education and training, research and innovation to meet the needs of a dynamic society.



## VISION, MISSION AND VALUES

### OUR MISSION

To provide quality education and training, research and innovation to meet the needs of a dynamic Society

MISSION

### OUR VISION

To be a University of Excellence in Teaching, Learning, Research, Innovation and Holistic Development

VISION

CORE  
VALUES

### OUR VALUES

Academic excellence

Integrity

Innovation

Equity

Social responsibility

Professionalism

Quality

Teamwork

Dynamism

## PHILOSOPHY

*Kaimosi Friends University College endeavors to be ranked amongst the world class universities based on academic excellence and research that impacts on societal needs.*

### MOTTO

*Spring of Knowledge*

## STRATEGIC OBJECTIVES

KAFUCO will continue to focus on the following strategic objectives as set out in the strategic plan

- To increase student enrolment equitably
- To develop and implement demand driven academic programmes
- To enhance quality assurance in teaching, development and research
- To institutionalize effective research, development and innovation.
- To harness human resources, increase and diversify funding
- To enhance infrastructure, tools and equipment
- To improve on governance and Management
- Enhance collaboration and linkages
- Enhance security



**c) General Information**

<p><b>PRINCIPAL PLACE OF BUSINESS</b></p> <p>Kaimosi Friends University College Off Chavakali-Kapsabet Road, P.O Box 385-50309 <b>KAIMOSI, KENYA</b></p>	<p><b>INDEPENDENT AUDITORS</b></p> <p>Auditor General Office of Auditor General Anniversary Towers, University Way P.O Box 30084 -00100 GPO <b>NAIROBI, KENYA</b></p>
<p><b>BANKERS OF THE UNIVERSITY</b></p> <p>Co-operative Bank of Kenya Limited Mbale Branch. P.O Box 816-50300 <b>MARAGOLI</b></p>	<p><b>PRINCIPAL LEGAL ADVISER</b></p> <p>The Attorney General State Law Office Harambee Avenue P.O. Box 40112 City Square 00200 <b>NAIROBI, KENYA</b></p>
<p>Kenya Commercial Bank Limited, Serem Branch. P.O Box 122-50308 <b>SEREM</b></p>	<p><b>UNIVERSITY COLLEGE CONTACTS</b></p> <p>Telephone: 0777373633 E-mail: <a href="mailto:principal@kafuco.ac.ke">principal@kafuco.ac.ke</a> Website: <a href="http://www.kafuco.ac.ke">www.kafuco.ac.ke</a></p>
<p>Kenya Commercial Bank Limited Mbale Branch. P.O Box 1123-50300 <b>MARAGOLI</b></p>	
<p>Equity Bank Limited, Mbale Branch. P.O Box 545-50300 <b>MARAGOLI</b></p>	
<p>Absa Bank Kenya PLC Western Group of Branches Mbale Branch P.O Box 285-50300 <b>MARAGOLI</b></p>	

## MEMBERS OF THE UNIVERSITY COUNCIL



**Dr. Bernadette Mungai,**

**Chairperson**

**YoB: 1959**

**PhD(KU), MBA(USIU), BBM(USIU)**

Dr. Mungai is a Consultant and an Entrepreneurship Development Expert with twenty seven years experience in the African region. She has been a Team Leader on various donor funded projects – the British Council, DfID and The World Bank funded Private Sector Development Projects. She has also been involved in capacity building, strategic management and business development programmes. She has extensive experience in Africa having worked in Kenya, Ethiopia, Uganda, Tanzania, Rwanda, Ghana, Nigeria, South Africa, Zimbabwe and South Sudan.



**Prof. Ogodo. M. J. Nandi,**

**Secretary**

**YoB: 1965.**

**PhD (Maseno University), MBA  
(Moi University), MA (UoN) BA  
(UoN).**

Prof. Ogodo, M.J Nandi is a full Professor and currently the Principal of Kaimosi Friends University College. He has over twenty-five years of teaching and research experience at University level and has published several university level books and articles in refereed journals. He has also won International research grants in multi-disciplinary research. He has taught and supervised many students at Masters and PhD level. Prof Nandi has served as administrator for over fourteen years, six years of this as head of department and eight as a director. He is a member of professional bodies and has also made several linkages with scholars in other countries.



**Dr. Josephine D. Waudo,**  
**Chairman, ASPD & I Comm.**

**YoB: 1955**

**PhD, (KU), M.Ed (UON), BED, (UoN), Higher National Diploma, (KIPC), Cert Teacher Education, (State of Israel).**

Dr. Waudo is currently a Council Member at Kitale National Polytechnic and has taught as a Part-Time Lecturer, Mount Kenya University. She has been working as an Acting Deputy Director-Research in charge of Policy, Planning & Strategy Division in the Directorate of Research Management and Development at Ministry of Education Science and Technology headquarters. She has also been an assistant Director Quality Assurance and Standards Officer in charge of Teacher Education Development at the MoE headquarters and a senior Inspector of Schools in charge of Grading and regrading of Teachers Sub Section and in addition she coordinated Social Studies Subject at the MoE headquarters.



**Fauziya Brek Karama OGW,**  
**Chairman FHR Com**

**YoB:1966**

**MBA Bsc, Communications Manager**

Ms. Karama is currently Head of Department - School of Business Raf International University. She also served as Head of Special Programs & Brand Communication – (B2B Marketing Telkom Kenya) among other positions. Ms. Karama is a member of Professional bodies in Management and Marketing. Ms. Karama's core competencies include;

- Excellent team player to achieve desired goals and objectives including conducting ISO and Process audits
- Skilled in Project planning and execution.

- Strategic management, operational and logistics management and forecasting.
- Highly result-oriented individual with strong sense of commitment and integrity
- Skilled in internal staff capacity building, training and development.
- Good communication skills – oral and written, consensus building.
- Strong Analytical assessment skills on statistical analysis.
- Computer literate in Word, Excel, Powerpoint and SPSS (Statistical Package for Social Scientists).
- Excellent team player and motivator of staff to achieve desired goals and objectives
- Sensitive to cultural diversity and gender issues.
- Self-motivated with a strong desire to achieve performance targets and performs well even with no supervision
- Excellent writing skills – project reports, field visit reports and status reports.
- Expert in preparation of Business Performance reports and in preparations of Business Plans.
- Oriented in conducting business development surveys.
- Highly result –oriented individual and strong sense of commitment and integrity.



**Arthur Anam Rateng, OGW**

**Chairman AGRMC Com**

**YoB:1953.**

**MSc, B.Ed (Tech. I), Educationist**

Mr. Rateng has worked as Director of Technical Education in the Ministry of Education, Science and Technology. He also served as the Chief Principal, Machakos Technical Training Institute among other training institutions

Mr. Rateng is a highly skilled leader with diverse experience and capacity to initiate new projects and turn around existing projects in a cost-effective manner. Endowed with excellent capacity in situation analysis, interpretation and report writing as well as the knack for making written and oral presentations. He exhibits the following competencies;

- Policy design, formulation, planning and implementation.
- Training program design, development and implementation.
- Job task analysis, goal setting and staff deployment
- Project formulation, planning, implementation, monitoring and evaluation
- Organizing scientific and technological shows and exhibitions
- Teaching Practice coordination and supervision
- Coordination of examination setting, moderation, supervision, management and related psychometric processes
- Development of competency based modular TVET curriculum
- Planning, organizations and facilitation of training sessions, seminars, workshops and conferences
- Development of project proposals and terms of reference for research studies and consultancies in various aspects of TVET
- Machine tool design and development for industry
- Productivity improvement training and work organization



**Paul Mwaura Wanderi**

**Member**

**YOB:1977**

**MA-Project Planning & Management**

**(UON),PGD-HRM(KIM),B.Ed(Egerton)**

Mr. Wanderi is an independent assessor for Sustainable Development Goals for governments and intergovernmental bodies in Africa. Mr. Wanderi has also worked as a Deputy Chief Executive Officer and Head of Programmes at Kenya Land Alliance (KLA). Mr. Wanderi

is a highly skilled, result-driven professional in the leadership and strategic management with diverse experience having in depth knowledge and unmatched skills in executive management and leadership. He has extensive experience in programme design, organizations strategic plans development, fundraising, monitoring and evaluation. Research analysis using quantitative and qualitative techniques. Extensive experience in Grant Making in Africa. Key focal areas of experience include Project Capacity Assessment, Civic Education, Training and Development, Capacity Building, Conflict Resolution, Human Rights, NGOs and Civil Society, Community Projects Design and Management, Monitoring and Evaluation, Politics and Policy Advocacy, Devolution Governance, Partnership and Relationships building. He values transparency, accountability, justice, good governance and the adherence to the rule of law. He works hard to assist the community to realize their potential in providing services that improve the social economic status in pursuit of sustainable development and a just and equitable society regardless of gender, race, nationality, religious or any other inclination.



**Mr. Isaiah Odiwuor Ochelle**

**Member**

**YOB: 1978**

**Rep.,CS, National Treasury & Planning**

Mr. Ochelle holds a Bachelors of Arts Degree in Economics (Major) First Class Honors from the University of Nairobi (2002) and M.A in Public Policy (MPP) from University of Erfurt, Germany (2011). He has worked with the National Treasury for over 16 years. During this period, he has gained working experience in public sector financial management and national budgeting. He has served both in the Government Information Technology Services department and currently serving in the Budget Department at the National Treasury as an Assistant Director of Budget. He represents Cabinet Secretary/ National Treasury at the Council





**Rodney Odhiambo Oluoch,**

**Member**

**YoB:1980**

**LL.M-Tax Law (UNISA),**

**BL.L (Hons) (Moi University), PGD-Law (KSL)**

Mr. Oluoch is an Advocate of the High Court of Kenya and currently a partner at NETO OTIENO and Company Advocates.

Mr. Oluoch has practical 12 years legal experience during which time he has:

- Practiced law as a litigation counsel based in Kisumu city.
- Adjunct lecturer in local universities and colleges.
- Been employed as a Senior Legal officer and head of Legal Department at Bondo University College/Jaramogi Oginga Odinga University of Science and Technology (JOOUST).
- Been the Scheme Secretary of JOOUST Staff Retirement Benefits Scheme;
- Performed Council/Board Secretarial duties for the JOOUST Council.
- Been a member of several committees and Boards within JOOUST.
- Has been trained on management and leadership.
- Carried out civic education, training and consultancy for various legal entities and government agencies.
- Drafted Bills and By-Laws for County Governments.
- Offered general consultancy services for various government agencies and private enterprises.
- Presented papers at various conferences and workshops.



**Dr. Christopher K. Yegon**

**Member**

**YoB:1967**

**PhD (BA), MBA, BBM**

Rep., PS, State Department for University Education and Research,  
Ministry of Education.

Dr. Yegon has vast experience in education and training having risen through the ranks in the Ministry of Education to his current position of Deputy Director, Directorate of University Education, State department for University Education and Research.

UNIVERSITY COLLEGE  
SPRING OF KNOWLEDGE

## MEMBERS OF THE UNIVERSITY COLLEGE MANAGEMENT



**Prof. Ogodo. M.J. Nandi**

Principal  
PhD(Maseno University), MBA(Moi University), MA(UoN), BA (UoN)



**Prof M.M Amadalo**

Deputy Principal,  
(Finance & Development )  
PhD(KU), Med(KU), Bed,(Sc),Hons(UoN).



**Dr. E. Okwako,**

Ag. Deputy Principal, (ASA)  
Dean SESS  
PhD, M.Phil (Moi University), B.Ed (Arts),Hons (Kenyatta University).



**Dr. Samwel Munda,**

Assistant Registrar  
(Academic Affairs)  
PhD. (MMUST), M.Ed (Mgt)  
Egerton University, B.Ed(Sc).



**CPA Irine Lumatete,**

Ag. Finance Officer  
MBA (Finance)-  
UoN,Bcom(Accounting)-  
UoN, CPA (K).



**Dr. G. S. Manyali.**

Rep. Deans  
Ph.D (Physics)(Wits, SA), M.S.c (Physics)  
(Wits, SA), B.S.c(Physics) (Moi University )



**Dr. N. Fozia Rajab** Rep CoDs

PhD in Business Admin.(Procurement  
Logistics)(JKUAT), MBA (Strategic Mgt, (Kisii  
University) BBM (Marketing) (Moi University)



**Dr.P.A.Mugesani,**

Ag. Deputy Registrar (HR & Admin)  
B.Ed. (Arts)Hons(KU), MBA (HRM)(KU),  
PhD (HRM)JKUAT



**Ms. C. Shikuku** ,  
Assistant Librarian

Diploma (Information Studies) Kenya Polytechnic, Bsc LLB (Hons) KU, Post Graduate Dip, Law (KSL). (Information Science) Moi University, Msc (Moi University).



**Ms Linet Mayavi,** Advocate  
In-Charge Legal Affairs Office

Dip. Public Relations (ICM)

## STATEMENT FROM THE CHAIRPERSON OF THE UNIVERSITY COUNCIL



Am delighted to present an overview of the University College performance for the year ended 30<sup>th</sup> June 2020. On behalf of the KAFUCO Council and all stakeholders, I would like to thank the Government of Kenya, for their continued support over the year in striving to make KAFUCO a World Class University that impacts society.

Allow me to appreciate and pass my sincere gratitude to the pioneer Council of the University College whose term ended on 6th November, 2019 for their hard work, and selflessness during their tenure. The transformative process that happened under the watch of the first Council albeit the challenges and their place in the history of KAFUCO is immeasurable!

The second Council inaugurated on 17th January, 2020 has remained dedicated and united in support of efforts by KAFUCO Management in transforming the University College into a regional and globally leading Centre of academic, research and innovation excellence.

I am delighted to report that during the period under review, major renovations and rebranding works: assembly hall, students centre, nursing skill laboratory, conversion of; the art room and classrooms to Science laboratories, classrooms to modern lecture halls and offices, and provision of furniture were undertaken to improve service delivery in teaching and research.

Looking ahead to the future of academia, one of the most exciting trends to emerge in 2020 has been the socio-economic impact of the Covid-19 pandemic which reflect a rapid change in the nature of higher education curriculum delivery modes and more use of technologies which has significantly strained the established ICT infrastructure at the University College.

KAFUCO has been keen on addressing national aspirations by conforming to national policies such as the Big Four agenda, Kenya Vision 2030 and Sustainable Development Goals. Our resilience despite challenging global trends and inadequate funding in university education underlines the importance of our focus to position KAFUCO as a spring of knowledge in providing quality education, teaching, research and innovation that meet the needs of a complex society. In order to power the University College to achieve its next level of growth, we initiated integration of ICT in curriculum delivery.

I would like to thank the Council members, Management and staff for their continued support over the year in striving to make KAFUCO a World Class University that impacts on a dynamic Society.

A handwritten signature in black ink, appearing to read 'Bernadette Mungai', written over a light blue background.

**DR. BERNADETTE MUNGAI, PhD.**  
**CHAIRMAN, KAIMOSI FRIENDS UNIVERSITY COLLEGE COUNCIL**

## PRINCIPAL'S STATEMENT



It is my humble duty and privilege to present the Annual Report and Financial Statements for the year ended June 30th, 2020. This report helps us to reflect on our performance for the year, gives us an opportunity to celebrate our success and at the same time identify areas of improvement.

During the year under review, the University College remained focused on its mission of providing quality education and training, research and innovation to meet the needs of a dynamic society.

Following the end of tenure for the first Council in November, 2019, the Cabinet Secretary immediately appointed a new Council led by Dr. Bernadette Mungai. This brought in fresh blood and motivation in Governance and Leadership at the University College. Since its inauguration on 17th January, 2020, the Council is key in formulation and approval of various policies to ensure that governance of the University College is founded on the Mwongozo Code of Ethics. We continue to rely on Council for direction and guidance to achieve our objectives as set out in the reviewed University College Strategic Plan 2018/2023.

In FY 2019/2020, we were mainly funded through Government Capitation and recorded a total recurrent income of KES 576.301M which included recurrent grant of KES 477.893M, and KES 98.298M from Appropriation In Aid (A-I-A). The University College recorded a surplus of Kshs. KES 104.509M from the previous year's deficit of KES 55.308M. This improved performance is attributed to strict discipline in budgetary controls and cost management.

In our endeavor to attain our core mandate, KAFUCO in collaboration with researchers from Rongo University, United States International University (USIU), Africa and Kenya Agricultural and Livestock Research Organization (KALRO) won a Kshs. 20 million grant from the Kenya National Research Fund (NRF) with the Principal of KAFUCO as the principal investigator under sustainable agriculture to mitigate the effects of climate change.

In response to COVID-19 pandemic, KAFUCO formulated its alcohol based hand sanitizer which was approved by the Kenya Bureau of Standards (KEBS) with standardization mark number 43913 effective from 15/07/2020 to 14/07/2021. We are steering the acquisition of KEBS' mark of quality.

The University College has actively continued to engage in building international research partnerships and linkages. We are in the process of developing an even stronger focus on the short, medium- and long-term impact of our research output aligned to the Kenya Vision 2030, Sustainable Development Goals (SDGs) and Big 4 agenda.

I take this opportunity to convey my appreciation to the Council, University College Management Board and all our stakeholders for their commitment and splendid efforts to have seen KAFUCO successfully move towards its goal of becoming a world class University.

Finally, I would like to thank the Government of Kenya for guidance and continued support.



