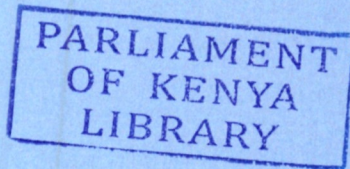


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL



REPORT

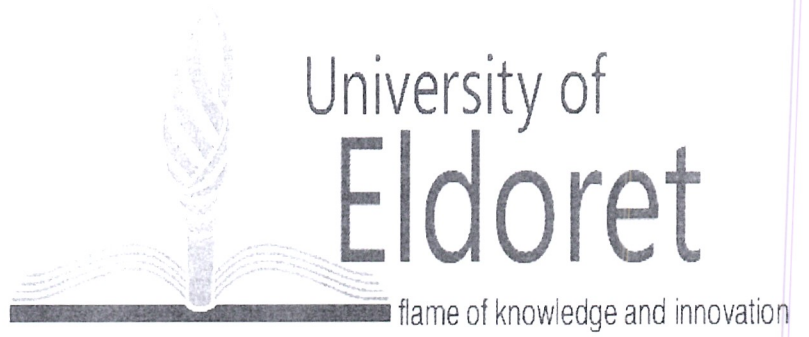
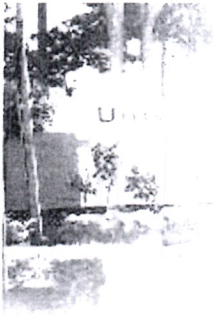
OF

THE AUDITOR-GENERAL

ON

**THE FINANCIAL STATEMENTS OF
UNIVERSITY OF ELDORET**

**FOR THE YEAR ENDED
30 JUNE 2017**



UNIVERSITY OF ELDORET
ANNUAL REPORT AND FINANCIAL STATEMENTS
For The Financial Year Ended June 30, 2017

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



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List of Acronyms

Accmltd Deprtn	Accumulated Depreciation and
CBA	Collective Bargaining Agreement,
Dptn Adjmt	Depreciation Adjustment.
EIA	Environmental Impact Assessment,
GSSP	Government Sponsored Student Programme,
IGA	Income Generating Activities,
PSSP	Privately Sponsored Student Programme,
UoESO	University of Eldoret Student Union,

I. KEY CORPORATE INFORMATION AND MANAGEMENT

(a) Background information

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

(b) Principal Activities

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

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

Vision

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

Mission

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

Core Values

At University of Eldoret, we are committed to:

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

Objectives and Functions

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

Quality Assurance Statement

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

(c) Key Management

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

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

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2017 and who had direct fiduciary responsibility were:

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

(e) Fiduciary Oversight Arrangements

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

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

(f) University Headquarters

P.O. Box 1125 - 30100
Chepkoilel/Eldoret-Ziwa Road/Off Iten Road
Eldoret, KENYA

(g) University Contacts

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

E-mail: vc@uoeld.ac.ke

Website: www.uoeld.ac.ke

(h) University Bankers

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

(i) Independent Auditors

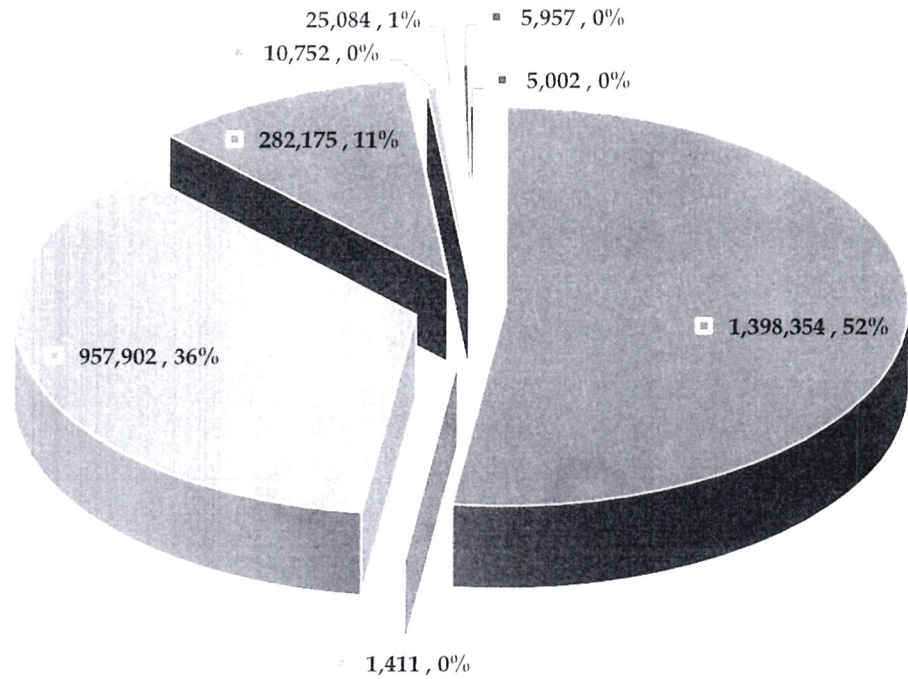
Auditor General
Office of the Auditor-General
Anniversary Towers, University Way
P.O. Box 30084
GOP 00100
Nairobi, Kenya

(j) Principal Legal Adviser

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

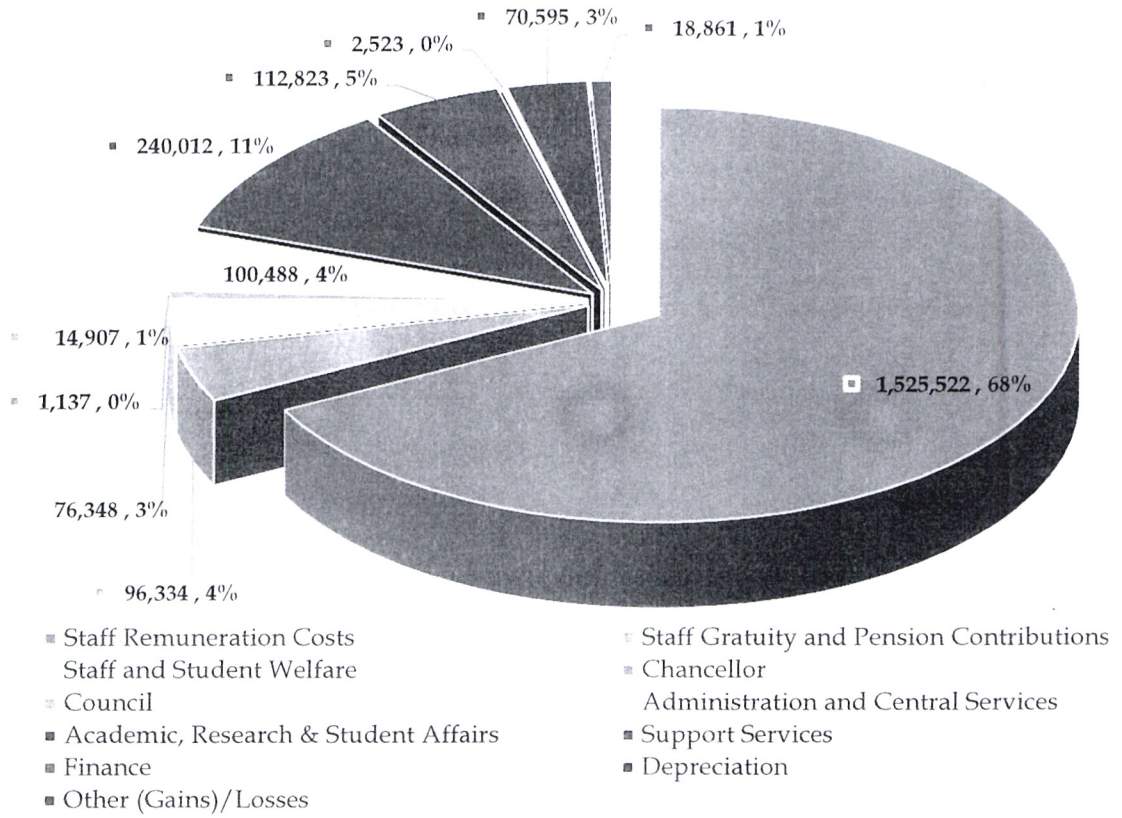
PERFORMANCE AT A GLANCE

Our Revenue in Brief



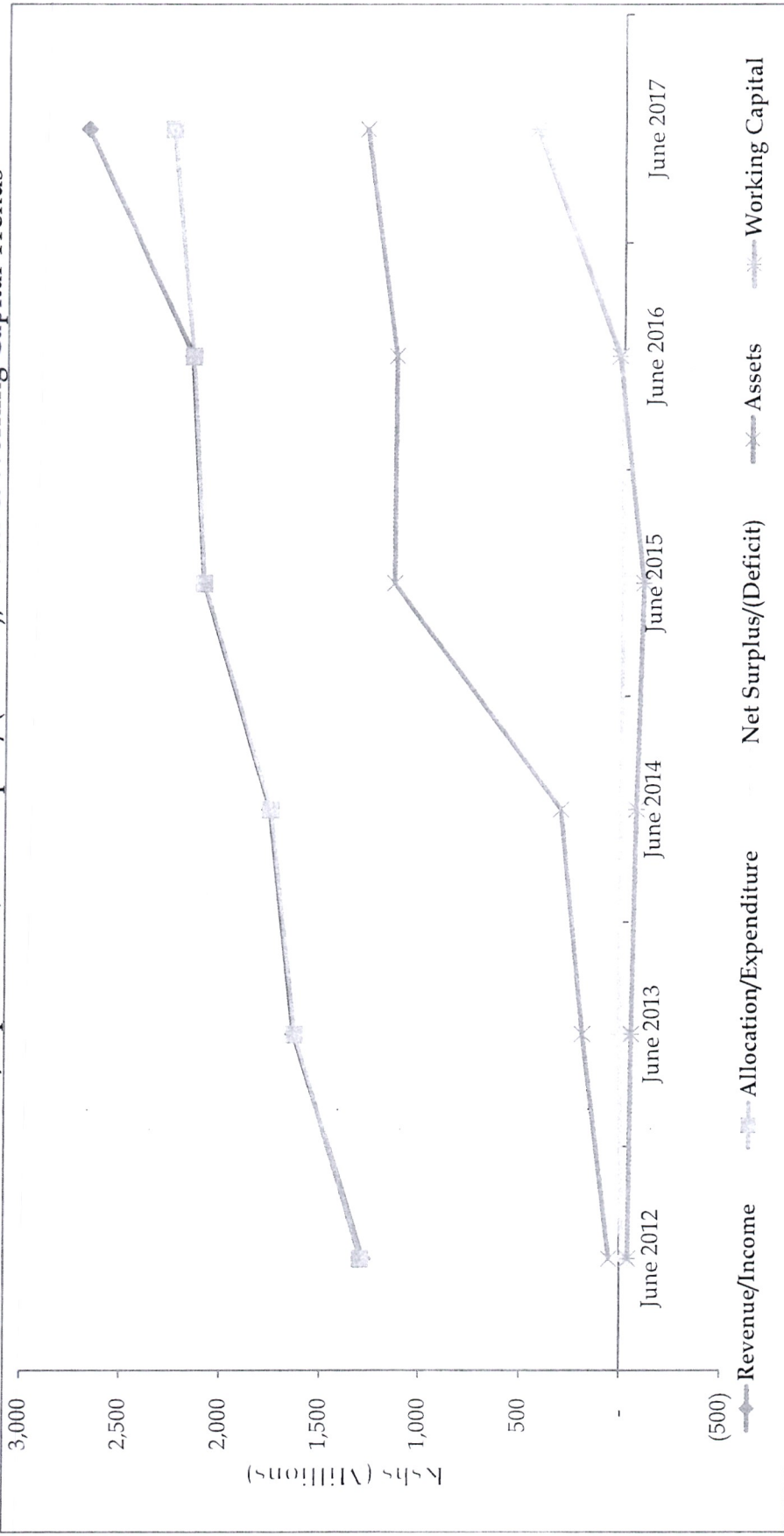
- GoK Exchequer Grants
- Tuition Fees
- Graduation Fees
- Income Generating Activities
- Research Administrative Fees
- Administrative and Related Fees
- Accommodation Fees
- Other Income

Allocations/Expenditure in Brief



PERFORMANCE AT A GLANCE (Continued)

Historical Revenue/Income, Allocation/Expenditure, Net Surplus/ (Deficit), Assets & Working Capital Trends



II. THE UNIVERSITY COUNCIL



Dr. David I. Ojaka
(DoB - 1955)

Dr. David Ojaka is a leading specialist in business development, research, advocacy, policy formation, monitoring & evaluation, and management of health programs and projects. He has recently served in AMREF Health Africa as the Head of Policy Advocacy. He held key positions in CERPOD, IPPF, NCPD and the Ministry of Planning and National Development. He holds a Doctorate Degree in Demography from University of Montreal in Quebec, Canada, Masters of Science in Population Studies and Bachelor of Education Science both from University of Nairobi. Dr. Ojaka is currently the Managing Director of BRIM Limited, a health research and managing consultancy firm.



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

Prof. Teresa A.O. Akenga has served previously as the Deputy Vice-Chancellor (Academics, Research and Extension) at the Management University of Africa and the Deputy Principal (Academic Affairs) at Bondo University (now JOOUST). She was an Associate Professor of Organic Chemistry at Kigali Institute of Science and Technology, Rwanda. She served as a lecturer and a senior lecturer in Chemistry Department teaching Organic Chemistry. Prof. Akenga holds a Ph.D in Organic Chemistry from University of New South Wales in Australia, MSc in Chemistry and B.Ed (Sc.) in Chemistry both from Kenyatta University and an MBA (Corporate Governance) from KCAUniversity. She is a member of the Executive Committee of the Inter-Universities Council of East Africa (IUCEA) and a representative of Vice-Chancellors at the Board of Kenya School of Government. She was awarded "The Moran of the Order of the Burning Spear" (MBS) by the President of Kenya, H.E. Uhuru Kenyatta in 2013 in recognition for her contribution to training, research and curricula development.