**PROF. OGODO, M. J. NANDI**  
**THE PRINCIPAL**

**REVIEW OF KAFUCO STRATEGIC PERFORMANCE FOR FY 2019/2020**

Kaimosi Friends University College has FOUR strategic pillars and objectives within its Strategic Plan FY 2018/2019-2022/2023

**Objectives**

Being a comprehensive teaching and research university, KAFUCO is expected to work towards the achievement of the following general objectives: -

- a) To increase student enrolment equitably
- b) To Institutionalize effective research and development; and innovation
- c) To Harness Human Resource
- d) To establish a strong capital and financial base
- e) To Enhance Infrastructure
- f) To Improve on Governance and Management
- g) To Enhance Collaboration and Linkages
- h) To Enhance Security

The strategic pillars are as follows:

Pillar 1: Access, Academic Excellence, Research and Innovation

Pillar 2: Human capital and Financial Base

Pillar 3: Physical Facilities and Infrastructure

Pillar 4: Institutional Governance

KAFUCO develops its annual work plans based on the above four pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The University achieved its performance targets set for the FY 2019/2020 period for its four strategic pillars, as indicated in the diagram below:

Strategic Pillar	Objective	Key Performance Indicators	Activities	Expected Target	Achievements
Pillar 1: Access, Academic Excellence, Research and Innovation	To increase student enrolment equitably	Number of students in science courses	Admit students in science programmes	751	751
		Number of students admitted	Admit students to the programme	2063	2063
		E-learning infrastructure	Design, develop and implement E-learning infrastructure	100%	100%
		No. of books	Increase book: student ratio	Kshs. 4,000,000	Kshs. 4,812,014
		e-resources	Established e-library		
Pillar 2: Human capital and Financial Base	To Institutionalize effective research and development; and innovation	Number of research programmes/projects and innovations	Fund research and innovations	5	5
	To Harness Human Resource	Number of staff trained and developed	Train & Develop Staff	100%	100%
Pillar 2: Human capital and Financial Base	To establish a strong capital and financial base	Pending bills	ensure pending bill do not exceed 1%	< 1%	0.08%
		A-in-A Mechanism	Develop and implement a mechanism to enhance A-in-A	132,896,000	98,308,075
		Absorption of allocated funds	absorbing all the allocated funds	100%	



Strategic Pillar	Objective	Key Performance Indicators	Activities	Expected Target	Achievements
<b>Pillar 3: Physical Facilities and Infrastructure</b>	To Enhance Infrastructure	construction of tuition block and associated works	complete basement rooms and super structure for the lower side of the structure and roofing	100%	0%
		proposed projects	Renovation and equipment of science and connection of new sewer system	100%	100%
		Renovation and branding of buildings	Renovation of building, completion of modern dairy unit and supply of LPG	100%	83%
<b>Pillar 4: Institutional Governance</b>	To Improve on Governance and Management	national cohesion and national values	Implement all relevant laws and regulations	100%	100%
			Develop, review, administer policies and regulations that are responsive to effective management of KAFUCO	100%	100%
	To Enhance Collaboration and Linkages	No. of Collaborations and Linkages	Develop and Review Collaborations and Linkages	1	1
	To Enhance Security	Number of Staff & Students trained	Train Staff & Students on Security matters	100%	100%
Number of Equipment Installed		Install Security Equipment	100%	100%	



## CORPORATE GOVERNANCE STATEMENT

### 1. Ownership

KAFUCO is a body corporate Gazetted on 22<sup>nd</sup> May 2015 as a Constituent College of Masinde Muliro University of Science and Technology under the Gazette Legal Notice No. 87 Kenya Gazette supplement No 65. The University College is wholly owned by the Government of Kenya.

### 2. Responsibility of the University College Council

The University College Council is responsible and accountable to the Government of Kenya through the State Department of University Education and Research for ensuring that the University complies with the Universities Act 2012, the University Statutes (2013) and adheres to the highest standards of corporate governance as prescribed in the State Corporations Act and the code of Governance for State Corporation (Mwongozo).

### 3. Remuneration of the University College Council members.

The University College Council members other than the Principal and the ex-official members do not receive a salary. They are however paid a sitting allowance for every meeting attended. The sitting allowance paid to the Council members is disclosed in note 12 of the Annual report and financial statements.

### 4. Conflict of Interest

The Council has complied with Mwongozo provisions paragraph 1.3 that expects each Council member to act honestly at all times and not to place themselves in a situation where their personal interest conflict with those of the organization. In addition, in compliance with paragraph 1.16, Council members disclose all real or perceived conflict of interest registered in a register maintained and updated accordingly.

However, the Council is yet to develop a policy on Conflict of Interest as envisaged by paragraphs 2.6 and 4.3. The Policy is among those scheduled for development to provide a framework to manage these conflicts.

### 5. Risk Management

The identification and management of risk is a continuous process linked to the achievement of the University's objectives. The Council is responsible for risk management and has an approved policy and procedure document for risk management. The University College conducts risk assessment on regular basis which informs the internal audit plan. The University College has a risk management committee which oversees the risk management. The University College has an Internal Audit department to carry out risk based internal audits on a quarterly basis. The University Council through its Audit and Compliance Committee received regular reports during the financial year on internal control and risk.

Moreover, the University College management conducts legal compliance reviews, which are reported to the Council. The University College has an in-house legal officer who advises on legal issues.

#### **6. Statement of Compliance**

The Council Members confirm that Kaimosi Friends University College has throughout the financial year ending 30<sup>th</sup> June ,2020 complied with the entire statutory and regulatory requirements and has been managed in accordance with the principle of Corporate Governance.

#### **7. Committees of the University College Council**

In order to facilitate the smooth running of its affairs, the University Council establishes such Committees with the membership and with such terms of reference as it may deem fit. The following Committees were in place during the Financial Year ending 30<sup>th</sup> June, 2020;

- i. Finance & Human Resource Committee
- ii. Audit, Governance, Risk Management & Compliance Committee
- iii. Academic, Strategy, Planning, Development & Innovation Committee

The University Council nominates the Chairperson of each Committee of the Council provided that in the absence of the Chairperson of any Committee, the members present and constituting a quorum may elect one person from among them to chair the meeting. The Chairperson of the University Council and the Principal are ex-officio members of every Committee of the Council.

#### **Finance & Human Resource Committee**

The Committee provides oversight, policy recommendation and advice on matters relating to the University College Finance & Human Resource matters, and pay due regard to the necessity of referring the matters of major importance to the Council for final approval.

#### **Audit, Governance, Risk Management & Compliance Committee**

The Committee oversees and advises on matters relating to the safety of assets; operations of adequate systems; control processes, preparation of accurate financial reports in compliance with legal and statutory requirements and standards; internal and external audits; risk management strategies; institutional governance; monitoring of performance contract; and quality assurance.

#### **Academic, Strategy, Planning Development & Innovation Committee**

The Committee advises and oversees the strategic development and implementation of academic and research programmes; physical facilities and infrastructures plan; quality assurance for excellence in teaching, research and innovation and protection of intellectual assets.

## MEMBERSHIP TO COMMITTEES OF COUNCIL

### a) FINANCE AND HUMAN RESOURCE COMMITTEE

1. Ms. Fauziya Brek Karama, OGW - Chairperson
2. Mr. Rodney O.Oluoch - Member
3. Dr. Christopher K. Yegon - Rep., PS, State Department for University Education and Research
4. Mr. Isaiah Odiwuor Ochelle - Rep. CS, National Treasury and Planning
5. Prof. Ogodo, M. J. Nandi - Secretary

### b) AUDIT, GOVERNANCE, RISK MANAGEMENT AND COMPLIANCE COMMITTEE (AGRMC)

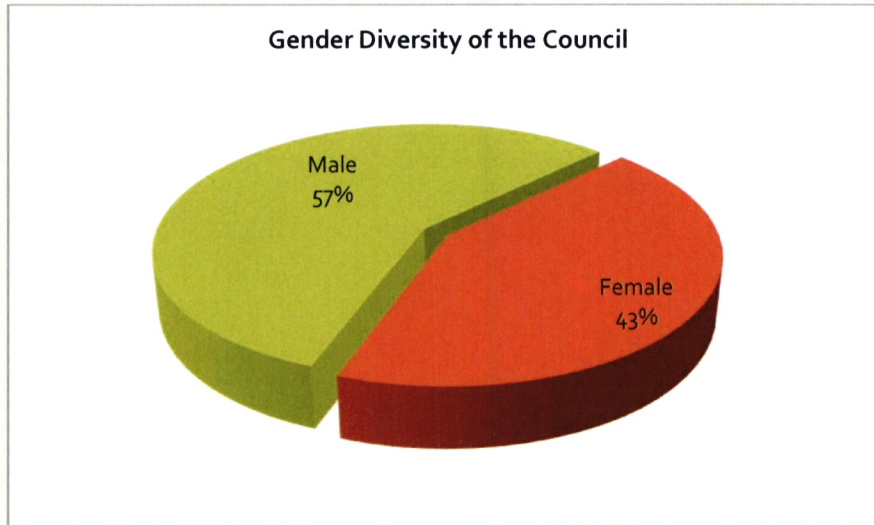
1. Mr. Arthur Anam Rateng, OGW - Chairman
2. Mr. Paul Mwaura Wanderi - Member
3. Dr. Christopher K. Yegon - Rep., PS, State Department for University Education and Research
4. Mr. Isaiah Odiwour Ochelle - Rep., Rep., CS, National Treasury & Planning
5. CPA Fred Wasike - Internal Auditor/Secretary

### c) ACADEMIC STRATEGY, PLANNING, DEVELOPMENT & INNOVATION COMMITTEE (ASPD&I)

1. Dr. Josephine D. Waudo - Chairperson
2. Mr. Paul Mwaura Wanderi - Member
3. Dr. Christopher K. Yegon - Rep., PS, State Department for University Education and Research
4. Mr. Isaiah Odiwour Ochelle - Rep., CS, National Treasury & Planning
5. Prof. Ogodo, M. J. Nandi - Secretary

## GENDER DIVERSITY OF THE COUNCIL

The University Council composition meets the constitutional requirement relating to gender rule as shown in the pie chart below;



## TERMS OF REFERENCE(ToR) OF COUNCIL COMMITTEES;

### Finance and Human Resource Committee ToR

- i) Ensure compliance with finance and labour related laws, regulations and relevant circulars.
- ii) Recommend for approval, the necessary policies for finance, resource mobilization and Human Resource functions.
- iii) To advise the Council on policies and strategies relating to finance and resource mobilization.
- iv) Shall review and recommend to Council the approval of the Budget and the Financial Reports.
- v) Shall recommend for approval the annual procurement plan and ensure it is aligned to the approved Annual Budget and cash flow projections.
- vi) To receive and consider Monitoring and Evaluation reports on performance in the execution of ongoing projects and make suitable recommendations to the Council.
- vii) To oversee the proper utilization and safeguarding of all University assets and funds.
- viii) To consider and make recommendation to Council, any intended application of the University Seal to documents.
- ix) To review and recommend employment structure including job grading/ classification.
- x) To review and recommend the appointment, terms of appointment, performance and remuneration of the senior staff.

- xi) To review and recommend terms and conditions of service for employees, grievance mechanisms, disciplinary action, staff development and training, incentives for employees.
- xii) Review, recommend and coordinate training needs and appropriate Council Evaluation.
- xiii) Review and assess, at least annually, the Committee's Charter for approval by the Council.
- xiv) Coordinate Council Committees' effectiveness and performance.

Perform any other duties that the Council may assign from time to time related to finance, resource mobilization and Human Resource functions.

#### **AGRMC ToR**

- i) Ensure compliance with the law and regulations.
- ii) Approve the necessary policies for Audit, Governance, Risk Management and Compliance functions.
- iii) To oversee the internal and external audit function.
- iv) Examine Internal and External Auditors' findings and recommendations for the improvement of the internal controls.
- v) Receive Management's response and track implementation status of internal control recommendations.
- vi) Advise Management about any significant deficiencies in the design and operation of internal controls.
- vii) Continuously review the implementation of the risk management framework.
- viii) Review and assess, at least annually, the Audit Committee's Charter for approval by the Council.
- ix) Perform other oversight functions that the Council may assign from time to time related to Audit, Governance, Risk Management and Compliance functions.

#### **ASPD&I ToR**

- i. Oversee the development and regular updating of all policies relevant to the University College's Strategic Plan, Academic, development and innovation.
- ii. Provide strategic advice to the Council on development and updating of the University College's Strategic Plan, Academic, development and innovation.
- iii. Ensure negotiation, monitoring and evaluation of the University College's Performance Contract (PC).
- iv. Provide oversight to all infrastructure developments.



- v. Oversee the development and evaluation of the University College's academic programmes.
  - vi. Recommend to the Council potential areas of research, development and innovation for the University College.
  - vii. Ensure monitoring and evaluation of the University College's research as well as dissemination of research outputs through publications and exhibitions.
  - viii. Oversee protection of the University College's intellectual property and rights.
  - ix. Advise the Council on matters pertaining to international conventions.
  - x. Enhance the University College's Corporate Image.
  - xi. Ensure the University College's certification by the International Organization for Standardization (ISO).
  - xii. Oversee the development and approval of the Council Charter, Almanac and work plan.
  - xiii. Review and assess, at least annually, the Committee's Charter for approval by the Council.
- Perform other oversight functions that the Council may assign from time to time related to Strategic Plan, Academic, development and innovation function.



## UNIVERSITY COLLEGE COUNCIL MEETINGS

During the FY 2019/20 Council developed and implemented a work plan (Council Almanac). Council and its committees held a total of twenty-seven meetings (both ordinary and special meetings). Quarterly meetings are normally held as per State Corporation Act 446, PFM Act 2012 and performance contracting regulations for the purpose of complying with the statutory timeliness stipulated in these laws for submission of reports to Government Agencies. During the Year under review, Council and its Committees held their meetings regularly with the summary of its meeting being as below:

Council Members	Position in Council (Chairman/CEO/Member)	Gender	Date of Appointment DD/MM/YYYY	Expiry of Appointment DD/MM/YYYY	Membership & attendance	University College Council	Finance & Resource Mobilization Committee	Human Resource Committee (HR)	Academic, Strategy, Planning, Development and Innovation Committee, (ASPD&I)	Audit, Governance, Risk Management and Compliance Committee, (AGRMC)
<b>PIONEER COUNCIL</b>										
Dr. Bernadette Mungai	Chairperson, Council	F	07/11/2016	07/11/2020	Membership	√	X	X	X	X
					Attendance	3/3	-	X	X	X
Prof. Ogodo, M. J. Nandi	Principal / Secretary	M	25/01/2018	25/01/2023	Membership	√	√	√	√	X
					Attendance	3/3	3/3	3/3	4/4	X
FCPA Joseph Z. M. Abuta	Chairman, FRM Committee	M	07/11/2016	07/11/2019	Membership	√	√	X	√	X
					Attendance	3/3	3/3	X	4/4	X
Ms. Jacqueline O. Ingutiah	Chairperson, HR Committee	F	07/11/2016	07/11/2019	Membership	√	X	√	X	√
					Attendance	2/3	X	2/3	X	2/3
Dr. Ellie O. Osir	Chairperson, ASPD&I Committee	M	07/11/2016	07/11/2019	Membership	√	√	X	√	X
					Attendance	2/3	3/3	X	4/4	X
CPA Romana Kimende	Chairperson, AGRMC Committee	F	07/11/2016	07/11/2019	Membership	√	X	√	X	√
					Attendance	3/3	X	3/3	X	3/3
Dr. Josephine D. Waudo	Member	F	07/11/2016	07/11/2019	Membership	√	X	√	√	X
					Attendance	3/3	X	3/3	4/4	X
Ms. Jane W. Wambugu	Representative, CS, National Treasury	F	10/5/2017	10/5/2020	Membership	√	√	√	√	√
					Attendance	2/3	3/3	3/3	4/4	3/3
Ms. Nereah Olick	Representative, PS, State Department for University Education & Research	F	04/06/2018	04/06/2019	Membership	√	√	√	√	√
					Attendance	2/3	3/3	3/3	4/4	3/3



Council Members	Position in Council (Chairman/CEO/Member)	Gender	Date of Appointment DD/MM/YYYY	Expiry of Appointment DD/MM/YYYY	Membership & attendance	University College Council	Finance & Human Resource Committee (FHR)	Trainings	Academic, Strategy, Planning, Development and Innovation Committee, (ASPD&I)	Audit, Governance, Risk Management and Compliance Committee, (AGRMC)
<b>CURRENT COUNCIL</b>										
Dr. Bernadette Mungai	Chairman	F	07/11/2016	06/11/2020	Membership	√	X	√	X	X
					Attendance	3/3	X	I	X	X
Prof. Ogodo, M. J. Nandi	Principal/Secretary	M	25/01/2018	24/01/2023	Membership	√	√	√	√	X
					Attendance	3/3	I	I	X	X
Dr. Josephine D. Waudo	Member	F	20/11/2019	19/11/2022	Membership	√	X	√	√	X
					Attendance	3/3	X	I	X	X
Ms. Fauziya B. Karama, OGW	Member	F	20/11/2019	19/11/2022	Membership	√	√	√	X	X
					Attendance	3/3	I	I	X	X
Mr. Arthur A. Rateng, OGW	Member	M	20/11/2019	19/11/2022	Membership	√	X	√	X	√
					Attendance	3/3	X	I	X	X
Mr. Paul Wanderi	Member	M	20/11/2019	19/11/2022	Membership	√	X	√	√	√
					Attendance	3/3	X	I	X	X
Mr. Rodney O. Oluoch	Member	M	20/11/2019	19/11/2022	Membership	√	√	√	X	X
					Attendance	3/3	I	I	X	X
Dr. Christopher K. Yegon	Representative, PS, State Department for University Education & Research	M	20/2/2020		Membership	√	√	√	√	√
					Attendance	1/3	X	X	X	X
Mr. Isaiah O. Ochelle	Representative, CS, National Treasury	M	19/08/2019		Membership	√	√	√	√	√
					Attendance	1/3	X	I	X	X

## MANAGEMENT DISCUSSION AND ANALYSIS

We have the pleasure to present the Annual Report and Financial Statements of KAFUCO for the period ended June 30, 2020 as per the Universities Act, 2012 and the Public Audit Act, 2015.

Despite the many challenges inherent in the university college's operating environment, the college continued to discharge its mandate of teaching, research and innovation successfully throughout the year.

### STUDENT ENROLMENT AND TEACHING

The University College has two functional divisions of which Academics and Students Affairs is mandated with the direct pursuit of quality teaching, learning, Research, innovation and holistic development as outlined in the University Vision. The division is currently made up of the following Schools, Directorates and administrative Departments:

- i) School of Education and Social Sciences
- ii) School of Business and Economics
- iii) School of Science
- iv) School of Computing and Informatics
- v) School of Nursing (being established)
- vi) Directorate of Postgraduate Studies
- vii) Directorate of Research, Innovations and Outreach
- viii) University Library
- ix) Office of the Dean of Students
- x) Office of the Registrar (Academic Affairs)

### Review of Academic programmes

The University College offers a total of 36 Senate approved and CUE accredited programs whose enrolment has generally been on a positive growth trajectory since the establishment of the University College. These include:

- i) Two (2) PhD programs
- ii) Nine (9) Masters programs
- iii) Seventeen (17) Bachelors programs
- iv) Four (4) Diploma Programs
- v) Four (4) Certificate Programs



### Staffing

The University College has fifty-seven (57) full time academic members of staff across schools distributed by rank as indicated below:

SNo.	Staff Rank	Number of Staff
1	Professors	1
2	Associate Professor	1
3	Senior Lectures	11
4	Senior Research Fellow	1
5	Lecturers	11
6	Tutorial Fellow	32
	<b>TOTAL</b>	<b>57</b>

The University College is understaffed, with Part-time lecturers filling the staffing gap. There were 107 Part-time lecturers during the financial year period under consideration.

### Student Enrolment

There were 2,158 students enrolled in the University College in the Financial Year 2019/2020. Students enrolled in schools as in Table 1 below:

Table 1: Student Enrolment in Schools

S/N.	School	Enrolment	Percentage
1	School of Business and Economics	467	21.6%
2	School of Computing and Informatics	92	4.3%
3	School of Education and Social Sciences	1,388	64.3%
4	School of Science	211	9.8%

Figure 1 shows a pictorial representation of students' distribution across the schools.

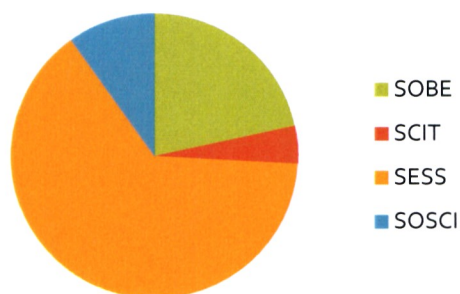


Fig. 1. Institutional Enrolment Distribution in Schools 2019/2020

## Enrolment Trends

Since its establishment as a campus and later as a Constituent College of Masinde Muliro University of Science and Technology (MMUST), KAFUCO has had a steady positive growth in student enrolment; Table 2 below highlights enrolment for the period 2014/2015 to 2019/2020.

Table 2: Institutional Enrolment Trend 2014/15-2019/20

YEAR	GSSP	PSSP	TOTAL
2014/15	186	49	235
2015/16	455	101	556
2016/17	1013	306	1319
2017/18	1520	218	1738
2018/19	1585	235	1820
2019/20	1879	279	2158

Figure 2, presents a pictorial view of student enrolment growth by category over the period.

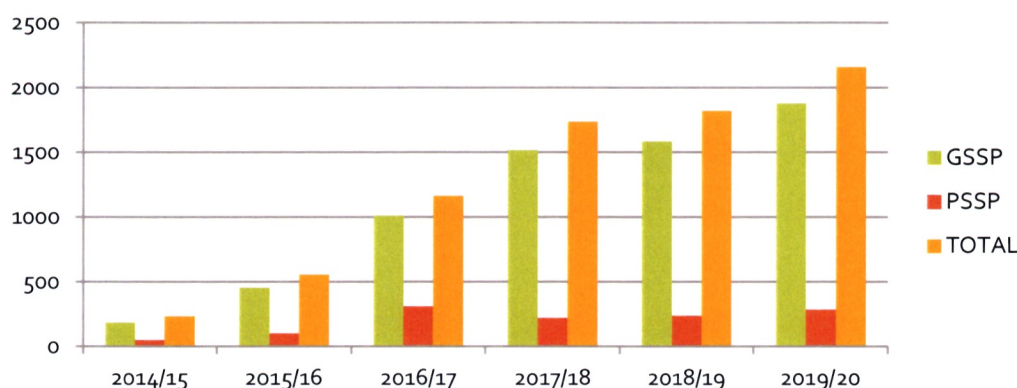


Fig. 2: Student Enrolment Growth by Category

## Graduation

The University College has graduated two (2) cohorts since enrolling the first group of students in August 2014. The distribution of graduates across schools is as indicated in the Table 3 below:

Table 3: Institutional Graduation

Year	SOBE	SESS	SCIT
2018	53	142	0
2019	56	208	6
<b>Total</b>	<b>109</b>	<b>350</b>	<b>6</b>



Figure 3 presents a pictorial view of graduation trends over the past two years

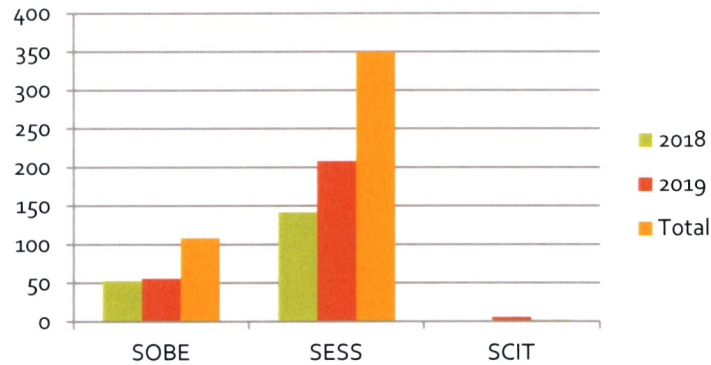


Fig 3: Institutional Graduation Trends

### 1. School of Business and Economics

The school of Business and Economics(SOBE) is one of the pioneer schools in the University College, having been established at inception in 2015. Its vision is to be a leading Business school connecting the region and the world. The Schools progressive positive enrolment growth is testimony of its staffs' ability to transform and deliver on its mandate. The school has received tremendous support from all stakeholders within and outside the University College to realize these achievements.

#### Departments

SOBE is made up of the following departments:

- i) Department of Business, Administration and Management
- ii) Department of Accounting and Finance
- iii) Department of Economics

#### Academic Programs

The school offers the following programs:

- i) Masters of Business Administration
- ii) Bachelors of Commerce
- iii) Bachelors of Science in Economics
- iv) Diploma in Business Management
- v) Certificate in Business Management

Options under Business Management Courses include:

- i) Accounting
- ii) Banking and Finance

- iii) Business Administration
- iv) Entrepreneurship
- v) Marketing
- vi) Human Resource Management
- vii) Purchasing and Supplies Management

Plans are at an advanced stage to establish KAFUCO Professional Centre which will offer the following KASNEB courses:

- Diploma in Credit Management
- Accounting Technicians Diploma
- Certified Credit Professionals
- Certified Public Accountant
- Certified Investment and Financial Analyst
- Certified Procurement and Supply Professional
- Associate Procurement and Supply Chain

### Enrolment

The student enrolment in regular programmes of the school for the 2019/2020 academic year is indicated in Table 4 below:

Table 4: Student Enrolment in Regular Programmes

Programme	GSSP	PSSP	TOTAL
Bachelor of Commerce	326	34	360
Bachelor of Science (Economics)	75	0	75
Certificate in Business Management	0	3	3
Diploma in Business Management	0	14	14
Masters of Business Administration	0	15	15
<b>TOTAL</b>	<b>401</b>	<b>66</b>	<b>467</b>

Figure 4 below gives a pictorial illustration of enrolment in the school for the academic year 2019/2020.

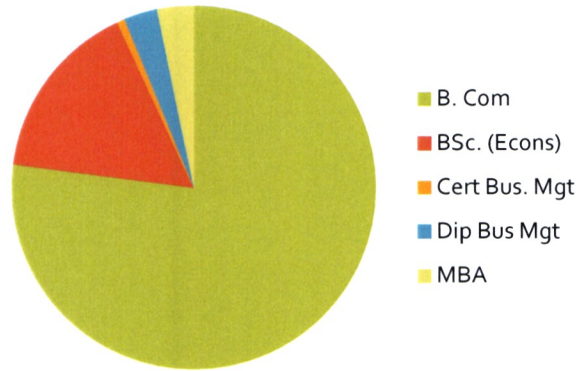


Fig. 4: Enrolment for 2019/2020 Academic Year

**Enrolment Trends**

The student enrolment for the period 2014/15 - 2019/20 is summarized in the table 5 below:

Table 5: Student Enrolment for 2014/15 - 2019/20

	GSSP	PSSP	TOTAL
2014/15	52	5	57
2015/16	107	18	125
2016/17	242	16	258
2017/18	371	37	408
2018/19	409	50	462
2019/20	401	66	467

The Figure 5 below depicts enrolment trends in the school under Government Sponsored (GSSP) and Privately Sponsored (PSSP) programs

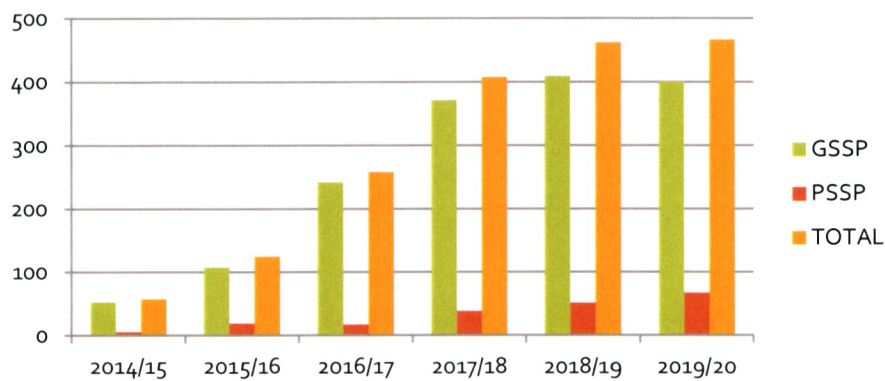


Fig. 5: Enrolment Trends

## Graduation

The school has graduated two cohorts of students since its establishment. Table 6 below is a display of graduations for the programmes offered in the School.

Table 6: Students Graduation

Year	B. Commerce	Diploma	Certificate
2018	46	7	0
2019	49	4	3

Figure 6 below gives a pictorial illustration of graduation trends in the school.

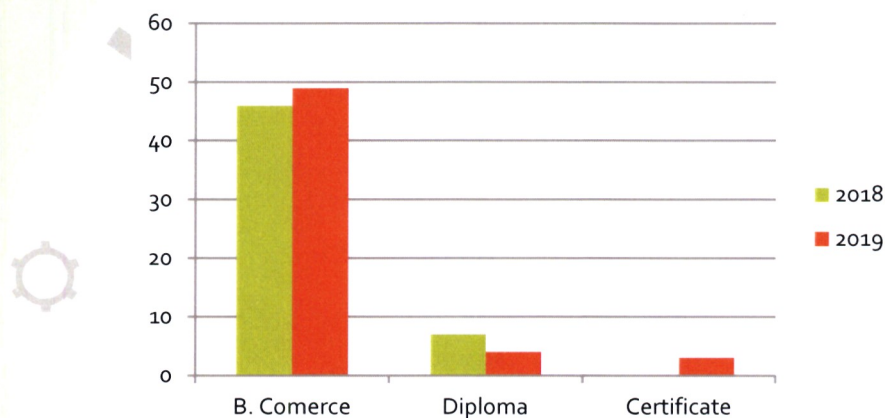


Fig. 6: Students Graduation Trends

## 2. School of Education and Social Sciences

The School of Education and Social Sciences (SESS) is the mother of all schools in KAFUCO having been the transitional School from MMUST when KAFUCO was being established.

### Departments of the School

The following departments constitute the School of Education and Social Sciences:

- i) Department of Languages and Literature
- ii) Department of Social Sciences
- iii) Department of Curriculum Studies
- iv) Department of Psychology, Foundations and Managements

### Programs

The following Programmes are offered in the School of Education and Social Sciences:

- i) Doctor of Philosophy in Literature
- ii) Masters of Education (English)

- iii) Masters of Arts in Religion
- iv) Masters of Arts in Comparative Literature
- v) Masters of Education in Education Psychology
- vi) Masters of Arts in Kiswahili
- vii) Masters of Arts in Geography
- viii) Bachelor of Education (Arts)
- ix) Bachelor of Education (Science)
- x) Bachelor of Education (French)
- xi) Bachelor of Education (ECDE)
- xii) Bachelor of Disaster Management and International Diplomacy
- xiii) Bachelor of Criminology
- xiv) Bachelor of Social Work
- xv) Diploma in Criminology and Criminal Justice
- xvi) Diploma in Social Work
- xvii) Certificate in Criminology
- xviii) Certificate in Social Work

The Doctor of Philosophy in Religion program was approved for offer in KAFUCO by MMUST Senate and is lined up to be offered in the academic Year 2020/2021.

### Enrolment

The school has a total enrolment of 1,388 students distributed in 18 programmes, seven of which are post graduate, and two each for certificate and diploma respectively (table 7).

Table 7: Enrolment in Programmes

Programme	Enrolment
Bachelor of Criminology	71
Bachelor of Disaster Management & International Diplomacy.	9
Bachelor of Education (Arts)	772
Bachelor of Education (French)	9
Bachelor of Education (Science)	441
Bachelor of Education (ECDE)	3
Bachelor of Social Work	12
Certificate	20
Diploma	34
Post Graduate	17
<b>Total</b>	<b>1,388</b>



Figure 7 illustrates the distribution of students in programmes by proportion in the School in the year 2019/2020.

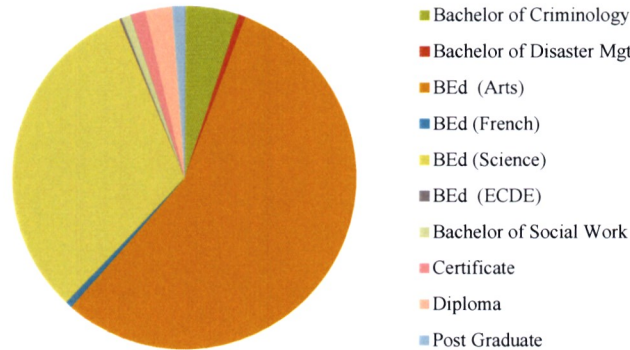


Figure 7: Enrolment Distribution by Programme

SESS is the largest school in the University College. With an enrolment of 1,388 students, it constitutes over 64% of the entire student population. The school has had a steady growth in student numbers over the years whose trend distribution against the years is as shown in the table 8 below:

Table 8: Enrolment Growth

Year	Enrolment		
	GSSP	PSSP	TOTAL
2014/15	134	44	178
2015/16	348	83	431
2016/17	660	136	796
2017/18	956	177	1,133
2018/19	945	169	1,114
2019/20	1,214	174	1,388

Figure 8 below provides a pictorial representation of enrolment trends by type of student (GSSP and PSSP) in SESS.

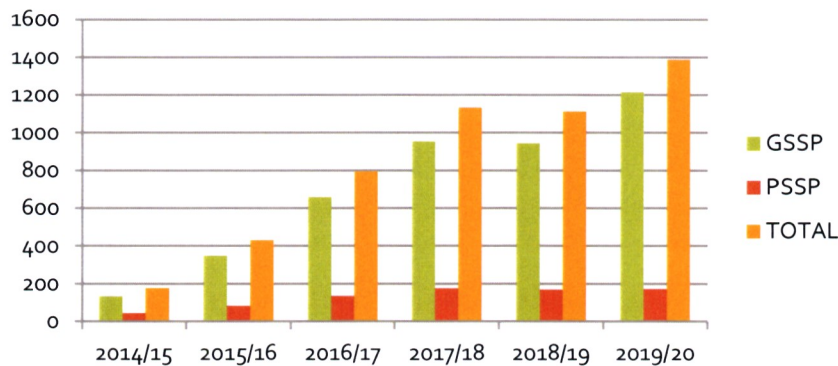


Figure 8: Enrolment Trends by Type of Student



### Graduation

The school has graduated two cohorts of students in various programs since its establishment. Table 8 below is a display of graduations per programme for the years under consideration.

Table 8: Students Graduations per Programme

Year	BEd (Arts)	B.Criminology	B. Social Work	Diploma	Certificate
2018	127	0	0	10	5
2019	162	21	5	15	5

Figure 8 shows a pictorial trend in graduation in SESS.

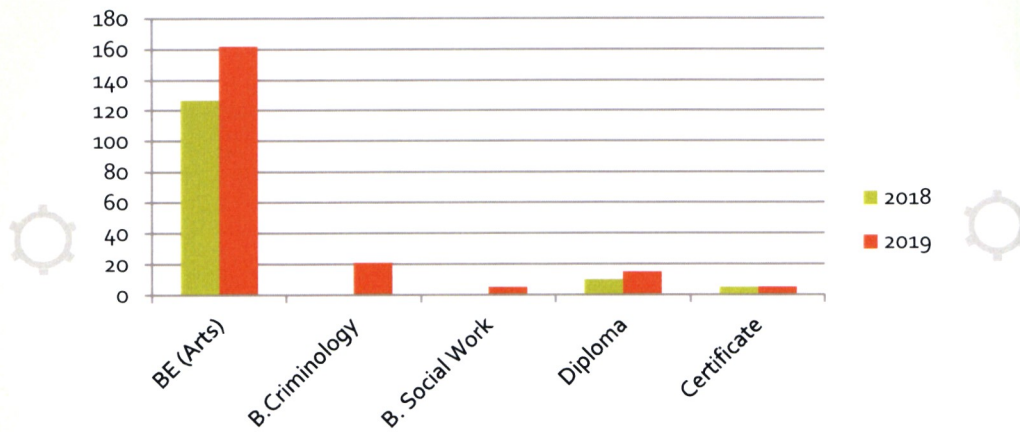


Figure 8: Students Graduations Trend per Programme

### 3. School of Science

The school of science is among schools established after a significant and consistent growth in students and staff population at KAFUCO. It has evolved into a nerve center in driving the University’s mission of teaching, research and innovation in the area of natural sciences. The School was in the forefront in developing research solutions that impact society during the onset of COVID-19 pandemic. The production of sanitizers from locally available materials in the school greatly helped the University College and the immediate community in mitigating the adverse effect of COVID-19.

#### Departments

The following departments constitute the School of Science

- i) Biological and Agricultural Sciences
- ii) Mathematics and Statistics
- iii) Physical Sciences



## Programmes

The School offers the following programmes:

- i) Masters of Science in Microbiology
- ii) Masters of Science in Physics
- iii) Bachelor of Science in Agricultural, Economics and Resource Management
- iv) Bachelor of Science in Applied Statistics with Information Technology
- v) Bachelor of Science in Mathematics and Economics with Information Technology
- vi) Bachelor of Science in Mathematics with Information Technology

Bachelor of Nursing Programme is a new programme which is being nurtured in the School as arrangements are being made to establish the School of Nursing as an autonomous entity. The programme is likely to start during the 2020/2021 financial year when new nursing students are expected to be admitted to the University College.