Martin Ntabathia
(DoB - 1957)

Mr Martin Ntabathia an accountant by profession, holds a Masters' Degree in Business Administration from University of Nairobi, a Bachelor of Commerce in Accounting and Finance from Strathmore University. He is a Certified Public Accountants (K) and a member of Chartered Institute of Management Accountants with vast experience from working both in the public and private sector. Mr. Martin Ntabathia is the Main Partner at ADD Value Services an accounting consultancy firm.



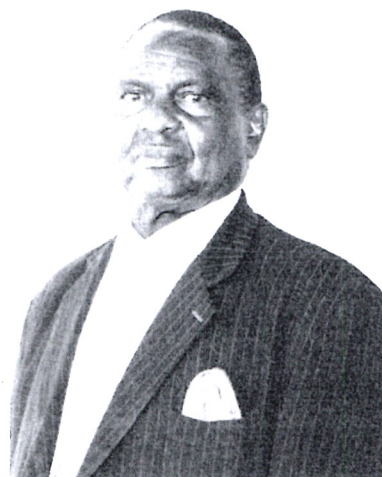
Teresa Chebet Maina
(DoB - 1966)

Ms. Teresa Chebet Maina holds a Masters' in Business Administration and Bachelors of Arts both from University of Nairobi. She is a member of the Institute of Human Resources Management. She has attended courses at the Centre of Corporate Governance, Federation of Kenya Employers and the Boston Institute for Developing Economies. She brings on board over 20 years of experience in Human Resources. Ms. Maina has previously served at Consolidated Bank as the Head of Human Resources, Human Resource Manager at Kenya Aerotech Limited and the Manager Public Relations at East Africa Portland Cement Co. Limited. Ms. Teresa C. Maina is the Managing Director at Human Capital Resource Centre, a Human Resource Consulting and Mediation Services.



Pamela Khayasi Masinde
(DoB - 1967)

Mrs. Masinde-Wafukho is an experienced communications, marketing, administration, logistics and leadership development consultant. She holds a Masters of Arts in Communication Development from Daystar University and a Bachelor of Commerce in Marketing from the University of Nairobi. She has served both in Kenya and Jamaica while working with Campus Crusade International as an Associate Director, Executive Communication. She is the co-founder of Hadassah Initiative. Mrs. Masinde-Wafukho is the Lead Communication Consultant with ALEM Consult, a leadership training and strategy consultancy.



Geoffrey S. Ouma
(DoB - 1949)

Mr Geoffrey Ouma is an educationist, capacity building and management specialist. He holds a MA in Organization and Management from the University of Hull and PGD in Educational Studies from the University of Newcastle upon Tyne both in the UK. He has a BA in Education from the University of Nairobi. He has served in several capacities in the Ministry of Education, the latest being the Deputy Director in the Aids Control Unit. He was the Deputy Director and Head of Finance and Administration at Kenya Industrial and Development Institute (KIRDI). He has published articles and journals mainly with KICOSHEP. He is a consultant and team leader of St. Gabriel Entrepreneurship Initiative (GEDI) Consultants Firm which carries out capacity building programmes for both the public and civil sectors.



Zipporah Mogaka
(DoB - 1959)

Mrs Zipporah Mogaka is an advocate of the High Court of Kenya and a commissioner for Oaths. She holds a Masters Degree in Law and Bachelor of Laws both from the UoN and a PGD in Legal Studies from the Kenya School of Law. She is a member of the Law Society of Kenya and the Institute of Certified Public Secretaries (K). She has served as the Company Secretary at Kenya National Capital Corporation and Kenya industrial Estates Limited. Mrs. Mogaka is the General Manager - Legal and Remedial at National Bank of Kenya Limited and a Managing Partner for Mogaka & Mogaka Advocates.



Mr. Clement Obure Odeka
(DoB - 1965)

Mr. Clement Obure Odeka is the alternate member of the University Council representing the Principal Secretary, State Department for University Education. Mr. Odeka holds an Executive MBA in Public Policy & Administration from Kenyatta University, Master of Science Degree in ICT and a Bachelor of Science Degree both from University of Nairobi. He has served as the Head of ICT in the Ministry of Devolution and Planning and Ministry of State for Special Programmes. In the Ministry of Health he served as the Principal ICT Officer. He is a specialist in IT and leadership and has worked in collaboration with the World Health Organization, World Bank and SIDA. Mr. Odeka is the Head of ICT at the Ministry of Education, Science and Technology.



Ms. Naumy J. Kemboi
(DoB - 1967)

Ms. Naumy Jebiegon Kemboi is the alternate member of the University Council representing the Principal Secretary of the National Treasury. Ms. Kemboi holds a Master of Business Administration from Moi University and she is a Certified Public Accountant of Kenya CPA (K) from Strathmore University. She is currently working at the National Treasury at a senior level.

III. MANAGEMENT TEAM



**Prof. Teresa A. O.
Akenga,
Vice Chancellor**

Prof. Teresa A.O. Akenga has served previously as the DVC (Academics, Research and Extension) at the Management University of Africa and the Deputy Principal (Academic Affairs) at Bondo University (now JOOUST). She was an Associate Professor of Organic Chemistry at Kigali Institute of Science and Technology, Rwanda. She served as a lecturer and a senior lecturer in Chemistry Department teaching Organic Chemistry. Prof. Akenga holds a Ph.D in Organic Chemistry from University of New South Wales in Australia, MSc in Chemistry and B.Ed (Sc.) in Chemistry both from KU and an MBA (Corporate Governance) from KCA University. She is a member of the Executive Committee of the Inter-Universities Council of East Africa (IUCEA) and a representative of Vice-Chancellors at the Board of Kenya School of Government. She was awarded "The Moran of the Order of the Burning Spear" (MBS) by the President of Kenya, H.E. Uhuru Kenyatta in 2013 in recognition for her contribution to training, research and curricula development.



**Prof. Pius Kipkemboi
Ag. DVC (A & F)**

Prof. Pius Kipkemboi is a Professor of Chemistry and the Ag. Deputy Vice-Chancellor (Administration and Finance). He holds a Ph.D in Physical Chemistry from the University of Auckland in New Zealand, MSc in Chemistry from Concordia University Montreal, Canada and a BSc from University of Nairobi.

He served as the HOD Chemistry, School of Science, Moi University (Chepkoilel Campus). He also served as a Professor at Moi University, where he started off as a Tutorial Fellow. Prof. Kipkemboi has several publications, Refereed journal articles and Book chapters. He is a member of the Kenya Chemical Society and the Royal Society of Chemistry.



Prof. Ruth N. Otunga
DVC (ASA)

Prof. Ruth N. Otunga is a Professor of Education (Curriculum Studies) and the Deputy Vice-Chancellor (ASA). She holds B. Ed. (Home Economics) from UoN, M. Ed and PhD in Curriculum Studies from KU and MU respectively. Prof. Otunga has served under the Teachers' Service Commission as a teacher and lecturer. She has worked at MU as a lecturer, head of Department, Dean of School of Education and Deputy Principal (ASA) at the then Chepkoilel University College. She has published books, book chapters and articles in refereed journals. She is a member of the Assn. for African Women for Research and Development (AAWORD) and Assn. for Third World Studies, Kenya. She is a Vice President of the Organization for Social Science Research in Eastern and Southern Africa (OSSREA) and a Chair of the Regional Academic Advisory Board on African Centres of Excellence II (ACE II).