## Enrolment

School of Science is among the fastest growing schools both in student numbers of programs launched. The Table 9 below shows student enrolment trends since the establishment of the school in the 2016/2017 academic year.

Table 9: Student Enrolment

Year	GSSP	PSSP	TOTAL
2016/17	90	0	90
2017/18	149	1	150
2018/19	181	2	183
2019/20	205	8	213

The Figure 9 below depicts a pictorial enrolment trend for both GSSP and PSSP students in the school over the period 2016/2017 to 2019/2020 academic years.

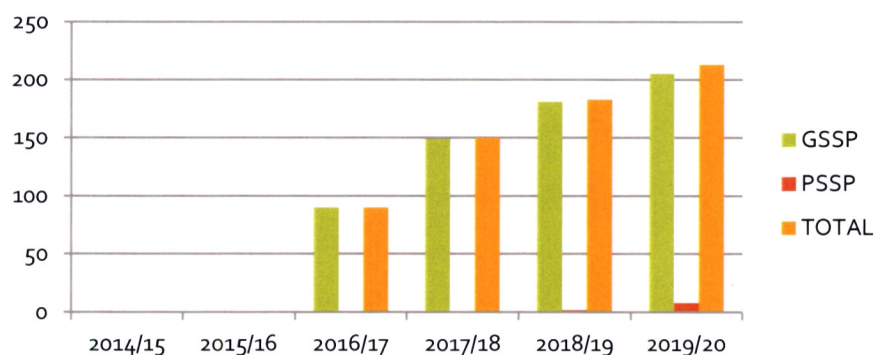


Fig. 9: Student Enrolment Trends

## Graduation

The school is set to graduate its first cohort at the end of the academic year 2019/2020. The graduation of this group of students was greatly affected by the COVID-19 pandemic which led to the closure of all education institution in Kenya.

### 4. School of Computing and Informatics

The school of computing and informatics (SCIT) is the youngest in KAFUCO. It was previously existed as a Department in the School of Science. SCIT provides critical support services to both Academic and Non-academic departments in the University College due to its Information Technology biased operational mandate.

#### Departments

The school currently has one running academic department: Department of Information Technology. The School however also houses and is nurturing the Open and Distance E-learning Centre whose mandate is to improve student access for e-learning services and help integrate Information Technology in all programs offered at KAFUCO.

#### Programmes

The following programmes are currently offered at the School of Computing and Informatics:

- i) Master of Science in Information Technology
- ii) Bachelor of Science in Information Technology
- iii) Diploma in Information Technology
- iv) Certificate in Information Technology

#### Enrolment

Enrolment in the school over the years is captured in the table 10 below:

Table 10: Enrolment in the School

Year	GSSP	PSSP	TOTAL
2016/17	21	1	22
2017/18	44	3	47
2018/19	50	14	64
2019/20	59	33	92

The figure 10 below gives a pictorial representation of enrolment growth in the school for the highlighted period.

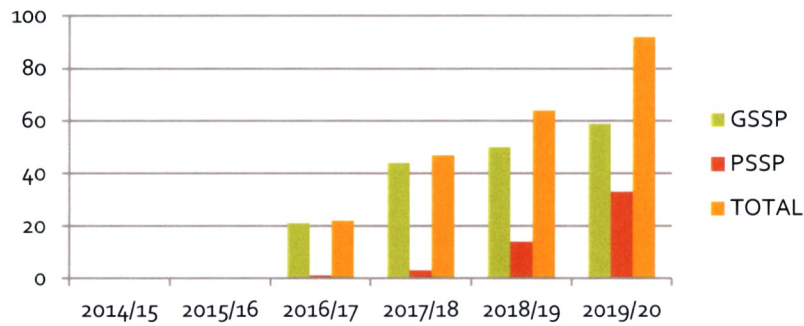


Fig. 10: Enrolment Growth Trends

### Graduation

The school is set to graduate its pioneer degree students at the end of the current academic year 2019/2020.

### Centre for Open and Distance Learning

The University College has established an Open and Distance E-Learning Centre whose mandate is to facilitate delivery of programmes online. This will enable the University College Adopt a blended face-to-face and virtual mode of delivery. The Center is being operationalized in terms of sourcing equipment and software for a studio and addressing staffing needs among other requirements to make it fully functional.



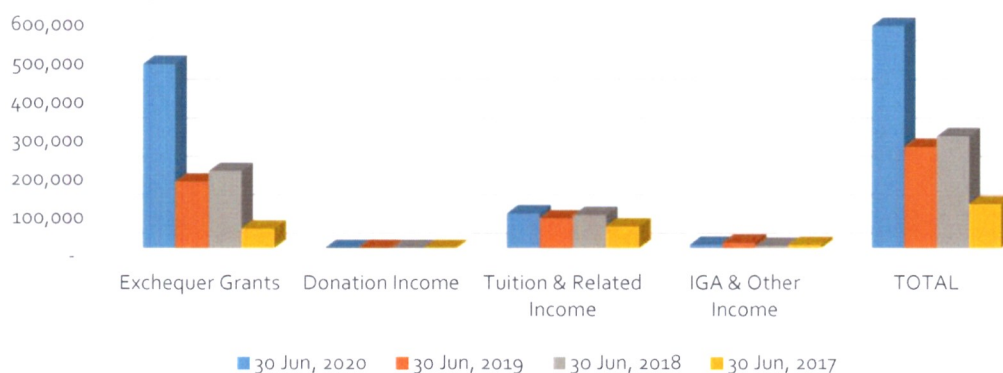
## Financial performance

The University College recorded an aggregate income of **KES 576.301 Million** as at end of the year, with the recurrent grant from the Exchequer of **KES 477.893 million**. Internally generated revenue stood at **KES 98.298 million** as at end of the year consisting of Tuition Fee and related income of **KES 89.929 million**, Income generating activities and other Income at **KES 8.369 million**. In General, the University College recorded a great improvement in financial performance with a surplus of **KES 104.509 million** as compared with a deficit of **KES 55.308 million** during the previous year. The University College is in its initial phase of commencing Income generating activities that are aimed to smoothen the seasonal income trend and to expand its financial resource base and generate increased levels of appropriation in Aid (A-I-A).

## INCOME

Particulars	30-Jun-2020	30-Jun-2019	30-Jun-2018	30-Jun-2017	30-Jun-2020	30-Jun-2019	30-Jun-2018	30-Jun-2017
	KES '000'				PERCENTAGES(%)			
Exchequer Grants	477,893	172,738	200,739	50,000	83	66	69	44
Donation Income	110	20	-	-	0	0	0	0
Tuition & Related Income	89,929	77,109	85,681	55,936	16	29	29	49
IGA & Other Income	8,369	13,755	5,323	7,603	1	5	2	7
<b>TOTAL</b>	<b>576,301</b>	<b>263,623</b>	<b>291,742</b>	<b>113,539</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

## INCOME DISTRIBUTION

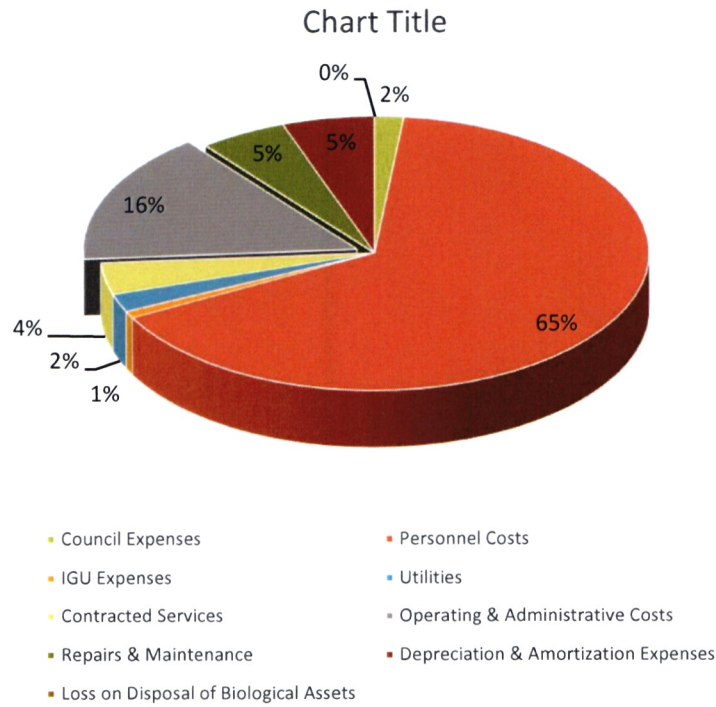


## EXPENDITURE

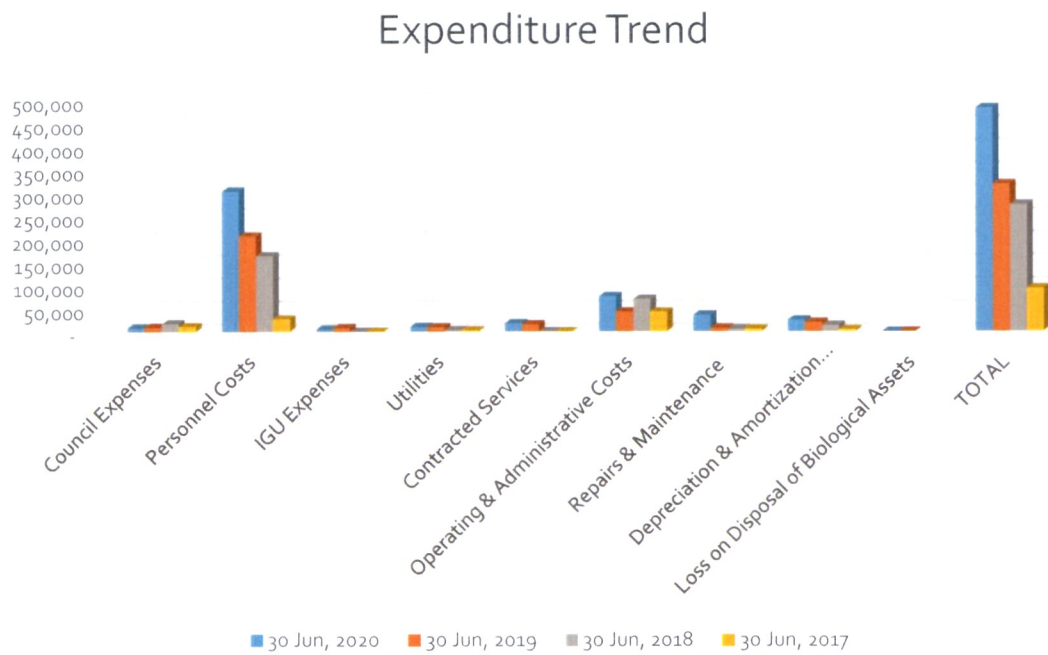
Personnel emoluments continued to comprise the largest part of the expenditure during the year at 65% of total expenditure while all other expenses constituted the balance of 35%. The table below illustrates the expenditure trends with the overall total expenditure rising steadily during the year.

## EXPENDITURE

Particulars	30 Jun 2020	30 Jun 2019	30 Jun 2018	30 Jun 2017	30 Jun 2020	30 Jun 2019	30 Jun 2018	30 Jun 2017
	<b>KES '000'</b>				<b>PERCENTAGES(%)</b>			
Council Expenses	8,112	9,284	17,264	11,014	2	3	6	12
Personnel Costs	308,946	206,886	164,443	27,444	65	65	60	29
IGU Expenses	3,841	7,942	-	-	1	2	0	0
Utilities	10,061	9,266	3,114	2,449	2	3	1	3
Contracted Services	17,717	15,089	-	-	4	5	0	0
Operating & Administrative Costs	73,308	43,098	70,501	42,846	16	14	26	46
Repairs & Maintenance	24,304	7,152	5,802	5,711	5	2	2	6
Depreciation & Amortization Expenses	25,503	20,182	13,750	4,173	5	6	5	4
Loss on Disposal of Biological Assets	-	32	-	-	-	0	0	0
<b>TOTAL</b>	<b>471,792</b>	<b>318,930</b>	<b>274,874</b>	<b>93,637</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>



To ensure the achievement of academic excellence, the University College has focused most expenses on enhancing teaching in a progressive manner.

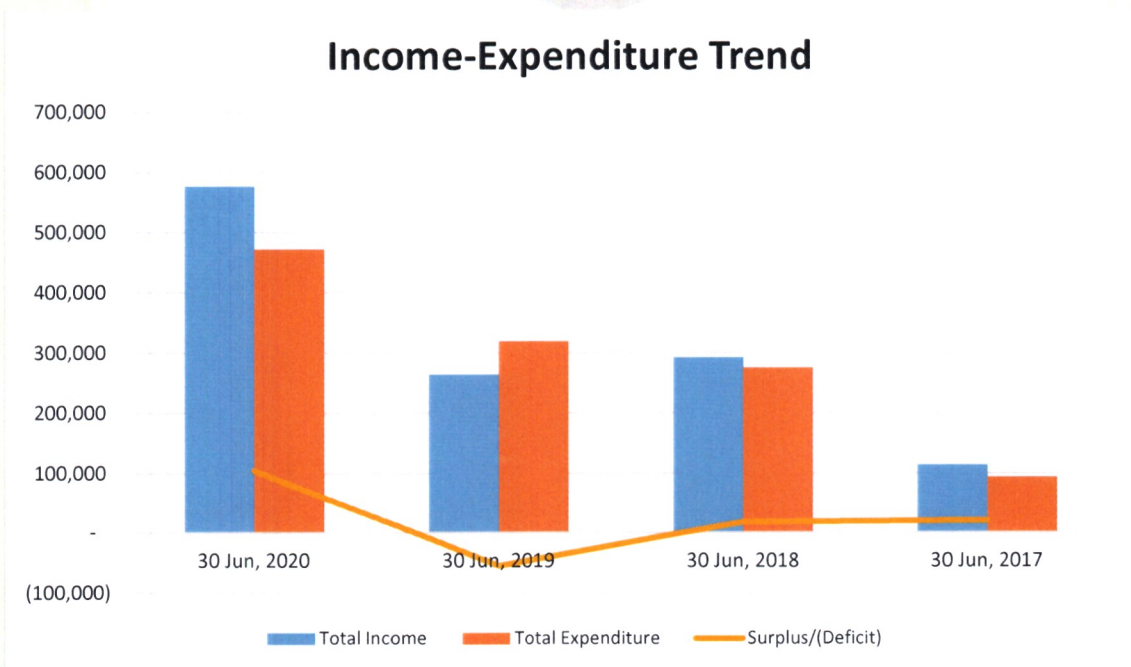




### TOTAL INCOME VERSUS TOTAL EXPENDITURE

The relationship between income and expenditure is as tabulated below. There has been seasonal trend in the performance of the institution.

Income/Expenditure trend	30 Jun 2020 KES '000'	30 Jun 2019 KES '000'	30-Jun-18 KES '000'	30-Jun-17 KES '000'
<b>Total Income</b>	576,301	263,623	291,742	113,539
<b>Total Expenditure</b>	471,792	318,930	274,874	93,637
<b>Surplus/(Deficit)</b>	<b>104,509</b>	<b>(55,308)</b>	<b>16,868</b>	<b>19,902</b>



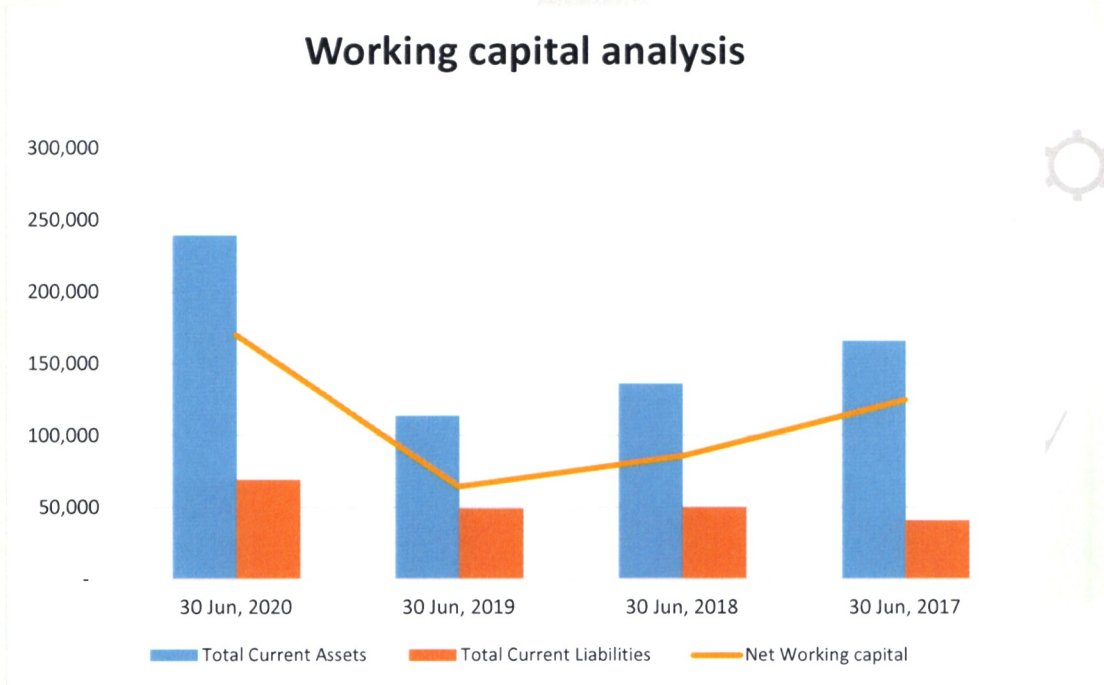


## WORKING CAPITAL

The University has had a healthy Working capital position with positive net current assets position as shown below:

Working capital review				
	30 Jun 2020	30 Jun 2019	30-Jun-18	30-Jun-17
<b>Total Current Assets</b>	239,250	113,564	135,584	165,587
<b>Total Current Liabilities</b>	69,195	49,130	49,923	40,966
<b>Net Working capital</b>	<b>170,055</b>	<b>64,434</b>	<b>85,661</b>	<b>124,621</b>

### Working capital analysis



## ONGOING PROJECTS

Following the national government directive, that no new development projects will be undertaken before previous ones are completed, Kaimosi Friends University College undertook the following projects: continuation of tuition block, construction of Modern dairy unit and renovation and branding works.