Prof. Paul K. Tarus
Reg. Academics

Prof. Paul Kipkosgei Tarus is an Associate Professor and the Registrar-Academic. Prof. Tarus holds a Ph.D in Natural Product Chemistry, MSc in Chemistry and a BSc in Chemistry and Physics, all from Kenyatta University and Post-Doctoral Studies at the University of Natal, Durban, South Africa.

He has initiated collaborations between the UoE and the North Rift Herbalists Association, the Pyrethrum Board, Tianjin University of Chinese Traditional Medicine, the University of Western Capo in South Africa and the University of Free State, Bloemfontein, South Africa.

He is a member of the Kenya Chemical Society, Natural Products Research network of East and Central Africa (NAPRECA), Claude Ake Scholars' Association and Kenya DAAD Scholars' Association. Prof. Tarus has written several publications and been granted research awards in his field of Chemistry.



Dr. Joseph K. Koech
Reg. Administration

Dr. Joseph Kiplagat Koech is the Registrar - Administration. Dr. Koech holds a Ph.D in Educational Administration and a M.Ed in Adult and Higher Education both from University of Alberta, Canada and a B.Ed(Hons) & MA from University of Nairobi.

He has served previously as the International Consultant-Education with UNESCO/ UNICEF in Kenya, Sudan, Iraq, Jordan, Somalia, and France. He also served as the Principal Administrative Officer at Moi University and had lectured in several Teachers Training Colleges. He has presented conference papers and publications mainly in the field of Social Services and Development of Education in Kenya. He is a member of Kenya Institute of Management (KIM), Network for Policy Research and Advice on Education and Training (NORRAG) and the Inter-Agency Network for Education in Emergencies (INEE)



Dr Benjamin Mwasi
Reg. Planning

Dr. Benjamin Njore Mwasi is the Ag. Registrar-Planning. He is a Registered Environmental Impact Assessment / Environmental Audit (EIA/EA) lead expert and practicing GIS expert.

Dr. Mwasi holds a Ph.D in Environmental Science from the University of Amsterdam, MA in Geography from Carleton University, Ottawa and a BSc in Surveying and Photogrammetry. He has written several publications and presented conference and seminar papers. He has served as a Senior Lecturer and Head of the Department Environmental Monitoring, Planning and Management, lecturer in the School of Environmental Studies at Moi University and a lecturer in the Geography Department at Egerton University. He worked at the Ministry of Lands and Housing (Survey Department) in several capacities.



CPA. Ereu K. Totona
Ag. Finance Officer

Mr. Ereu Kibon Totona is the Ag. Finance Officer.

Mr. Totona holds a Masters of Business management (Accounting) and a Bachelor of Arts (Technology & Management Studies) both from Moi University. He is a member of the Institute of Certified Public Accountants (K) and a member of the Institute of Investment and Financial Analyst.

An accountant by profession, he has served in both the public and private sector in various capacities. He was the Deputy Finance Officer at University of Eldoret, a Senior Accountant at Moi University and Senior Account Assistant at Moi University Holdings. He served as the Ag. Finance officer at Kabarak University and an Accountant at Kenya-Finland Development program - FINNIDA.



Mr. Stephen Anditi
Senior Legal Officer

Mr. Anditi is the Senior Legal Officer. He is an advocate of the High Court of Kenya. He holds a Bachelor of Laws from Nkumba University, Uganda, a Post-Graduate Diploma from Kenya School of Law and a Diploma in Legal Studies from the Institute of Commercial Management. He is currently pursuing his Masters of Law.

He has served in the Supreme Court of Kenya and Legal Counsel Office of the Deputy Chief Justice and Vice-President of The Supreme Court, M/S Nyairo and Company Advocates in their Nairobi and Eldoret offices.

An arbitrator and associate member with the Institute of Chartered Arbitrators

IV. CHAIRMAN'S STATEMENT

It is with great pleasure that I present this financial report for the last financial year ended 30th June 2017. Following the elevation of the institution into a fully-fledged University on 11th February 2013, we are excited to present our fourth financial reports and financial statements. The status brought along several opportunities; increased enrolment; government support; network, linkages and collaborations. Along with these were also high levels of expectations from the student community, employees and other stakeholders.

(a) Strategic Plan

During the period under review, the strategic plan being implemented had envisioned to address the emerging challenges and take advantage of the existing opportunities in the operating environment.

The Strategic Plan provides a clear roadmap to the University Council and Management during the period 2014-2019 of the University's development priorities. Indeed, the University has made tremendous achievements in fulfilling its mandate by continuing to provide physical facilities, employing skilled manpower and automating its operations in a bid to create a conducive and enabling environment for teaching and learning. The projects and activities for the year were therefore undertaken as per the Strategic Plan. During the year under review, the university undertook 7 projects namely; School of Education Complex cabling, School of Engineering Workshops, School of Economics and Business Management Sciences, CCTV Cameras, Floodlights, Perimeter Fence, Main Gate and milk the cooling plant. It is expected that the Government, would continue to contribute towards the realization of our dreams as envisaged in the plan in terms of provision of the required financial resources. However, we are looking for other avenues to fund the planned expansion of the physical facilities and infrastructure, with the main focus being centred on resource mobilization and Private Public Partnership initiatives. Towards this end, I am happy to note that the Resource Mobilization and Strategic initiatives directorate is actively engaging partners. Equally, our PPP concept note initiative for 5000 bed capacity hostel was approved during the year and the National Treasury is sourcing for a transaction advisor and funds to undertake feasibility studies.

(b) Operating Environment

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

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

I am therefore, pleased to report that in the 2016/17 FY a number of projects were completed and converted into use, namely; The **School of Education** is among the key project that was handed over to the University in August 2015 and already in use. The training facilities and infrastructure in the **School of Engineering Workshops** were completed. Other projects completed were **perimeter wall phase I, CCTV phase I & II, and floodlights phase I & II.**

Also, during the year under review, building works in the School of Business and Economics Complex, construction of modern gate and perimeter wall were commenced.

I am happy to report that on our core area of research, the University facilitated research and came up with knowledge, technologies and innovations that are responsive to societal needs.

(c) Conclusion

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

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



DR. DAVID I. OJAKAA

CHAIRMAN OF COUNCIL

DATE: 28/09/2017

V. REPORT OF THE VICE CHANCELLOR

I am pleased to present my report for the 2016/2017 financial year which ended on 30th June 2017. Indeed, in the last four years, the higher education sector witnessed a rapidly changing operating environment characterized by stiff competition, changing customer demands and changed policy environment and declining resource allocations to public Universities.

(a) Strategic plan and Performance Contracting

During the 2016/17 financial year, the University implemented activities towards the achievement of our targets contained in the strategic plan (2014-19). I am happy to report that resources were directed to marketing activities to increase student enrolment, infrastructural projects, training, research, outreach activities and ICT activities.

(b) Teaching and Research Activities

We have positioned the University as a premier research and innovation centre through promoting research and dissemination of knowledge, technologies and innovations that are responsive to societal needs through quality research and innovation. To deliver high quality and impact oriented research, the University is putting emphasis on collaborative research with relevant stakeholders including the community and industries. Therefore, I am happy to report that in 2016/2017 financial year, the University received external funding for two (2) new research projects worth **Kshs. 28 million** and internally funded 10 research projects worth **Kshs. 5.5 million**.

(c) Financial Performance and Utilization of funds

As in the previous year, the main source of funding to the university during this period under review was the Exchequer with a contribution of a total of **Kshs. 1.398 billion** for recurrent expenditure purposes as compared with **Kshs. 1.148 billion** in the previous year, after a receipt of **Kshs. 250 million** following a supplementary budget from the Parent Ministry. Internally generated revenue at **Kshs. 1.288 billion** during the year with fees paid by both the Government sponsored (GSSP) and Privately Sponsored Students Programme (PSSP) was the second major source of funding at **Kshs. 957.90 million**. In addition, the University generated a sum of **Kshs. 5.80 million** from other commercial activities (IGAs); **Kshs. 25.08 million** from accommodation fees and **Kshs. 282.18 million** from other students' levies. In general, the University recorded an aggregate income of **Kshs. 2.686 billion** during the year, while the recurrent

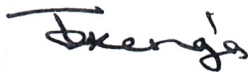
expenditure stood at **Kshs. 2.246 billion** with other gains of **Kshs. 21.75 million**. In general the University recorded an improvement in financial performance of **Kshs. 461.22 million** during the year.

On the other hand, the Capital Development grants received by the University stood at **Kshs. 114.61 million** during the year against an allocation of **Kshs. 117.30 million**. The amount was expended in the respective on-going projects which progressed well during the year.

(d) Conclusion

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

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



PROF. TERESA A. O. AKENGA, PHD, MRSC, MBS, MBA

VICE-CHANCELLOR

DATE: 28/09/2017

VI. CORPORATE GOVERNANCE STATEMENT

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

(a) The University Council

Members of the University Council were appointed by the Cabinet Secretary Ministry of Education with effect from 10th March, 2017 for a term of three years vide Gazette notice No, 2355 of 10th March, 2017. Pursuant to provisions of section 36 (1) (a) (b) and (c) of the Universities Act, 2012, there are eight Council members comprising of the Chairman; five (5) independent members; two members representing Permanent Secretary, Ministry of Education, State Department for University Education and Cabinet Secretary, National Treasury respectively; *ex-officio* member who is the Vice-Chancellor and also Secretary to Council.

The entire membership is as listed hereunder-;

- | | |
|---------------------------------|------------------------------------|
| i) Dr. David Ojaka | -Chairman of Council |
| ii) Prof. Teresa A.O. Akenga | -Secretary/Ex officio |
| iii) Mr. Clement Obure Odeka | -Member/Alternate to PS Education |
| iv) Ms. Zipporah Kinanga Mogaka | -Member |
| v) Ms. Pamela Khayasi Masinde | -Member |
| vi) Mr. Geoffrey S. Ouma | -Member |
| vii) Ms. Teresa Chebet Maina | -Member |
| viii) Mr. Martin Ntabathia | -Member |
| ix) Ms. Naumy Kemboi | -Member / Alternate to CS Treasury |

Council is assisted in execution of its functions by four Committees namely:

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

(b) Council Work Plan and Meetings

During the 2016/2017 FY Council through its secretariat developed and implemented a Work Plan (Council Almanac).

Major events in the calendar of Council were:

- i) The 4th graduation of the University held in November 2017
- ii) Agri-business Trade Fair held between 22nd and 24th September, 2016.
- iii) Board members induction took place in Naivasha between 15th and 18th May 2017.
- iv) Training on MWONGOZO - 12th -14th June, 2017

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

(c) Meetings of Council and its Committees

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

Nature & No. of Meetings	Ordinary	Special	Total
Full Council	4	26	30
Finance, Planning, Resource Mobilization and General Purpose Committee (FPRMGPC).	3	4	7
Academic, Research, Innovations and Students' Affairs Committee (ARISAC).	2	2	4
Human Resource Committee (HRC)	2	5	7
Audit & Risk Management Committee (ARMC).	2	-	2

(d) Board Evaluation

Through the State Corporations Advisory Committee there is a formal process for reviewing and evaluation the Council's performance and that of its Committees and individual Members which is externally facilitated after every year.

(e) Shared believe

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



DR. DAVID OJAKAA
CHAIRMAN OF COUNCIL
DATE: 28/09/2017

VII. MANAGEMENT DISCUSSIONS AND ANALYSIS

(a) Core Mandate of Teaching

Despite the many challenges now inherent in this new operating environment, the University continued to discharge its mandate of teaching, research and outreach successfully throughout the year.

A total of **3981**No. Government Sponsored Students (GSSP) and Privately Sponsored Students Programme (PSSP) were admitted to University of Eldoret commencing in August 2017. In 2016/2017 Academic Year, the student population stood at 15,895 distributed in various programmes this figure comprises of Diploma, undergraduate and postgraduate students. The student population is projected to continue growing.

S/No	School	Diploma	Bachelors	Masters	PhD	Total
1	Agri. & Biotechnology	88	2142	21	4	2255
2	Business & Mgt. Sciences	144	2418	11	0	2573
3	Economics	11	299	0	0	310
4	Education	83	5931	13	5	6032
5	Engineering	0	411	0	0	411
6	Environmental Studies	21	496	15	10	542
7	Human Resource Devpt.	43	57	0	0	100
8	Natural Resource Mgt	0	857	4	2	863
9	Science	0	2794	13	2	2809
	Total	390	15405	77	23	15895

Accreditation of Engineering Programmes by Engineering Board of Kenya is in progress. The programme design and curriculum content was completed and the curriculum was submitted to EBK. The training facilities and infrastructure (Engineering workshop complex) is complete. The University is looking forward to a visitation by EBK towards accreditation of the programmes.

In 2016/2017 Academic Year, the total number of academic staff in all departments was three hundred and seventeen (317) staff comprising eight (8) international staff from India, Cameroon, Malawi, Sudan, Rwanda and Uganda.

During the academic year additional staff were recruited and are supposed to report immediately.

Designation	Totals
Professors	17
Associate Professors	31
Snr. Lecturers	34
Lecturers	134
Tutorial Fellows	84
Graduate Assistants	17
Total	317

In order to improve quality of teaching and reduce on part time cost, harmonization of courses was initiated and it is expected to be implemented in the next financial year. The table below shows a summary of number of programmes.

S/No	School	Diploma	Bachelors	PGD	Masters	PhD	Total
1	Agri. & Biotechnology	13	11	1	14	10	49
2	Business & Mgt. Sci.	6	6	0	3	0	15
3	Economics	1	1	0	0	0	2
4	Education	2	8	1	8	4	23
5	Engineering	0	3	0	1	0	4
6	Environmental Studies	7	3	0	9	10	29
7	Human Resource Devpt.	3	1	0	0	0	4
8	Natural Resource Mgt	3	8	0	6	3	20
9	Science	1	14	0	8	5	28
	Total	36	55	2	49	32	174

To encourage accessibility of our programmes, fifty (50) courses from School of Natural Resource Management and School of Environmental Studies were uploaded to E-Learning platform.