Renovation and branding of existing physical facilities were informed by Commission of University Education (CUE) recommendations that, *inter alia*, both teaching and non-teaching staff should have offices that adhere to their standards. In addition, the institution should have laboratories to support graduates, and the lecture rooms and halls should conform to the stipulated guidelines.

Phase I of branding and renovation works encompassed removal of asbestos roofs from various buildings while phase II, undertaken in 2018-2019 financial year, included the following:

- i. Conversion of classrooms into lecture halls, theaters;
- ii. Conversion of workshops into sciences laboratories;
- iii. Renovation offices and equipping them with work stations;
- iv. Renovation of the dining hall and kitchen (equipping the kitchen with Liquefied Petroleum Gas system) and;
- v. Renovated are 8 No. dormitories to hostels.

## WORK IN PROGRESS

**Modern Dairy Unit(KES 45,999,999)**



**Tuition Block and Associated works: KES.**

**269,827,993.00** This is a vision 2030 flagship project. Its 29.3 % complete



## COMPLIANCE WITH STATUTORY REQUIREMENTS.

The University College complies with statutory requirements as follows:

### 1. PAYE

Income Tax Act, 1973, Laws of Kenya, places on employers an obligation to deduct and remit monthly income tax for all employees and be remitted to the pay master general on or before 9<sup>th</sup> day of the following month. The University College has complied with the deadline for remission.

### 2. NSSF

The NSSF Act, 2013, Laws of Kenya, requires employers to deduct and remit NSSF deductions on monthly basis and remit the same on or before 9<sup>th</sup> of the following month. The University College has been remitting the deductions to NSSF on time.

### 3. NHIF

NHIF Act, 1998, Laws of Kenya, requires the employer to deduct the NHIF dues and remit the same on or before the 9<sup>th</sup> of the following month. The University has complied with the NHIF Act.

### 4. HELB

HELB Act, 1995, Laws of Kenya, requires employers to deduct from the wages or remuneration of the loanee(s) the amount of any loan as instructed by the Board and submit within 15 days after the end of each month. The University College has effected the recovery of HELB loans as required and remitted the same within the stipulated fifteen days after the end of each month.

### 5. NITA

Industrial Training Levy Act CAP 237 requires employers to pay KES 50/= per employee, including temporary, casual and apprentices per month. The University College has effected the payments for NITA as required and remitted the same within the stipulated timelines which is the last working day of the month.

The University College is cognizant of the fact that compliance is a continuous process. To this effect it has put measures in place to ensure the institution maintains the required threshold of compliance to best corporate Governance principles.

## MAJOR RISKS FACING THE ENTITY

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

KAFUCO is exposed to the following risks:

- i) Market risks
- ii) Liquidity risk

iii) Credit risks

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

The institution's risk management policies have been established to identify and analyze the risks faced by the University College, set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems will be reviewed regularly to reflect changes in economic conditions and the University College's activities.

**i) Market risk: -Low Student Enrolment**

The University College is more likely to experience low student enrolment due to competition which may result in the reduction of revenue.

**ii) Liquidity risk: -Low Funding**

Liquidity risk is the risk that the KAFUCO will not be able to meet its financial obligations as and when they fall due. The University College's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University College's reputation. Typically, the University ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters and political violence. All capital investments are funded by the Government. However, Low funding levels by the government may result to liquidity issues and slow development in infrastructure which can lead to congestion & inadequate facilities.

**iii) Credit risk**

Credit risk is the risk of financial loss to the University College if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the organization's receivables from customers. KAFUCO receives fees from students which minimizes the credit risk exposure.



## **CORPORATE SOCIAL RESPONSIBILITY STATEMENT /SUSTAINABILITY REPORTING**

Kaimosi Friends University College was founded to provide quality education and training, research and innovation to meet the needs of a dynamic society. This is the driving force behind our very existence.

It is this mission that guides our strategic ambitions pillared in Academic Excellence and Student Engagement; Technological Enhancement and Infrastructure; Research, Innovation, Outreach and Linkages; and Sustainability.

Below is a brief highlight of our performance in regards to CSR and sustainability:

### **1. Sustainability strategy and profile**

The strategic direction remains committed to the University College vision: ‘Excellence in Teaching, Learning, Research, Innovation and Holistic Development.

KAFUCO’s sustainability strategy is largely centered on human capital enhancement, enhanced resource mobilization, institutional governance, and corporate affairs and environmental sustainability.

KAFUCO endeavors to develop and sustain a vibrant human resource base by attracting competent, developing, increasing and upgrading all the elements and human resources at its disposal.

The University College will focus on strategies for mobilizing restricted and unrestricted financial resources through strategies such as utilization of communication and branding, the establishment of a robust income-generating unit and support sources and engagement Public-Private Partnerships (PPP)

KAFUCO Statutes outline processes, customs, policies and laws that determine administration and strategic direction. The authority of the organization is exercised in a manner that promotes corporate fairness, transparency and accountability. The current strategic plan is formulated in tandem with the key elements of performance-based management that is currently being instilled in the public service through performance contracting.

The Corporate Affairs Office builds and sustains mutually beneficial relationships with stakeholders and practices that advance the University College’s reputation and financial goals through corporate positioning and advancement.

It is envisaged that within Four years (by 2023), the University College will have developed into a full-fledged University. Besides embracing innovation and ICT in all its programs and operations, KAFUCO will position itself as a teaching, learning, and research and extension institution.

Whereas prospects look bright, with Government goodwill and prudent management, the University College weathers challenges of demanding institutional transformation including inadequate infrastructure and academic staff, declining funding levels, low regional and international visibility, as well as transition challenges.

## 2. Environmental Performance

The Strategic Plan envisions the creation of an Environmental Policy to monitor the environmental impact of business operations.

In the Plan, environmental sustainability will be attained through the implementation of green strategies to reduce the carbon footprint and waste, conserve energy and water, and promote clean and renewable sources.

Environmental and sustainability issues will be included in the curricula and research agenda to promote awareness of these pertinent issues.

Currently, the University College channels efforts towards having a clean, conducive environment with good infrastructure.

KAFUCO plays a pivotal role in the conservation of the Kaimosi Tropical Rainforest, which extensively extends into the University College land.

Re-afforestation and protection efforts by the University College have preserved its biodiversity in the wake of increased potential threats of encroachment.

KAFUCO further intends to improve energy conservation efforts by purchasing more energy-saving jikos. Further, it engages the environment within regulations and rules of the National Environmental Management Authority in ways such as to planting trees, conservation of soil through the reduction of soil erosion and keep the environment clean. The institution also harvests rainwater and prudently uses the available piped water.

The Occupational Health, Safety and Work Environment (OSHA) policy guides workplace safety

### 3. Employee Welfare

KAFUCO faithfully implements its Human Resource Policy and Procedures Manual in the management of employee wellbeing.

The guiding principles on hiring take into account gender ratio in line with the third gender rule of the Constitution of Kenya 2010, stakeholder engagement, and embrace an open and competitive approach to recruitment based on merit.

Employment transcends religious affiliations to reflect the face of Kenya.

The KAFUCO Occupational Health, Safety and Work Environment (OSHA) policy is implemented to guide workplace safety.

KAFUCO recognizes training and development as a key determinant in the quality of services rendered by the employees. Staff training and development contributes significantly to the realization of staff potential and enhancement of their professional development and work environment.

The policy and procedures manual is improved in line with KAFUCO Policy Development and Review Procedure.

### 4. Marketplace practices

#### a) Responsible competition practice

KAFUCO is bound and abides by provisions of the Constitution of Kenya 2010, Public Procurement Act 2015 the Competition (Amendment) Act 2019 as well as the internal Procurement Policy and Anti-corruption policy.

There exists a tender evaluation committee that carries out the technical and financial evaluation of tenders or proposals, enhancing fair competition. Further, a committee of the Ethics and Anti-Corruption Commission guards against vested individual interests.

#### b) Responsible supply chain and supplier relations

KAFUCO Procurement Office is bound by a strong code of practice and endeavors to maintain a good working relationship with its business partners. The University College commits to honoring contracts and agreed terms of payment.

Procurement Office keeps a list of prequalified suppliers who are contacted and advised on the supply chain.

### **c) Responsible marketing, advertisement and product stewardship**

The University College continually markets its services to prospective clients through general and targeted advertising and publicity.

Mass media marketing are bound by provisions of the Marketing Society of Kenya and the Government Advertising Agency: Rules and Guidelines, as well as the Communication Authority of Kenya.

Internally, marketing activities are guided by provisions of the Communication and Public Relations Policy. Further, an independent Marketing Policy is under development.

### **5. Community Engagements**

KAFUCO was founded for public benefit. The institution takes cognizance of the importance of stakeholder participation and partnerships in the attainment of the strategic objectives.

We, therefore, endeavor in our Corporate Social Responsibility engagement to create a strong sense of goodwill between the organization and its internal and external publics.

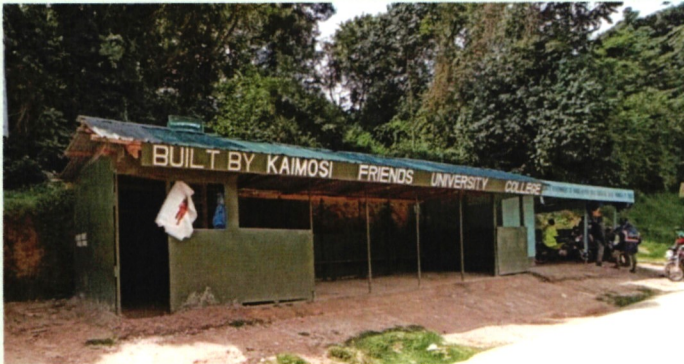
Each year we integrate social and environmental concerns of KAFUCO employees, their families, the community we are set in and the wider society into our operations to strengthen the unique relationship

In this regard, we have built a strong commitment around our core mandate to contribute to the socio-economic wellbeing of the extensive KAFUCO community.

Our CSR strategy is pillared on the following strategic objectives:

- i. Develop, in partnership with local leadership, programmes that address social justice and Security issues
- ii. Organize training for stakeholders and communities to improve their livelihood.
- iii. Partner with stakeholders to hold free medical camps to address the
- iv. community's health issues.
- v. Offer other outreach programmes aimed at giving back to society to foster good relationships between the University College and the community
- vi. Intensify National Cohesion and integration campaigns to improve peaceful coexistence between KAFUCO and the community.
- vii. Promote Gender and Disability Mainstreaming activities to ensure inclusivity.

The pictures below speak volumes on our commitment toward attaining CSR sustainability strategy.



A bodaboda shade built at the Kaimosi Junction

We have forged a close association with the sector which performs a pivotal role, serving as an affordable and efficient mode of transport for University College staff and students.

The shade, built strategically at the Kaimosi Junction – entrance to the expansive Kaimosi Complex offers shelter against the harsh sun or rains to both passengers waiting to board public service vehicles at the junction and the riders waiting on clients.

The net effect of the project has in turn helped lubricate the relationship between the University College and the community we are set in. The shade, branded in KAFUCO corporate colour, further serves as a visibility tool.



Equity Bank's Wings to Fly plants a tree at the Kaimosi Forest within KAFUCO in November 2019. KAFUCO partnered with the Bank to plant 1000 indigenous tree as part of efforts to conserve the Tropical Rainforest.



Officers from the National Social Security Fund train KAFUCO staff on retirement savings. The University College strives to safeguard the welfare of employees through collaborations which strengthen their personal financial literacy. This knowledge is cascaded into the wider community.



Members of the KAFUCO Aids Control Unit during an outreach at Shabwali Secondary School in Shinyalu, Kakamega County in February 2020. The initiative targeting the larger Western region is part of efforts to rev up sexual education among teenagers to tame spread of HIV/AIDS and teenage pregnancies.

## STATEMENT OF UNIVERSITY COUNCIL'S RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act cap 446 require that the Council to prepare financial statements in respect of the University College, which give a true and fair view of the state of affairs of the University College at the end of the financial year and the operating results of the university college for the year ended June 30, 2020. The Council is also required to ensure that the University College keeps proper accounting records which disclose with reasonable accuracy the financial position of the University College. The Council is also responsible for safeguarding the assets of the University College.

The University Council is responsible for the preparation and presentation of KAFUCO's financial statements, which reflect a true and fair view of the state of affairs of KAFUCO for and as at the end of the financial year ended on June 30, 2020. 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 KAFUCO; (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 KAFUCO; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council members accept responsibility for KAFUCO's 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 Cap 446. The Council members are of the opinion that KAFUCO's financial statements reflect a true and fair view of the state of KAFUCO's transactions during the financial year ended June 30, 2020, and of KAFUCO's financial position as at that date. The Council members further confirm the completeness of the accounting records maintained for KAFUCO's, which have been relied upon in the preparation of the KAFUCO's financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the Council members to indicate that KAFUCO 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 KAFUCO's financial statements were approved by the Council on 17/09/2020 and signed on its behalf by:

  
.....  
Dr. Bernadette Mungai,  
Chairperson of Council, KAFUCO

  
.....  
Prof. O.M.J. Nandi  
Principal, KAFUCO

# REPUBLIC OF KENYA

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Anniversary Towers  
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NAIROBI

## REPORT OF THE AUDITOR-GENERAL ON KAIMOSI FRIENDS UNIVERSITY COLLEGE FOR THE YEAR ENDED 30 JUNE, 2020

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### REPORT ON THE FINANCIAL STATEMENTS

#### Qualified Opinion

I have audited the accompanying financial statements of Kaimosi Friends University College set out on pages 1 to 28, which comprise the statement of financial position as at 30 June, 2020, and the statement of financial performance, statement of changes in net assets, statement of cash flows and the 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, I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Kaimosi Friends University College as at 30 June, 2020 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 Qualified Opinion

##### Inaccuracies in the Financial Statements

- i. The statement of cash flows reflect a decrease of Kshs.28,053,000 under trade and other payables while the same component in the statement of financial position reflect a decrease of Kshs.14,368,000 resulting to an un-explained variance of Kshs.13,685,000.
- ii. The statement of changes in net assets reflects revenue reserves as at 30 June, 2020 of Kshs.74,398,000 which differs with the amount of Kshs.74,413,000 in the statement of financial position indicated as reserves carried forward. Further, the fair value adjustment of Kshs.15,000 reflected in the statement of net assets is not explained or supported by an accounting policy or framework.

Consequently, the accuracy of the financial statements for the year ended 30 June, 2020 could not be confirmed.

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

### **Key Audit Matters**

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

### **Other Matter**

#### **Budgetary Control and Performance**

The statement of comparison of budget and actual amounts reflects total budgeted revenues of Kshs.610,789,000 and actual revenues of Kshs.576,301,000 resulting to a budget shortfall of Kshs.34,488,000 or 6%. The statement also reflects total budgeted expenditure of Kshs.610,789,000 and actual expenditure of Kshs.499,110,000 resulting to under absorption of Kshs.111,679,000 or 18% of the budget. Management explained that the under absorption of Kshs.111,679,000 was caused by cessation of learning activities due to the Covid 19 pandemic. However, the budget shortfall and the under-expenditure may have affected the planned activities of the University College.

#### **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 matters 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. Stalled Projects**

The statement of financial position reflects a balance of Kshs.355,670,089 under work in progress which includes two (2) projects contracted at a total Kshs.28,524,810. The progress status of the two (2) projects was as detailed below:

Project	Start Date	Expected Completion Date	Contract Price (Kshs.)	Amount Paid to date (Kshs.)	Amount Paid During the year (Kshs.)	Reasons
Renovation of Existing Buildings & Associated Works	22 November, 2018	21 May, 2019	18,538,320	13,669,890	-	Contractor not on site.
LPG Installation	1 April, 2019	30 June, 2020	9,986,490	5,151,031	5,151,031	Resumption of work on the project depends on completion of renovations in the project above.
<b>Total</b>			<b>28,524,810</b>	<b>18,820,921</b>	<b>5,151,031</b>	

At the time of audit in December, 2020, the contractor was not on site and LPG installation had not started.

Under the circumstances, the value for money on the expenditure of Kshs.18,820,921 incurred on the project may not be realized.

## 2. Construction of a Tuition Block

The construction of a tuition block was awarded to a contractor on 23 December, 2016 at a contract sum of Kshs.125,138,335. However, due to delayed completion, the contract was terminated and re-tendered on 8 April, 2020. At the time of termination, a total of Kshs.87,593,233 had been paid and the remaining works was estimated at Kshs.54,545,102. The re-tendered contract was enhanced to include other associated works and the total contract sum revised to Kshs.269,827,933. The work as at the time of the audit was at 29% complete and is ongoing. However, the delay in completion of the project has denied services to the intended users.

## 3. Staff Regional Diversity

Examination of University College payroll for the month of June, 2020 revealed that one hundred and six (106) employees out of one hundred and forty-four (142) employees or 74% of the University's employees were from one ethnic community. This is contrary to Section 7 (1) and (2) of the National Cohesion and Integration Commission Act, 2008 which requires that all public establishments seek to represent the diversity of the people of Kenya in the employment of staff and that no public establishment should have more than one third of its staff from the same ethnic community.

Consequently, the Management was in breach of the law.

## 4. Investment of Excess Funds

The statement of financial position reflects a balance of Kshs.151,317,000 in respect of cash and cash equivalents held in various current and savings accounts as at 30 June, 2020. No explanation was provided on why the funds were not being invested

in short term bills or bonds as per The National Treasury Circulars No.10 of July, 1992 and No. 2 of February, 1998 which required all state corporations to invest surplus funds in treasury bills or bonds through the Central Bank of Kenya.

Consequently, the Management was in breach of the law.

The audit was conducted in accordance with ISSAI 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 are in compliance, in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that, nothing has come to my attention to cause me to believe that internal controls, risk management and overall governance were not effective.

### **Basis for Conclusion**

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, 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 those Charged with Governance**

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

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

Those charged with governance are responsible for overseeing the University College's financial reporting process, reviewing the effectiveness of how the entity 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 control in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015 and submit the audit report in compliance with Article 229(7) of the Constitution. My consideration of the internal control would not necessarily disclose all matters in the internal control 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 control may not prevent or detect misstatements and instances of noncompliance. 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 control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the 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 College'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 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 to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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

  
CPA Nancy Gathungu, CBS  
**AUDITOR-GENERAL**

**Nairobi**

**28 January, 2022**

**KAIMOSI FRIENDS UNIVERSITY COLLEGE  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30 JUNE, 2020 (Figures in KES '000')**

	NOTES	30 June, 2020	Audited 30 June, 2019
		KES	KES
<b>REVENUES</b>	-		
<b>Revenues From Non Exchange Trans:</b>			
Exchequer Recurrent Grants	5	477,893	172,738
Donation Income	6	110	20
<b>Total Revenue from Non-Exchange Trans</b>		<b>478,003</b>	<b>172,758</b>
<b>Revenues From Exchange Trans:</b>			
Tuition Fees	7	49,892	43,670
Other Tuition Related Income	8	40,038	33,439
Rental Incomes	9	5,048	4,411
IGU Incomes	10	3,177	5,429
Other Income	11	143	3,915
<b>Total Revenue from Exchange Trans</b>		<b>98,298</b>	<b>90,864</b>
<b>TOTAL REVENUES</b>		<b>576,301</b>	<b>263,623</b>
<b>EXPENSES</b>	-		
Council Expenses	12	8,112	9,284
Personnel Costs	13	308,946	206,886
IGU Expenses	14	3,841	7,942
Utilities	15	10,061	9,266
Contracted Services	16	17,717	15,089
Operating & Administrative Costs	17	73,308	43,098
Repairs & Maintenance	18	24,304	7,152
Depreciation & Amortization Expenses	19	25,503	20,182
Loss on Disposal of Biological Assets		-	32
<b>TOTAL EXPENSES</b>		<b>471,792</b>	<b>318,930</b>
<b>Surplus for the Period</b>		<b>104,509</b>	<b>(55,308)</b>
<b>Reserves B/F</b>	35	(30,096)	25,211
<b>Reserves C/F</b>		<b>74,413</b>	<b>(30,096)</b>

The notes set out on pages 13 to 23 form an integral part of these Financial Statements

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

Principal, KAFUCO

Head of Finance

Chairperson of the Council, KAFUCO

Prof. O.M.J. Nandi

CPA. Irine Lumatete

Dr. Bernadette Mungai,

ICPAK Member Number: 16901

Date.....

Date...22/01/2021

Date...22/01/2021

*[Handwritten Signature]*  
22/01/2021

*[Handwritten Signature]*

*[Handwritten Signature]*

**KAIMOSI FRIENDS UNIVERSITY COLLEGE  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE, 2020 (Figures in KES '000')**

	NOTES	30 June, 2020	Audited 30 June, 2019
		KES	KES
<b>Current Assets</b>			
Cash And Cash Equivalents	20	151,317	68,154
Receivables from Exchange Trans	21	30,645	21,454
Receivables from Non-exchange Trans	22	37,125	20,111
Inventories & Stores	23	20,163	3,844
		<b>239,250</b>	<b>113,564</b>
<b>Non-current Assets</b>			
Property, Plant & Equipment	24	101,743	33,930
Work-In-Progress	24	355,976	283,210
Intangible Assets	25	17,086	19,218
Biological Assets	26	1,615	175
		<b>476,420</b>	<b>336,534</b>
<b>TOTAL ASSETS</b>		<b>715,670</b>	<b>450,097</b>
<b>EQUITY, RESERVES &amp; LIABILITIES</b>			
<b>Payables from Exchange Trans</b>			
Trade & Payables From Exchange Trans	27	5,587	19,955
Refundable Deposits from Customers	28	2,803	2,114
Current Provision	29	46,528	17
Employee Benefit Obligation	30	-	14,200
Payment Received in Advance	31	10,003	10,353
Special Accounts & Grants	32	4,274	2,491
<b>Total Payables from Exchange Trans</b>		<b>69,195</b>	<b>49,130</b>
<b>Non-Current Liabilities</b>			
Non-Current Provision	33	7,204	13,226
Long term Liabilities	34	30,884	27,200
<b>Total Non-Current Liabilities</b>		<b>38,088</b>	<b>40,426</b>
<b>Equity, Reserves &amp; Provisions</b>			
Capital Grants	36	533,974	390,638
<b>Reserves C/F (S.F.PERFORMANCE)</b>		<b>74,413</b>	<b>(30,096)</b>
		<b>608,387</b>	<b>360,542</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>715,670</b>	<b>450,097</b>

The notes set out on pages 13 to 23 form an integral part of these Financial Statements

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

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Dr. Bernadette Mungai,

ICPAK Member Number: 16901

Date: 22/01/2021

Date: 22/01/2021

Date: 22/01/2021

**KAIMOSI FRIENDS UNIVERSITY COLLEGE  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 30 JUNE, 2020 (Figures in KES '000')**

	CAPITAL FUND	REVENUE RESERVE	FAIR VALUE ADJUSTMENT	TOTAL
	KES	KES	KES	KES
At July 1, 2018	243,688	36,769	-	280,457
Adjustment	-	(11,573)	-	(11,573)
	<b>243,688</b>	<b>25,196</b>		<b>268,884</b>
Capital Grant	146,950	-	-	146,950
Fair Value adjustment on Biological Assets	-	-	15	15
Surplus for the year	-	(55,308)	-	(55,308)
At June 30, 2019	<b>390,638</b>	<b>(30,111)</b>	<b>15</b>	<b>360,541</b>
At July 1, 2019	390,638	(30,111)	15	360,541
Adjustment	-	-	-	-
Capital Grant	143,336	-	-	143,336
Fair Value adjustment on Biological Assets	-	-	-	-
Surplus for the year	-	104,509	-	104,509
At June 30, 2020	<b>533,974</b>	<b>74,398</b>	<b>15</b>	<b>608,387</b>

The notes set out on pages 13 to 23 form an integral part of these Financial Statements

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

Principal, KAFUCO

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Chairperson of the Council, KAFUCO

Prof. O.M.J. Nandi

CPA. Irine Lumatete

Dr. Bernadette Mungai,

Date.....

Date.....

Date.....

*[Signature]*  
22/01/2021

ICPAK Member Number: 16901  
Date: 22/01/2021

*[Signature]*  
Date: 22/01/2021



**KAIMOSI FRIENDS UNIVERSITY COLLEGE  
STATEMENT OF CASHFLOWS  
FOR THE YEAR ENDED 30 JUNE, 2020 (Figures in KES '000')**

		30-Jun-20	Audited 30 Jun-19
	NOTES	KES	KES
<b>CASHFLOWS FROM OPERATING ACTIVITIES:</b>			
<b>Receipts</b>			
Exchequer Recurrent Grants	5	477,893	172,738
Donation Income	6	110	20
Tuition Fees	7	49,892	43,670
Other Tuition Related Income	8	40,038	33,439
Rental Incomes	9	5,048	4,411
IGU Incomes	10	3,177	5,429
Other Incomes	11	143	3,915
<b>Total Receipts</b>		<b>576,301</b>	<b>263,623</b>
<b>Payments:</b>			
Council Expenses	12	(8,112)	(9,284)
Personnel Costs	13	(308,946)	(206,886)
IGU Expenses	14	(3,841)	(7,942)
Utilities	15	(10,061)	(9,266)
Contracted Services	16	(17,717)	(15,089)
Operating & Administrative Costs	17	(73,308)	(43,098)
Repairs & Maintenance	18	(24,304)	(7,152)
<b>Adjustment: Provisions for Gratuity, Bad debt, Audit Fees</b>		-	(9,724)
<b>Total Payments</b>		<b>(446,289)</b>	<b>(308,440)</b>
(Increase)/Decrease in inventory	23	(16,319)	3,951
(Increase)/Decrease in receivables from non-exchange trans	22	(17,013)	(12,941)
(Increase)/Decrease in receivables from exchange trans	21	(9,191)	-
Increase/(Decrease) in Trade and other payables	27	(28,053)	33,492.77
Increase/(Decrease) in Capital payables	34	3,685	-
Increase/(Decrease) in Provisions	29&33	40,489	-
<b>NET CASHFLOW FROM OPERATING ACTIVITIES</b>		<b>103,610</b>	<b>(20,314)</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES:</b>			
Property, Plant and Equipment	24	(160,751)	(157,979)
Biological Assets	26	(1,440)	-
<b>NET CASHFLOW FROM INVESTING ACTIVITIES</b>		<b>(162,191)</b>	<b>(157,979)</b>
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>			
Capital Fund/Equity (Capital Grants)	36	141,055	146,950
<b>Non-Current Liabilities</b>			
Refundable Deposits from Customers	28	689	334
<b>NET CASHFLOW FROM FINANCING ACTIVITIES</b>		<b>141,744</b>	<b>147,284</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>83,163</b>	<b>(31,010)</b>
Add Cash & Cash Equivalents At Start of the period		68,154	99,164
<b>Cash &amp; Cash Equivalents At End of the period</b>		<b>151,317</b>	<b>68,154</b>
<b>Cash &amp; Cash Equivalents As per S. F. Position</b>	20	<b>151,317</b>	<b>68,154</b>

The notes set out on pages 13 to 23 form an integral part of these Financial Statements  
The Financial Statements set out on pages 1 to 5 were signed on behalf of the Council by:  
Principal, KAFUCO  
Prof. O.M.J. Nandi

Head of Finance  
CPA. Irine Lumatete  
ICPAK Member Number: 16901

Chairperson of the Council, KAFUCO  
Dr. Bernadette Mungai,

Date: 22/01/2021

Date: 22/01/2021

Date: 22/01/2021

**KAIMOSI FRIENDS UNIVERSITY COLLEGE  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS  
FOR THE YEAR ENDED 30 JUNE, 2020 (Figures in KES '000')**

Particulars	ORIGINAL ANNUAL	ADJUSTMENTS	FINAL ANNUAL	ACTUAL ON COMPARABLE BASIS	PERFORMANCE DIFFERENCE	PERFORMANCE DIFFERENCE (%)	EXPLANATION OF MATERIAL VARIANCES
	KES	KES	KES	KES	KES	%	
<b>INCOMES</b>							
EXCHEQUER GRANTS	443,347	34,546	477,893	477,893	0	0	a
TUITION & OTHER RELATED INCOME	112,442	3,642	116,084	89,929	(26,155)	-23	b
IGA INCOME	11,834	1,488	13,322	8,225	(5,097)	-38	c
OTHER INCOME	8,620	(5,130)	3,490	253	(3,237)	-93	d
<b>TOTAL INCOMES</b>	<b>576,243</b>	<b>34,546</b>	<b>610,789</b>	<b>576,301</b>	<b>(34,488)</b>	<b>-6</b>	
<b>EXPENDITURE</b>							
COUNCIL EXPENSES	18,800	(6,600)	12,200	8,112	4,088	34	e
IGA EXPENSES	12,000	(3,978)	8,022	3,841	4,181	52	f
UTILITIES	33,300	(1,146)	32,154	10,061	22,093	69	g
PERSONNEL COSTS	326,496	(16,501)	309,995	308,946	1,049	-	h
OPERATING & ADMINISTRATION COSTS	128,691	(7,194)	121,498	91,025	30,473	25	i
REPAIRS & MAINTENANCE	19,356	44,900	64,256	24,304	39,952	62	j
NON-CURRENT ASSETS	37,600	25,064	62,664	52,821	9,843	16	k
<b>TOTAL EXPENDITURE</b>	<b>576,243</b>	<b>34,546</b>	<b>610,789</b>	<b>499,110</b>	<b>111,679</b>	<b>18</b>	
<b>SURPLUS/(DEFICIT)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77,191</b>	<b>77,191</b>		
<b>CAPITAL DEVELOPMENT</b>	<b>326,395</b>	<b>(144,864)</b>	<b>181,531</b>	<b>109,370</b>	<b>72,161</b>	<b>40</b>	<b>l</b>

The notes set out on pages 13 to 23 form an integral part of these Financial Statements

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

Principal, KAFUCO  
Prof. O.M.J. Nandi

Date.....

*(Signature)*  
22/01/2021

Head of Finance  
CPA. Irine Lumatete  
ICPAK Member Number: 16901

Date.....

*(Signature)*  
22/01/2021

Chairperson of the Council, KAFUCO

Dr. Bernadette Mungai,

Date.....

*(Signature)*  
22/01/2021

**BUDGET NOTES****1.a) Tuition and other related income**

The revenue target was not achieved due to non-attainment of the targeted number of enrollment of first year students in the 2019/2020 Academic year.

**b) IGA Income and Other Income**

The revenue was affected by the closure of the University College due to the COVID 19 pandemic which led to suspension of semester 2 studies and all other University activities

c) A significant under-absorption in expenditure was due to the pandemic which led to funds earmarked for operations not utilized since most activities were suspended.

2. The adjustments between the original and final budget was due to reallocations of funds done during supplementary I and Supplementary II. This was approved by the University College Council.

3. Purchase of Non-Current assets was moved to Property, Plant and Equipment hence is not part of the Statement of Financial Performance. It was capitalized and therefore forms part of the Statement of Financial Position.

<b>RECONCILIATION BETWEEN BUDGET &amp; S.F.PERFORMANCE SURPLUS</b>	<b>KES '000'</b>
Surplus As Per Statement of Comparison of Budget and Actual	77,191
Add: Purchase of Non-Current Assets	52,821
Less: Depreciation Charge for the year	(25,403)
<b>Surplus As Per Statement of Financial Performance</b>	<b>104,509</b>

4. Allocation for capital projects was under absorbed by 40% due to the Covid-19 pandemic which occasioned delays in material delivery.

## NOTES TO FINANCIAL STATEMENTS

### GENERAL INFORMATION

Kaimosi friends University College (KAFUCO) is established by and derives its authority and accountability from University Act 2012. KAFUCO is wholly owned by the Government of Kenya and is domiciled in Kenya. KAFUCO's principal activity is to provide quality education and training, research and innovation to meet the needs of a dynamic society.

### 1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The KAFUCO financial statements have been prepared on a historical cost basis, unless stated otherwise. 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 judgment in the process of applying KAFUCO's accounting policies. There were no areas involving a higher degree of judgment or complexity, or where assumptions and estimates were significant to the financial statements.

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

The financial statements have been prepared in accordance with the PFM(Amendment) Act 2020, the State Corporations Act 446 and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a) Revenue recognition

##### i) Revenue from non-exchange transactions

##### **Government Recurrent Grants and Donors Research Grants**

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

##### ii) Revenue from exchange transactions

##### **Student's fees**

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.



### **Sale of goods**

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

### **Rental income**

Rental income arising from accommodation of students in the University College hostels is accounted for on accrual basis and included in revenue.

### **b) Budget information**

The original budget for FY 2019-2020 was approved by the National Assembly in June 2019. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the University College upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of Kshs. 34,545,699.00 on the 2019-2020 budget following the governing body's approval.

The University College'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 budget note 3 of these financial statements.

**c) Property, plant and equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the University College 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 repairs and maintenance costs are recognized as surplus or deficit incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

Depreciation and Amortisation are calculated on the straight-line basis to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life using the following annual rates:

Description	Annual Rate
Buildings	2.5%
Plant & machinery	20%
Computer	33.3%
Motor vehicles	25%
Furniture, Fitting & equipment	12.5%
Intangible Assets	20%
Books & Journals	25%

**d) Intangible assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

Intangible assets shall be amortised over their useful life on a straight line basis. Subsequent expenditures on intangible assets shall be recognized as an expense for the period that it is incurred.

**e) Research and development costs**

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

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

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

**f) Inventories**

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

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

**g) Provisions**

Provisions are recognized when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the University expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Provisions raised in this Financial Year are as below.

Particulars	KES '000'
i. Provision for Gratuity	2,996
ii. Audit Fees	950
iii. Provision for Doubtful Debt of 10%	3,309

iv.	Provision for Part-time payments	8,623
v.	Provision for industrial attachment/teaching practice	3,360
vi.	Provision for CBA Arrears	34,546

### Contingent liabilities

The University College has a Case in court-ELC 61 of 2019 Kakamega, whose gist is encroachment of land LR No. 1087/2 and recovering of alienated assets of former Kaimosi Teachers Training College, predecessors of the University College on LR No. 1087/3. The matter is ongoing thus, the legal fees and the amount of liability cannot be reasonably estimated. In view of this it has not been captured in the books of accounts as contingency.

### Contingent assets

The University College entered into a Contract of Works on 23<sup>rd</sup> December, 2016, with Lubimbayi Limited, for the construction of the Tuition Block and Associated Works. The contract was terminated on 7<sup>th</sup> October, 2019 because of breaches.

The Contractor has disputed the amounts of Ksh.17 Million as work owed to the University College and is in the process of sourcing for an arbitrator through their letter dated 16th July, 2020. The amount owed is a debt but the probability of recovery cannot be ascertained.

### h) Nature and purpose of reserves

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

### i) Changes in accounting policies and estimates

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

### j) Employee benefits

The University College provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. The University College also contributes to National Social Security Fund (NSSF) a statutory defined contribution scheme registered under the NSSF Act, 2013.

### k) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the



statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

**l) Related parties**

KAFUCO regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the Council members, the Principal and senior managers.

**m) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and cash at bank net of bank overdrafts.

**n) Comparative figures**

The comparative prior year figures are shown against every item in the financial statements. Consistent accounting methods have been applied and changes made will be reported and the effect on reported results disclosed.

**o) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2020.

**3. ADOPTION OF NEW AND REVISED STANDARDS**

The University College did not early-adopt any new or amended standards in year 2020. However, IPSAS 40 was not relevant in our case.

**4. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY**

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

**a) Provisions**

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Notes 29 and Note.33 Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

**b) Impairment of cash generating assets**

An impairment loss of a cash generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount. An impairment loss shall be recognized immediately in surplus or deficit for the year and all other treatments shall be as permitted by the IPSAS.