In 2016/2017 academic year, the University normalized to two (2) semesters: August-December, 2016 (first semester of 2016/2017 academic year), January - May, 2017 (second Semester of 2016/2017 Academic year) as opposed to three (3) semesters since 2012/2013. Between the months of January- March 2017, this normalcy was affected by Academic members of staff industrial action that led to disruption of the University Calendar, which necessitated the extension of the second semester to May, 2017.

The fourth graduation ceremony of the University was successfully held on 25th November, 2016. A total of **3,036** students graduated distributed as follows:

S/No.	School	Ph.D	Masters	Bachelors	Diploma	Total
1	Agriculture & Biotechnology	2	18	299	299	618
2	Business & Management Sciences	0	7	400	268	675
3	Education	1	0	610	115	727
4	Engineering	0	1	0	0	1
5	Human Resource Development	0	0	0	102	102
6	Economics	0	0	36	2	38
7	Natural Resource Management	1	8	153	11	173
8	Environment Studies	5	10	65	16	96
9	Science	13	22	542	29	606
	Total	22	66	2106	842	3036

This number was lower than the 2015/16 academic year because some students did not meet the graduation requirements (particularly payment of fees) before sealing of graduand list by Council on 18th November, 2016.

This financial year the library purchased 520 book titles for main campus and Town campus. The Library subscribed to 45 online journals information of databases or

published journals including Research Africa. These resources are available to library users through the wireless network within the university network. The UoE Digital space is now online with uploaded abstracts and plans are under way to have the policy approved so that the full Text can also be uploaded online.

(b) Eldoret Town Campus

The Eldoret Town Campus continued to operate in a competitive environment in the year 2016/17. The campus was accredited by CUE and has intakes in August, January and May every financial/academic year. Total numbers admitted in August 2016 were 253 No., while in January 2017 were 210 No and finally in May 2017, there were 64 No admissions. The total number of students at the campus is approximately, 1580. The drop in admissions in May 2017 can be attributed to the changes in the education sector which affects all institutions of higher learning. The KCSE candidates who scored C+ and above were awarded government scholarships which meant that our catchment for PSSP was curtailed. This situation is expected to persist in the fiscal year 2017, while it is not known what 2018 will portend.

(c) Research and Innovation

The University of Eldoret in its five (5) year Strategic Plan (2013-2018) has strategized to position itself as a premier research and innovation centre. To effectively achieve this, the Directorate of Research and Innovation is focusing on facilitating research and coming up with technologies and innovations that are responsive to societal needs. To deliver high quality and impact oriented research, the University is putting emphasis on collaborative research with relevant stakeholders including the community and industries.

In 2016/2017 FY, the University received a total of **Kshs. 108,559,730.09** as funds for financing research projects and research related activities. These funds were received from donor agencies that the University appreciates very much. These includes; The McKnight Foundation; NUFFIC, Netherlands; East African Maltings Limited; NACOSTI; RUFORUM; USAID/Purdue University; European Commission; Austrian and Proctor & Gamble. The University in addition expended **Kshs. 15,000,000** by awarding grants to 15 projects that are tackling various thematic areas. The funds were also utilized to train staff and postgraduate students, hold public lectures and various research activities in the University.

Some of the major achievements in research at the University include:

- i) Development of 2 barley varieties that have undergone NPT & DUS trials and are at the stage of discussion with the Release Committee
- ii) Communities in West Pokot brought work together to address the issue of rehabilitating their eroded land. The communities are excited about the initiative and have pooled efforts and constructed various soil erosion prevention and water conservation technologies. As a community they have managed to influence policy and curbed sand harvesting in a bid to heal the gullies in their areas
- iii) Development of better aquaculture technologies & skills and training of women groups in Uasin Gishu and Nandi Counties on how to develop entrepreneurial activities around fish farming
- iv) Establishing that there is high prevalence of fluorosis in plants and domestic animals in Nakuru area. The project is now working on how to mitigate this challenge

The University was also contracted as consultants to work on 5 consultancy projects. Staff produced 101 publications during this period and 156 members were facilitated to attend conferences, workshops and seminars. Two academic public lectures on Education were organized and presented at the University. In its outreach programmes, the university organized training events open to community groups in the areas of fisheries and aquaculture, soil fertility, horticulture, environmental impact assessment and value addition of agricultural products. The University is putting up an outreach centre funded by the NUFFIC, Netherlands. The centre will among other objectives address outreach, business incubation, training, community service and teaching.

(d) Staff Welfare and Administrative Activities

The administration activities involve the provision of a conducive and enabling environment for working, teaching, research and learning. Staff on permanent and pensionable terms of service stood at one thousand three hundred and forty-five (1345) which comprised of three hundred and fifteen (315-35%) teaching staff and one thousand and twenty-one (1,021- 65%) non- teaching staff for the period 2016/2017 financial year. By the end of financial year, the total number of staff had increased to 1340 due to the absorption of 319 casuals who were inherited from Moi

University. This represented an increase of 31% in staffing. However, eleven (11) staff left the University as at 30th June 2017.

(e) Student Sports, Welfare and Other Activities

The Dean of Students' office is mandated with the management of all students' welfare matters in the University. It supports welfare activities through the Students' welfare and other activities, the inter-university games as well as the University of Eldoret students' Council (SC) activities.

Through the games and sports activities, several students displayed outstanding performance in meets including the East African Universities Games which took place at the Jomo Kenyatta University of Agriculture and Technology in December 2016. The University emerged position 17 out (43) Universities.

During the 2016/17 financial year, the office of the dean of students was able to conduct several activities including but not limited to; workshops and seminars, training of student leaders and team building with management, participation of students' choir at regional and national levels. The office also supported students with special needs and coordinated the various activities undertaken by students enrolled in the Presidents' Award programme. This was after the signing of the MoU by the university with the PAK.

(f) Biometric Students Registration

Due to the rising cases of insecurity and terrorism affecting our learning institution, the Government in April, 2016 directed that all Universities capture biometric data of students. Through Enterprise Resources Planning (ERP), the University has electronic database showing student name, student number, programme, gender, student type and department among other important details.

(g) ISO 9001:2015 QMS & ISO 27001:2013 ISMS Certification

University of Eldoret (UoE) received this official recognition for its commitment to excellence in quality education on June 20th, 2016. The University successfully achieved this seal of quality from Kenya Bureau of Standards (KEBS), the leading provider of Quality Management System (QMS) certification, verification and training in Kenya.

The University has begun its quest to attain the current ISO 9001:2015 QMS & ISO 27001:2013 ISMS Certification which will be an improvement from ISO 9001: 2008 certification and covers all units (both academic & administrative) of the main campus as well as the Town Campus. This will further uplift the University standards and improve its service provision to a new level hence enabling it to compete with other leading players in the sector.