**c) Impairment of Non-cash generating assets**

An impairment loss of non-cash generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount. An impairment loss shall be recognized immediately in surplus or deficit for the year and all other treatments shall be as permitted by the IPSAS

**d) Agriculture**

All biological assets (including those acquired biological assets through non exchange transaction) are measured at fair value less costs to sell, unless fair value cannot be measured reliably. Any change in the fair value of biological assets during a period is reported in surplus or deficit.

NOTE	Particulars	JUNE' 2020	JUNE' 2019
5		KES	KES
	<b>Exchequer Recurrent Grants</b>		
	Recurrent Grants	443,347,194	172,738,376
	CBA arrears income	34,545,699	-
	<b>Total Exchequer Grants</b>	<b>477,892,893</b>	<b>172,738,376</b>

The CBA arrears income was recognized in the year but received in the 2020/2021 Financial Year.

NOTE	Particulars	JUNE' 2020	JUNE' 2019
6		KES	KES
	<b>Donation Income</b>		
	Donations Income	110,000	20,000
	<b>Total Donation Incomes</b>	<b>110,000</b>	<b>20,000</b>

The donation income was received from Kenya Commercial Bank and Equity Bank for making of student benches in the University College.

NOTE	Particulars	JUNE' 2020	JUNE' 2019
7		KES	KES
	<b>Tuition Income</b>		
	KUCCPS Tuition Fees	33,762,800	29,030,400
	PSSP Tuition Fees	14,569,850	14,639,300
	Master Tuition Fees	1,559,000	-
	<b>Total Tuition Income</b>	<b>49,891,650</b>	<b>43,669,700</b>



NOTE 8	Particulars	JUNE' 2020 KES	JUNE' 2019 KES
	<b>Other Tuition Related Income</b>		
	Registration Fees	355,800	165,500
	Teaching Practice/Attachment Fees	5,381,300	5,295,800
	Student ID Cards	320,500	170,500
	Examination Fees	7,832,600	6,772,500
	Activity Fees	1,809,000	1,655,000
	Amenity	1,809,000	1,661,000
	Medical Fees	2,970,000	2,816,500
	KUCCPS Processing Fees	777,000	394,500
	ICT Levy	9,222,100	8,275,000
	Library Fees	5,707,500	4,993,700
	Students Organization Fees (KAFUSO)	724,000	662,000
	Application Fees	121,500	63,500
	Supervision Fees	1,035,000	70,000
	Supplementary Exams	229,000	142,000
	Thesis/Project Examination	135,000	-
	CUE Quality Assurance Fee	589,500	301,000
	Remarking fee	3,000	820
	Research Income	1,016,000	-
	<b>Total Other Tuition Related Income</b>	<b>40,037,800</b>	<b>33,439,320</b>

Students income was recognized in the year.

NOTE 9	Particulars	JUNE' 2020 KES	JUNE' 2019 KES
	<b>Rental Incomes</b>		
	Hire of Hall & Conference facilities	7,000	1,612,374
	Accommodation Fees	4,942,000	2,633,940
	Rent Income	12,300	-
	Hire Of Playing Ground	5,000	17,000
	Hire Of Bus	81,352	147,395
	<b>Total Rental Incomes</b>	<b>5,047,652</b>	<b>4,410,709</b>

Accommodation income relates to charges to students for hostel accommodation within the University College.

NOTE 10	Particulars	JUNE' 2020 KES	JUNE' 2019 KES
	<b>IGU Incomes</b>		
	Farm Sales	243,131	572,296
	Catering Income	2,934,499	4,857,150
	<b>Total IGU Incomes</b>	<b>3,177,630</b>	<b>5,429,446</b>

Catering income relates to sales made to students for Pay As You Eat services.

NOTE 11	Particulars	JUNE' 2020 KES	JUNE' 2019 KES
	<b>Other Incomes</b>		
	Miscellaneous Income	74,047	2,300
	Sale of Tender Documents	-	11,000
	Surcharge & Fines	69,296	3,901,787
	<b>Total Other Incomes</b>	<b>143,343</b>	<b>3,915,087</b>

Surcharge and fines relates to students invoiced and staff charged for destruction or loss of university property.

NOTE 12	Particulars	JUNE' 2020 KES	JUNE' 2019 KES
	<b>Council Expense</b>		
	Sitting Allowance	2,481,900	3,683,740
	Chairman's Honoraria	1,080,000	1,080,000
	Subsistence Allowance	2,702,000	3,528,925
	Other Council Expenses	1,848,275	991,826
	<b>Total Council Expense</b>	<b>8,112,175</b>	<b>9,284,491</b>

NOTE 13	Particulars	JUNE' 2020 KES	JUNE' 2019 KES
	<b>Personnel Emoluments Cost</b>		
	Basic salary	125,488,584	93,233,314
	House Allowance	64,216,076	45,949,194
	Commuting Allowance	11,995,764	9,217,605
	Car Allowance	10,116,577	8,297,451
	Responsibility Allowance	6,280,467	5,414,500
	Acting Allowance	357,182	-
	Entertainment allowance	3,792,250	2,959,666
	Telephone Allowance	2,370,524	2,021,067
	Domestic workers	960,000	1,140,000
	Professorial Allowance	120,000	120,000
	Risk Allowance	216,306	190,200
	Tool Allowance	1,740	1,740
	Extraneous Allowance	1,765,258	1,368,000
	Passage and Baggage allowance	525,240	84,350
	Part-time Teaching Payments	25,111,005	17,488,350
	Gratuity	2,995,976	7,919,399
	EMPLOYERS NSSF	428,600	327,400
	Employers Pension Contributions	12,734,864	8,154,363
	Leave Allowance	1,507,700	1,086,400
	Casual Labour Expenses	1,558,207	-
	Water Allowance	-	21,569
	Electricity Allowance	150,023	75,019
	Research/Book Allowance	-	225,000
	Other Allowances	33,176	67,675
	Salary Locum Appointees	2,179,500	1,335,898
	Special Allowance	387,890	105,700
	NITA Employer Contribution	107,700	82,150
	CBA Arrears	35,545,699	-
	<b>Total Personnel Emoluments Cost</b>	<b>308,946,307</b>	<b>206,886,010</b>

NOTE	Particulars	JUNE' 2020	JUNE' 2019
14		KES	KES
	<b>IGU Expenses</b>		
	IGU/Farm Operating Expenses	1,328,005	2,366,587
	Catering Expense	2,513,045	5,575,027
	<b>Total IGU expenses</b>	<b>3,841,050</b>	<b>7,941,614</b>

NOTE	Particulars	JUNE' 2020	JUNE' 2019
15		KES	KES
	<b>Utilities</b>		
	Electricity expenses	2,291,421	3,225,726
	Water & Sewerage	1,651,908	1,872,609
	Internet Charges	6,060,644	4,126,951
	Postal and courier expenses	56,865	40,555
	<b>Total Utilities</b>	<b>10,060,838</b>	<b>9,265,841</b>

NOTE	Particulars	JUNE' 2020	JUNE' 2019
16		KES	KES
	<b>Contracted Services</b>		
	Security Services	10,299,000	8,482,900
	Sanitary Services Expenses	587,400	270,294
	Property Insurance Expenses	997,976	564,656
	Fumigation	489,600	398,320
	Contracted Cleaning Services	5,343,054	5,373,144
	<b>Total Contracted Services</b>	<b>17,717,030</b>	<b>15,089,214</b>

NOTE	Particulars	JUNE' 2020	JUNE' 2019
17		KES	KES
	<b>Operating and administrative expenses</b>		
	Academic Trips	265,560	179,040
	Admission Expenses	338,100	381,962
	Advertisements & Publicity	2,051,885	1,531,152
	Anti-corruption Expenses	92,000	9,100
	Audit Fees	993,050	900,000
	Bank Charges	231,163	312,205
	Books & Journals	-	1,785,666
	Research innovation and Incubation expenses	35,400	-
	Cleaning Materials	47,240	340,279
	Coaching and Mentoring	82,620	36,500
	CUE Inspection Expenses	934,860	304,400
	Outstanding Creditors	-	581,280
	Cultural Week/Tamasha Expenses	500,000	300,000
	Disability and Gender Mainstreaming	-	56,025
	Examination Materials	595,140	712,280
	External Examiners	1,072,353	1,064,450
	External Travels & Accommodation	28,000	-
	Fees Waiver Expense	130,200	130,700
	Fuel & Lubricants	1,549,978	2,400,000

NOTE 17	Particulars	JUNE' 2020 KES	JUNE' 2019 KES
	Group Life Cover	611,121	-
	HIV/Aids	220,710	117,224
	ICT Operating Expense	273,550	128,260
	Inter-University Games	1,017,920	747,830
	KAFUSO	851,800	912,000
	KUCCPS Admission	793,500	375,000
	Laboratory Materials	2,809,240	17,881
	Library expenses	125,570	268,750
	Subscriptions, License & Affiliation Expenses	1,008,360	546,040
	Management & Academic Board Expenses	475,000	1,267,485
	Purchase of Medical Drugs and reagents	3,558,929	2,873,186
	Medical Scheme Staff	5,746,510	2,322,749
	Curriculum development/review expenses	245,200	-
	Office Expenses	571,000	725,298
	Consultancy/Professional Services	2,027,350	-
	Performance Contracting Services	1,771,545	1,161,495
	Professional & Legal Charges	7,590,600	533,540
	Bad & Doubtful Debts	1,009,123	(583,546)
	Public Celebrations & Funerals	159,261	1,240,153
	Printing & Publications	954,600	264,060
	Purchase of Stationary	3,377,792	2,038,624
	Recruitment, Appointments and Promotions	66,210	-
	University College research fund	-	1,237,020
	Teaching Practice & Industrial Attachment	4,557,844	4,586,145
	SGC Elections & Training	303,720	483,540
	Sports Equipments	416,200	687,805
	Staff Training & Development	3,311,520	2,066,956
	Seminars & Conference	629,640	485,582
	Strategic Planning & Training expenses	189,340	-
	Teaching Materials	937,800	-
	Tender Expenses	341,550	278,540
	Travelling & Accommodation expenses	7,765,863	5,505,006
	WIBA (Work Injury Benefits)	59,770	-
	Corporate social Responsibility / Community Outreach Expense	103,600	-
	Research Expenses	1,199,026	-
	Staff Uniform & protective gears	498,242	115,000
	Student Work Study	193,200	-
	Payment of Medical Bills	4,747,582	1,063,750
	Carriage, Insurance and Freight Charges	640,513	-
	Public Complains	-	900
	Transport expense	164,250	73,396
	Career services expenses	71,440	-
	Disposal of Assets	-	-
	University choir/drama	4,500	-
	Purchase of curtains and mattresses	2,343,261	-
	ODEL Expense	616,300	533,032
	<b>Total Operating and administrative expenses</b>	<b>73,307,599</b>	<b>43,097,741</b>

NOTE 18	Particulars	JUNE' 2020	JUNE' 2019
		KES	KES
	<b>Repairs &amp; Maintenance</b>		
	Maintenance of Buildings & Stations	13,056,713	3,824,532
	Maintenance of Computers & Other Electronics	2,153,195	394,400
	Maintenance of Hostel Facilities	100,000	26,000
	Maintenance of Motor Vehicles-Other Repairs	1,704,424	1,204,137
	Maintenance of Plant & Equipment	291,837	1,702,619
	Maintenance of Playgrounds	29,700	-
	Maintenance of Water Suppliers & Sewerage	2,753,589	-
	Maintenance of ERP System and other Softwares	4,214,200	-
	<b>Total Repairs &amp; Maintenance</b>	<b>24,303,659</b>	<b>7,151,688</b>

NOTE 19	Particulars	JUNE' 2020	JUNE' 2019
		KES	KES
	<b>Depreciation &amp; Amortization expense</b>		
	Depreciation on Computers, Copiers & Printers	4,538,374	2,892,796
	Depreciation on Furniture, Fixtures & Equipment	2,683,963	1,539,897
	Depreciation on Motor Vehicles	8,922,434	8,598,700
	Depreciation on Plant & Machinery	3,092,750	2,345,673
	Amortization on ERP System	4,978,580	4,804,480
	Depreciation on Buildings	922,753	-
	Depreciation on Books & Journals	318,480	-
	Amortization on Computer Software Systems	45,572	-
	<b>Total Depreciation</b>	<b>25,502,906</b>	<b>20,181,546</b>

NOTE 20	Particulars	JUNE' 2020	JUNE' 2019
		KES	KES
	<b>Cash and Bank Balances</b>		
	Current Accounts	151,271,975	68,015,467
	Petty Cash	-	138,646
	Un-deposited Funds	45,000	-
	<b>Total Cash and Bank Balances</b>	<b>151,316,975</b>	<b>68,154,113</b>

NOTE 20a	Financial Institution	Account Number	JUNE' 2020	JUNE' 2019
			KES	KES
	<b>a) Current Accounts</b>			
	CO-OP PSSP FEES	1129698477700	7,711,792.00	1,955,540.00
	EQUITY KUCCPS FEES	960271081548	6,592,444.28	1,410,102.27
	KCB SAVINGS A/C MMUST-KAIMOSI	1164385291	1,143,490.00	1,022,400.00
	KCB SAVINGS A/C KAFUCO DEPOSIT	1203735065	24,702,600.20	2,305,432.00
	KCB KAFUCO CAPITAL DEVELOPMENT	1203709862	74,833,580.79	59,477,130.07
	KCB-KAFUCO PAYMENTS	1203735030	3,200,133.70	1,625,862.83
	Equity Retention Account	0960279158643	31,287,934.00	-
	KCB BANK GUARANTEE		800,000.00	-
	ABSA RESEARCH ACCOUNT	2042616160	1,000,000.00	-
	<b>Sub-Total</b>		<b>151,271,974.97</b>	<b>67,796,467.17</b>
	<b>b) Others: Petty Cash</b>			
	Undeposited Funds		45,000.00	219,000
	<b>Sub-Total</b>		<b>45,000.00</b>	<b>357,645.80</b>
	<b>Grand Total</b>		<b>151,316,974.97</b>	<b>68,154,112.97</b>

NOTE 21	Particulars	JUNE' 2020	JUNE' 2019
		KES	KES
	<b>Receivables From Exchange Transactions</b>		
	Student Debtors	33,086,578.00	22,894,148.00
	Prov for Doubtful Debts	(3,308,657.80)	(2,299,534.80)
	Sundry Debtors	579,220.10	571,742.00
	Insurance Claim Receivables	288,000.00	288,000.00
	Insurance Premium	-	0.40
	<b>Total Receivables From Exchange Transactions</b>	<b>30,645,140.30</b>	<b>21,454,355.60</b>

NOTE 22	Particulars	JUNE' 2020	JUNE' 2019
		KES	KES
	<b>Receivables From Non-Exchange Transactions</b>		
	Staff Imprest Debtors	2,578,690	444,690
	CBA Arrears receivable	34,545,699	19,666,507
	<b>Total Receivables From Non-Exchange Transactions</b>	<b>37,124,389</b>	<b>20,111,197</b>

NOTE 23	Particulars	JUNE' 2020	JUNE' 2019
		KES	KES
	<b>Inventories &amp; Stores</b>		
	Central Stores:- Stationary	3,853,426	1,164,251
	Medical Drug Stores	1,267,333	838,282
	Maintenance Stores	12,773,556	848,108
	Central Stores :- Catering Stores (Foodstuff)	483,070	51,576
	Central Stores:- Cleaning	202,660	-
	Teaching Laboratory Stores	897,862	941,922
	Farm Stores	685,272	-
	<b>Total Inventories &amp; Stores</b>	<b>20,163,179</b>	<b>3,844,139</b>

NOTE 24	PROPERTY, PLANT AND EQUIPMENT SCHEDULE FOR 2019/2020FY								
Particulars	Motor vehicles	Furniture, Fixtures, fittings & Equipments	Computer & Accessories	Plant & Machinery	Books & Journals	Buildings	Capital Work In Progress	Total	
Rate(%)	0.25	0.125	0.333	0.2	0.25	0.025	0		
Cost:	Shs	Shs	Shs	Shs	Shs	Shs	Shs	Shs	
At 1 July 2018	34,394,800	10,950,000	7,691,000	11,728,364	-	-	149,253,713	214,017,877	
Additions	-	2,237,390	988,256	-	-	-	157,979,091	161,204,737	
Disposals	-	-	-	-	-	-	-	-	
Transfers/adjustments	-	(868,214)	-	-	-	-	(24,022,400)	(24,890,614)	
At 30th June 2019	34,394,800	12,319,176	8,679,256	11,728,364	-	-	283,210,404	350,332,000	
Additions	5,179,750	12,702,203	13,461,848	14,941,554	5,095,674	-	109,369,807	160,750,837	
Disposals	-	-	-	-	-	-	-	-	
Transfers/adjustments	-	-	-	-	-	36,910,122	(36,910,122)	-	
At 30th June 2020	39,574,550	25,021,379	22,141,104	26,669,918	5,095,674	36,910,122	355,670,089	511,082,837	
Depreciation and impairment:									
At 1 July 2018	8,598,700	2,490,162	4,395,865	2,438,106	-	-	-	17,922,833	
Depreciation	8,598,700	1,539,897	2,892,796	2,345,673	-	-	-	15,377,066	
Impairment	-	-	-	-	-	-	-	-	
Transfers/adjustments	-	(108,524)	-	-	-	-	-	(108,524)	
At 30th June 2019	17,197,400	3,921,535	7,288,661	4,783,779	-	-	-	33,191,375	
Depreciation for the year	8,922,434	2,683,963	4,538,374	3,092,751	318,480	922,753	-	20,478,754	
Disposals	-	-	-	-	-	-	-	-	
Impairment	-	-	-	-	-	-	-	-	
Transfers/adjustments	-	-	-	-	-	-	-	-	
At 30th June 2020	26,119,834	6,605,498	11,827,035	7,876,530	318,480	922,753	-	53,670,129	
Net Book Values:									
At 30 June 2020	13,454,716	18,415,881	10,314,069	18,793,389	4,777,194	35,987,369	355,670,089	457,412,707	
At 30 June 2019	17,197,400	8,397,641	1,390,595	6,944,585	-	-	283,210,404	317,140,625	

In the year under review, Property, Plant and Equipment does not include land and buildings except for WIP that has been capitalized. Land and buildings were excluded because their cost could not be ascertained since the same was inherited from Kaimosi Teachers Training College and there were no records to ascertain their values. However, the University College has since engaged a consultant who has valued both Land and Buildings, which shall be included in the subsequent year moving forward.