(h) Performance Contract Implementation Financial Year 2016/2017

The purpose of the Performance Contracts (PC) is to provide an objective assessment of results realized and challenges experienced by the University that impair performance. The objectives of the performance contract (PC) were drawn from the University of Eldoret (UoE) Strategic Plan and anchored on the Kenya Vision 2030, the Medium Term Plan (MTP) II) and the Sector Performance Standards (SPS). The University's PC FY 2016/17 was negotiated with the Ministry of Education on the 30th January 2017, and the Vice-Chancellor cascaded it to all relevant implementation units of the University.

An evaluation of all the projects/activities indicates an achievement possibly in the "very good" bracket compared to an "excellent" score in FY 2014/15 as there was no evaluation in the FY 2015/2016. An analysis of the university performance indicates that operations were affected by the industrial action by Academic Members of staff from 19th Jan - 6th March 2017 and the late negotiations and vetting of the PC. Highlights of performance are as follows;

(i) Financial & Stewardship

Absorption of allocated funds indicated underutilization by -14% as university operations were disrupted by the industrial action by staff from 19th Jan - 6th Mar 2017, and a budget revision of **Kshs. 250 million** received in quarter 4.

Appropriations in Aid: Surpassed Annual target by **Kshs 237.50 million**.

Pending Bills: Stands at 3.31% as pending bills were reduced from **Kshs. 113.86 million** to **Kshs. 81.18 million**.

(ii) Core mandate:

Curriculum development: Programme review is currently ongoing.

(iii) Vision 2030 Flagship Projects and other priority projects:

Projects are all ongoing and most are on target except a few due to cash flow problems, mainly due to exogenous factors such as and delayed release of capital development funds by the Parent ministry.

(iv) Minimum 30% of all procurement budget dedicated to Youth, Women and People with Disabilities (AGPO):

The level of achievement was 33.7% for Youth, and Women and 2.1% for PWDs.

(i) Strategic Plan implementation

The strategic plan (2014-2019) implementation status that overall, the University has made tremendous achievements in fulfilling its mandate by continuing to provide physical facilities, employing skilled manpower and automating its operations in a bid to create a conducive and enabling environment for teaching and learning.

(j) Capital Projects

Capital projects are key to the growth and development of the University given its continued expansion and improvement of the required physical facilities to accommodate increasing population in terms of student and staff numbers.

During the year under review, the university was allocated Kshs. 233,224,227 for seven (7) projects namely School of Education Complex, School of Engineering Workshops, School of Economics and Business Management Sciences, CCTV Cameras, Floodlights Perimeter Fence and Main Gate of which a total of Kshs. 197,420,762 (85%) was absorbed. The CCTV and flood lights phase II were completed and handed over. The School of Engineering Workshops and Perimeter Fence Phase I were also completed and handed over. The main gate project was not completed as planned due to delays from the contractor. In addition the University used funds from the previous FY2015/2016 to carry out the conversions of the old Library to offices and internal funds to construct a building to house the milk cooling plant. The university was unable to commence two important projects i.e. the amphitheatre and an entry lane from the gate to administration block due to inability of the consultant to produce the technical documents required for tendering. For this reason, it may be worthwhile to employ a university Architect and a Quantity Surveyor.

During the FY 2015/16 funding for capital projects from the exchequer was not disbursed until the last quarter of the year and only partial disbursement was done i.e. only **Kshs 117,454,867** was received. Due to this all the proposed projects were not implemented. The university continued with the carried over projects and commenced the implementation of five new projects. For the FY 2016/17 the university submitted the same list of projects plus additional projects namely a swimming pool, refurbishment of basketball pitch, lecture halls phase II, ICT Resource centre, and renovation of hotel academia kitchen. However, the government only approved the seven projects from the previous year and made two policy changes. First, each project was allocated a specific amount of money and Second, all moneys were paid as per payment certificates submitted by the contractors.

The main challenges in the implementation of capital projects include delays in disbursement of funds, delays in preparation of technical documents (architectural and structural designs and bills of quantities) by our external consultants and slow progression of works by the contractors. These challenges have greatly affected our ability to absorb the funds.

(k) Conclusion

The University appreciates the efforts of all stakeholders who have contributed immensely towards the success of 2016/2017 financial year. These includes the Government, the Chancellor, the Council, University Management Board, the Senate, our collaborators, partners, all staff and students who have made tremendous contributions throughout the year.

VIII. CORPORATE SOCIAL RESPONSIBILITY STATEMENT

The University of Eldoret Strategic Plan 2014-2019 provides for the contribution to the attainment of Kenya Vision 2030 MTP 2 which endeavours to enhance its Corporate Social Responsibility by focusing on programs and initiatives that feed back into the neighbouring communities. Such initiatives include: field courses, Problem Based Learning (PBL), enhanced student community outreach activities, annual Agribusiness trade fair exhibitions, fish farming, soil testing, environmental conservation, cross-country and offering quality and timely services.

As the University, it is our responsibility to ensure that there is continuous improvement and integration with the economic, environmental and social undertakings which are strategically blended. We always strive to work closely with, our clients, our suppliers and the community. Our statement approach shall encompass the environment, our clients, the local community, partners and other stakeholders in an effort to ensure that we support the Vision 2030 MTP 2.

(a) Environment

The environment is one of the key natural resources of the institution and operationalised through the University's environmental policy. The University's commitment to reducing environmental impact is through preservation, conservation and waste reduction practises. In this respect, the University was engaged in the below activities;

- (i) The School of Environmental Studies hosted two (2) Environmental Impact Assessment courses in July and August 2016. UoE is the only recognised institution in the Western region that offers the EIA course.
- (ii) The School of Education complex, Engineering complex and the upcoming School of Business and Economics complex have been constructed with green designs in place as well as solar energy thus working to develop green energy systems.
- (iii) Through the School of Agriculture and Biotechnology, department of Soil Science, the University carried out in-depth Soil Analysis for eight (8) farmers.

(b) Neighbouring Community

As part of integrating with the neighbouring community and fulfilling our duty to our neighbours, the University was involved in the following activities:

- (i) The School of Agriculture and Biotechnology hosted two (2) farmers trainings; 30 farmers in horticultural production and 35 farmers in organic fertilizers production
- (ii) The School of Natural Resource Management hosted a farmers training in fish farming
- (iii) The University had the annual Agribusiness Trade Fair that was held between September 22nd, 23rd & 24th, 2016. The event attracted international exhibitors from The Netherlands and Uganda who came to showcase the latest innovations in agriculture and train farmers in best agricultural practises.
- (iv) A Public Lecture was presented by Prof. Bosire Monabi Mwebi on Thursday, June 8th, 2017. The title of the lecture was “Enhancing Programs’ Quality and Innovation Capabilities in Higher Education: To Drive Kenya’s prosperity and Quality of Life in the 21st Century”
- (v) The 2nd Inaugural lecture was held on Friday, June 9th, 2017 presented by Prof. Partick Kafu, a Professor of Education. The title of the lecture was “The Unfulfilled Mission of Teacher Education Programme in Modern Africa: The Kenyan Development Agenda Experience”
- (vi) In support of athletics and moulding the young runners, the University hosted the 26th Edition of Cross Country Championship having a record 1,100 athletes from 7 - 9 years boys and girls to the veterans who were 51 years and above. This was held on October 22nd, 2016.