NOTE 25	INTANGIBLE ASSETS SCHEDULE FOR 2019/2020 FY			
	Particulars	ERP System	Computer Software	Total
	Rate(%)	0.2	0.2	
	Cost	Shs	Shs	Shs
	At 1 July 2018	-	-	-
	Additions	24,022,400	-	24,022,400
	Disposals	-	-	-
	Transfers/adjustments	-	-	-
	At 30th June 2019	24,022,400	-	24,022,400
	Additions	1,482,000	911,430	2,393,430
	Disposals	-	-	-
	Transfers/adjustments	500,000	-	500,000
	At 30th June 2020	26,004,400	911,430	26,915,830
	<b>Amortization and impairment:</b>			
	At 1 July 2018	-	-	-
	Amortisation/Impairment for the Period	4,804,480	-	4,804,480
	At 30th June 2019	4,804,480	-	4,804,480
	Amortisation/Impairment for the Period	4,978,580	45,572	5,024,152
	At 30th June 2020	9,783,060	45,572	9,828,632
	NBV At 30th June 2020	16,221,340	865,859	17,087,199

NOTE 26	Particulars	JUNE' 2020 KES	JUNE' 2019 KES
	Biological Assets		
	Cows	1,615,000	175,000
	Total Biological Assets	1,615,000	175,000

NOTE 27	Particulars	JUNE' 2020 KES	JUNE' 2019 KES
	Trade & Payables From Exchange Trans		
	General Creditors	5,083,502	11,000,849
	PAYE	-	7,844,355
	VAT @ 16%	311,925	1,019,617
	WHT Mgt, Consultancy & Professional Tax 5%	-	73,894
	Withholding Vat 2%	191,872	15,794
	Total Trade & Payables From Exchange Trans	5,587,299	19,954,510

NOTE 28	Particulars	JUNE' 2020 KES	JUNE' 2019 KES
	Refundable Deposits From Customers		
	Caution Money-Refundable Deposit	2,803,000	2,114,000
	Total Refundable Deposits From Customers	2,803,000	2,114,000

NOTE 29	Current Provisions	General Provision	Provision for part-time teaching payments	Provision for industrial attachment & teaching practice	Provision for CBA Arrears
	Balance b/d 01/07/2019	17,280	-	-	-
	Additional provisions		8,622,600	3,360,164	34,545,699
	Provision utilized	(17,280)	-	-	-
	Change due to discount and time value for money	-	-	-	-
	Transfers from non-current provision	-	-	-	-
	<b>Total Provision as at 30.06.2020</b>	-	<b>8,622,600</b>	<b>3,360,164</b>	<b>34,545,699</b>

NOTE 30	Particulars	JUNE' 2020 KES	JUNE' 2019 KES
	<b>Employee Benefit Obligation</b>		
	PENSION	-	1,169,566
	UNION DUES	-	-
	WELFARES	-	31,900
	SACCOS	-	687,817
	NHIF	-	188,150
	NSSF	-	(2,600)
	Net Pay	-	12,125,484
	<b>Total Employee Benefit Obligation</b>	-	<b>14,200,317</b>

NOTE 31	Particulars	JUNE' 2020 KES	JUNE' 2019 KES
	<b>Payment Received in Advance</b>		
	Fees Prepayments	10,002,633	10,352,905
	<b>Total Payment Received in Advance</b>	<b>10,002,633</b>	<b>10,352,905</b>

NOTE 32	Particulars	JUNE' 2020 KES	JUNE' 2019 KES
	<b>Special Accounts &amp; Grants</b>		
	HELB Loan Fund	2,461,300	303,000
	CDF/Sponsorships	1,812,160	2,187,760
	<b>Total Special Accounts &amp; Grants</b>	<b>4,273,460</b>	<b>2,490,760</b>

NOTE 33	Non-Current Provisions	Provision for Audit Fees	Provision for Gratuity
	Balance b/d 01/07/2019	2,700,000.00	10,526,335.71
	Additional provisions	950,000.00	2,995,976.40
	Provision utilized	(1,856,000.00)	(8,112,373.55)
	Change due to discount and time value for money	-	-
	Less: Current portion	-	-
	<b>Total deferred Income</b>	<b>1,794,000.00</b>	<b>5,409,938.56</b>

NOTE 34	Particulars	JUNE' 2020	JUNE' 2019
		KES	KES
	<b>Long Term Liabilities</b>		
	Capital Creditors	(1.13)	840,623
	Retention Fees 10 %	26,621,334.00	22,901,572
	Retention 5%	726,120.00	726,120
	CLOSED-Retention Account	3,536,820.40	2,731,370
	<b>Total Long Term Liabilities</b>	<b>30,884,273.27</b>	<b>27,199,685</b>

NOTE 35	Particulars	JUNE' 2020	JUNE' 2019
		KES	KES
	<b>Reserves</b>		
	Revenue Reserves	(21,523,830)	30,819,949
	Opening Balance Equity	(8,572,323)	(5,608,595)
	<b>Total Reserves</b>	<b>(30,096,153)</b>	<b>25,211,354</b>

NOTE 36	Particulars	JUNE' 2020	JUNE' 2019
		KES	KES
	<b>OWNERS EQUITY</b>		
	Capital Development Funds	531,692,324	390,637,710
	Capital Donations	2,281,398	-
	<b>Total OWNERS EQUITY</b>	<b>533,973,722</b>	<b>390,637,710</b>

The donations relate to teaching laboratory equipment donated by The Reagent project from New York.

NOTE 37	CASH GENERATED FROM OPERATIONS	NOTES	JUNE' 2020	JUNE' 2019
			KES	KES
	<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>			
	<b>Receipts</b>			
	Exchequer Recurrent Grants	5	477,892,893	172,738,376
	Donation Income	6	110,000	20,000
	Tuition Fees	7	49,891,650	43,669,700
	Other Tuition Related Income	8	40,037,800	33,439,320
	Rental Incomes	9	5,047,652	4,410,709
	IGU Incomes	10	3,177,630	5,429,446
	Other Incomes	11	143,343	3,915,087
	<b>Total Receipts</b>		<b>576,300,968</b>	<b>263,622,638</b>
	<b>Payments:</b>			
	Council Expenses	12	(8,112,175)	(9,284,491)
	Personnel Costs	13	(308,946,307)	(206,886,010)
	IGU Expenses	14	(3,841,050)	(7,941,614)
	Utilities	15	(10,060,838)	(9,265,841)
	Contracted Services	16	(17,717,030)	(15,089,214)
	Operating & Administrative Costs	17	(73,307,599)	(43,097,741)
	Repairs & Maintenance	18	(24,303,659)	(7,151,688)
	Adjustment: Provisions for Gratuity, Bad debt, Audit Fees		-	(9,723,819)
	<b>Total Payments</b>		<b>(446,288,659)</b>	<b>(308,440,419)</b>
			<b>130,012,309</b>	<b>(44,817,781)</b>
	(Increase)/Decrease in inventory	23	(16,319,041)	3,951,247

(Increase)/Decrease in receivables from non-exchange transactions	22	(17,013,192)	(12,940,526)
(Increase)/Decrease in receivables from exchange transactions	21	(9,190,785)	
Increase/(Decrease) in Trade and other payables	27	(29,503,642)	33,492,768
Increase/(Decrease) in Capital payables	34	3,684,588	-
Increase/(Decrease) in Provisions	29 & 33	41,939,848	
<b>Total</b>		<b>(26,402,224)</b>	<b>24,503,489</b>
<b>NET CASHFLOW FROM OPERATING ACTIVITIES</b>		<b>103,610,085</b>	<b>(20,314,292)</b>

### 38. FINANCIAL RISK MANAGEMENT

KAFUCO's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The University College'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 acceptable levels of risk. The University College does not hedge any risks but has in place policies to ensure that credit is only extended to customers with an established credit history.

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
<b>At 30 June 2020</b>				
Receivables from exchange transactions	30,645,140.30	30,645,140.30	0	0
Receivables from non-exchange transactions	37,124,389.00	37,124,389.00	0	0
<b>Bank balances</b>	<b>151,316,974.97</b>	<b>151,316,974.97</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>219,086,504.27</b>	<b>219,086,504.27</b>	<b>0</b>	<b>0</b>
<b>At 30 June 2019</b>				
Receivables from exchange transactions	21,454,355.60	21,454,355.60	0	0
Receivables from non-exchange transactions	20,111,197.00	20,111,197.00	0	0
<b>Bank balances</b>	<b>68,154,112.97</b>	<b>68,154,112.97</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>109,719,665.57</b>	<b>109,719,665.57</b>	<b>0</b>	<b>0</b>

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

#### (i) Credit risk

The University College has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

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

The customers under the fully performing category are paying their debts as they continue trading.

The credit risk associated with these receivables is minimal and the allowance for uncollectible

amounts that the University College has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts

### (ii) Liquidity risk management

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

The table below represents cash flows payable by the entity under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2020				
Trade payables	5,587,298.88	0	0	5,587,298.88
Current portion of borrowings	0	0	0	0
Provisions	46,528,465.00	0	7,203,938.56	53,732,403.56
Deferred income	0	0	0	0
Employee benefit obligation	0	0	0	0
<b>Total</b>	<b>52,115,763.88</b>	<b>0</b>	<b>7,203,938.56</b>	<b>59,319,702.44</b>
At 30 June 2019				
Trade payables	19,954,509.56	0	0	19,954,509.56
Current portion of borrowings	0	0	0	0
Provisions	17,280	0	13,226,335.71	13,243,615.71
Deferred income	0	0	0	0
Employee benefit obligation	14,200,317.33	0	0	14,200,317.33
<b>Total</b>	<b>34,172,106.89</b>	<b>0</b>	<b>13,226,335.71</b>	<b>47,398,442.60</b>

### (iii) Market risk

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

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity'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.

There has been no market risk exposure to KAFUCO in the year under review.

#### iv) Capital Risk Management

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

	2019-2020	2018-2019
	Kshs	Kshs
Revaluation reserve	0	0
Retained earnings/Revenue Reserves	74,413,250.00	(30,096,154.00)
Capital reserve/Capital Grants	533,973,722.10	390,637,710.00
<b>Total funds</b>	<b>608,386,972.10</b>	<b>360,541,556.00</b>
<b>Total borrowings</b>	<b>0</b>	<b>0</b>
Less: cash and bank balances	(151,316,974.97)	(68,154,112.97)
<b>Net debt/(excess cash and cash equivalents)</b>	<b>(151,316,974.97)</b>	<b>(68,154,112.97)</b>
Gearing	0%	0%

### 39. RELATED PARTY BALANCES

#### Nature of related party relationships

Entities and other parties related to the entity 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 Kaimosi Friends University College, holding 100% of KAFUCO's equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the University College, both domestic and external. Other related parties include:

- i) The National Government;
- ii) State Department of University Education and Research
- iii) KAFUCO key management
- iv) KAFUCO Council

	2019-2020	2018-2019
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
<b>Grants from National Govt</b>	477,892,893.00	172,738,376.00
<b>Total</b>	<b>477,892,893.00</b>	<b>172,738,376.00</b>
b) Key management compensation		
Directors' emoluments	8,112,174.90	9,284,490.98
Top Management emoluments	20,734,636.57	20,351,224.00
<b>Total</b>	<b>28,846,811.47</b>	<b>29,635,714 .98</b>

Top management comprises of Principal, Deputy Principal Finance & Development and Deputy Principal Academics & Student Affairs.

#### 40. CAPITAL COMMITMENTS

Capital Commitments	2019-2020	2018-2019
	Kshs	Kshs
<b>Authorised and Contracted for</b>	60,667,564.01	-

#### 41. EVENTS AFTER THE REPORTING PERIOD

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

#### 42. ULTIMATE AND HOLDING ENTITY

Kaimosi Friends University College is a Semi- Autonomous Government Agency under the Ministry of Education. Its ultimate parent is the Government of Kenya.



## APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
KSM/KAFUCO/2018/12	Procurement of fuel and lubricants from Total Kenya Plc with no local purchase order issued or service agreement signed by the two parties	The University College managed to engage Total Kenya and the two parties are currently having a signed agreement for fuel and lubricants	Procurement Officer	RESOLVED	September 2019
KSM/KAFUCO/2018/12	Failure to observe the One-Third rule on regional diversity on recruitment	In the Financial Year 2018/19, 80% of the employees were only from one ethnic community. The university has strived to comply with the requirement on diversity and the percentage has reduced from 80% to 70%	Reg.Admin &HR	ON-GOING	June 2021

Principal, KAFUCO

Prof. O.M.J. Nandi

Date.....

*(Signature)*  
22/01/2021

Chairman of the Council, KAFUCO

*(Signature)* Dr. Bernadette Mungai,

Date..... 22/01/2021

**APPENDIX II: PROJECT IMPLEMENTATION**  
**KAIMOSI FRIENDS UNIVERSITY COLLEGE**

**Summary of salient details -of ongoing projects 30.06.2020**

S/N	Project Name	Cost of Project or Contract Value (KESs)	Actual cumulative expenditure	Timeline			Actual project status	Progress Status
				Start	Expected completion date	Revised Completion date		
	<b>Ongoing</b>							
1.	Proposed Construction of Tuition Block and Associated Works KAFUCO/EST/01/16-17	269,827,993.00	79,030,533	08.04.2020	07.04.2021	07.04.2021	29.29%	On going
2.	Proposed Construction of Library Extension and Associated Works KAFUCO/EST/05/16-17	16,199,570.00	15,133,310	06.02.2017	05.02.2018	24.05.2018	93.42%	On going
	Proposed Construction of Library Extension Phase II KAFUCO/EST/02/17-18							
3.	Proposed renovations and Branding works at KAFUCO – Lot 1 KAFUCO/EST/01/18-19	18,538,320.00	13,669,890	22.11.2018	21.05.2019	None	73.74%	On going
	Proposed renovations and Branding works at KAFUCO – Lot III KAFUCO/EST/03/18-19							
4.	Supply, Installation, Testing & Commissioning of Fiber Backbone Infrastructure, Structured Cabling, Data Center with Associated LAN Active Devices for Offices and Classes at Kaimosi Friends University College KAFUCO/ICT/03/2018-19	34,399,462.22	28,328,576.91	11/28/2018	11/27/2019	None	82.35%	On going
	Supply, Installation, Testing and Commissioning of Biometric Kits in Classes at Kaimosi Friends University College KAFUCO/ICT/04/2018-19							
5.	Supply, Installation, Testing & Commissioning of Interactive White Boards with the Associated Devices for Classes at Kaimosi Friends University College KAFUCO/ICT/05/2018-19	4,620,484.80	4,400,484.80	11/28/2018	11/27/2019	None	85.24%	On going
	Supply, Installation and Commissioning of LPG Gas KAFUCO/IGU/01/18-19							
6.	Supply, Installation, Testing and Commissioning of Blometric Kits in Classes at Kaimosi Friends University College KAFUCO/ICT/04/2018-19	3,986,184.65	3,382,856.96	11/28/2018	11/27/2019	None	85%	On going
7.	Supply, Installation, Testing & Commissioning of Interactive White Boards with the Associated Devices for Classes at Kaimosi Friends University College KAFUCO/ICT/05/2018-19	4,620,484.80	4,400,484.80	11/28/2018	11/27/2019	None	85.24%	On going
8.	Supply, Installation and Commissioning of LPG Gas KAFUCO/IGU/01/18-19	10,000,000.00	5,451,030	01.04.2019	30.06.2020	None	51.51%	On-going
9.	Construction of Modern Dairy Unit KAFUCO/IGU/01/18-19	45,999,999	30,277,486	25.03.2019	09.09.2019	None	65.82%	On-going

## Kaimosi Friends University College Annual Reports and Financial Statements for the Year ended June 30, 2020

	Practically complete projects								
10.	Proposed Masonry and Carpentry Works on Students' Halls Of Residence And Science Laboratory Carpentry KAFUCO/EST/08/17-18	3,752,700.00	3,115,721.00	23.08.2018	1.11.2018	None		Awaiting handing over	
11.	Proposed Removal Of Asbestos And Re-Roofing And Associated Works At Kaimosi Friends University College – Lot 1 KAFUCO/EST/04/17-18	5,118,400.00	4,719,904.00	30.05.2018	08.08.2018	None		Awaiting handing over	



**APPENDIX III: INTER-ENTITY TRANSFER**

Kaimosi Friends University College (KAFUCO)  
Financial Reports and Statements for the Year Ended 30 June, 2020

2019/2020

**KAIMOSI FRIENDS UNIVERSITY COLLEGE****INTER-ENTITY TRANSFERS**

Break down of Transfers from the State Department of Education & Research **Financial Period**  
**2019/2020**

<b>a Recurrent Grants</b>			
Bank Statement Date	Amount (KES)	Indicate the FY to Which the Amounts	
8Aug-2019	36,945,599	2019/20	
10 Sept -2019	36,945,599	2019/20	
27Sept -2019	36,945,600	2019/20	
01 Nov -2019	36,945,600	2019/20	
30 Nov -2019	36,945,600	2019/20	
27 Dec -2019	36,945,599	2019/20	
04 Feb -2020	36,945,599	2019/20	
02 Mar -2020	36,945,600	2019/20	
03 April 2020	36,945,599	2019/20	
08 May 2020	36,945,600	2019/20	
06 June 2020	36,945,600	2019/20	
26 June 2020	36,945,599	2019/20	
6 July 2020	34,545,699	2019/20	
<b>TOTAL</b>	<b>477,892,893</b>		
<b>b Development Grants</b>			
Bank Statement Date	Amount (KES)	Indicate the FY to Which the Amounts relate	
29 Nov -2019	81,505,171	2019/20	
10 Mar -2020	59,549,443	2019/20	
<b>TOTAL</b>	<b>141,054,614</b>		
The above amounts have been communicated to and reconciled with the parent ministry			
 Head of Finance Kaimosi Friends University College		 Head of Accounting Unit Ministry of Education, State Department of University Education & Research	



# Kaimosi Friends University College

**KAIMOSI FRIENDS UNIVERSITY COLLEGE**  
(A Constituent College of Masinde Muliro University of Science and Technology)

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**ANNUAL REPORT & FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE, 2020**

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