(c) Clients

In line with improved service delivery through various directorates, trainings were held to enhance service delivery

- i) Through the Directorate of Quality Assurance, the ISO trainings were continuously conducted to ensure that quality service was upheld by all the quality units.
- ii) Through the Directorate of Resource Mobilization and Strategic Initiatives, landowners in the vicinity were invited for a workshop to induct them into the Public-Private-Partnership Initiative to build hostels. This will assist in

the long term to provide accommodation services to our students and reduce the shortage that is experienced by the University.

- iii) The Public Complaints Committee provided increased channels to facilitate information concerning service received at the University
- iv) The online reporting for students was fully implemented from August 2016 and this reduced the student reporting process from seven (7) days to three (3) days.
- v) The Directorate of Gender Equity and Diversity held a workshop for all members of staff on Gender Based Violence Training.

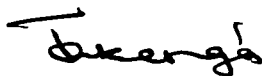
(d) Responsibility

We have committed to being a responsible University and making a difference in the lives of all our stakeholders.

In this regards we achieved the ISO 9001:2008 in June 2016 and we are maintaining the standards set thereof. We are in the process of working to attain the ISO 9001:2015 QMS and ISO 27001:2013 ISMIS.

The University of Eldoret won an award from Kenya Revenue Authority and was ranked as one of the best taxpayers - University section. The award ceremony was held at Kenyatta International Conference Centre, the KRA Taxpayers Day 2016, on Friday, October 28th, 2016. The guest of honour was our President H.E. Uhuru Kenyatta. The University is therefore committed to meeting our statutory obligations.

The University Council and Management will continue to adapt practices to ensure that we improve quality services to the community, enhance environmental conservation measures and outreach in our day-to-day business activities. This includes making socially responsible decisions, adhering to ethical behaviour and ensuring we meet all legislative requirements.



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

DATE 28/09/2017

IX. REPORT OF THE COUNCIL

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

(a) Principal Activities

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

(b) Results

The results of the entity for the year ended June 30, 2017 are set out on page 1.

(c) University Council Members

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

(d) Auditors

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

By Order of the Council



PROF. TERESA A.O. AKENGA, PHD, MRSC, MBS, MBA
VICE - CHANCELLOR & SECRETARY TO COUNCIL

X. STATEMENT OF COUNCIL'S RESPONSIBILITIES

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

The Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year (period) ended on June 30, 2017. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accept responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act, 1986. The Council is of the opinion that the University's financial statements give a true and fair view of the state of University's transactions during the financial year ended June 30, 2017, and of the University's financial position as at that date. The Council further confirms the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The University's financial statements were approved by the University Council on 28/09/2017 and signed on its behalf by:



DR. DAVID OJAKAA
CHAIRMAN OF COUNCIL



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

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OFFICE OF THE AUDITOR-GENERAL

AUDIT REPORT OF THE AUDITOR-GENERAL ON UNIVERSITY OF ELDORET FOR THE YEAR ENDED 30 JUNE 2017

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of University of Eldoret set out on pages 1 to 38, which comprise the statement of financial position as at 30 June 2017 and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, 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 University of Eldoret as at 30 June 2017, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis).

In addition, as required by Article 229(6) of the Constitution, except for the matters described in the Basis for Qualified Opinion and Other Matter sections of my report, based on the procedures performed, I confirm that, nothing else has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Qualified Opinion

1.0 Valuation of Assets

As previously reported, property plant and assets balance of Kshs.1,124,982,329 include transfer of assets from Moi University of Kshs.979,141,065 for which no valuation report was provided in support of the transferred assets. Available information revealed that the university signed a contract for the valuation of assets on 7 April 2017 but as at 30 June 2017 the exercise had not been completed. Under the circumstances, the validity and accuracy of property, plant and equipment net book value of Kshs 1,124,982,329 as at 30 June 2017 could not be confirmed.

2.0 Receivables from Exchange Transactions

2.1 Student Debtors

The statement of financial position as at 30 June 2017 reflects receivables from exchange transactions figure of Kshs.600,795,941 which includes net student debtors figure of

Report of the Auditor-General on the Financial Statements of University of Eldoret for the year ended 30 June 2017

Kshs.576,312,035 as disclosed under note 23 to the financial statements. As reported in the previous year, records availed for audit review revealed that included in the net receivables from exchange transactions figure of Kshs.576,312,035 is an amount of Kshs.10,661,304 in respect of outstanding student fees for 156 students who were allowed to graduate contrary to students' fees policy of 2014 which stipulates that students with fees balances will be excluded from the graduation list. The University was in breach of this policy hence resulting to loss of income due none collection of school fees from students.

2.2 Long Outstanding Debtors

A further review of the University's records revealed that included in receivables from exchange transactions figure of Kshs.600,795,941 are debtors amounting to Kshs.101,971,356 which have been outstanding for over three years and no effort seem to been made to ensure they are recovered. In addition, although a provision for bad debts of Kshs 11,761,470 has been made this figure appear inadequate taking into account the figure of long outstanding debtors.

Under the circumstances, it was possible to ascertain the accuracy, completeness and recoverability of long outstanding student debtors balance Kshs. Kshs.101,971,356 as at 30 June 2017.

2.3 Staff Imprest

Included in receivables from exchange transactions figure of Kshs.600,795,941 and as disclosed under note 23 to the financial statements is staff imprest balance of Kshs.9,208,839 out of which an amount of Kshs.6,816,905 relates to imprest issued to students undertaking research in various fields which had neither been accounted for nor surrendered for more than two years contrary to Section 71(2) of the Public Finance Management Act, 2015. Under the circumstances, the propriety and recoverability of imprest payments of Kshs.6,816,905 as at 30 June 2017 could not be confirmed.

3.0 Other Payables from Payroll Dues

Note 28(c) to the financial statements reflects other payables- payroll figure of Kshs.156,340,662 which includes Pay As You Earn (PAYE) balance of Kshs.30,915,438 which relating to unremitted accrued tax provision to cater for internal Collective Bargaining Agreement for 2013/2017 which had been negotiated and is awaiting approval of the Salaries and Remuneration Commission. However, no documentary evidence was availed to confirm that the salaries have been approved. The management is therefore in breach of the law and the validity of the Pay As You Earn (PAYE) balance of Kshs.30,915,438 for the year ended 30 June 2017 could not be confirmed. .

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of University of Eldoret in accordance with ISSAI 30 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 qualified 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. Except for the matters described in the Basis for Qualified Opinion and Other Matter sections, I have determined that there are no other Key Audit Matters to communicate in my report.

Other Matter

1.0 Personnel Matters

1.1 Staff on Acting Capacity

A review of personnel records availed revealed that several officers in various departments have been acting for more than six (6) months without being confirmed or positions being filled after advertisements contrary to Section 3.22.1 of the University of Eldoret Human Resource Policy 2016. Under the circumstance, the University is in breach of its policy.

1.2 Failure to Comply with a Third Net Salary Rule

Audit review of the University payroll revealed that some officers earned less than a third of their respective basic salaries contrary to Section 19(3) of the Employment Act, 2007 which stipulates that without prejudice to any right of recovery of any debt due, and notwithstanding the provisions of any other written law, the total amount of all deductions which under the provisions of subsection (1), may be made by an employer from the wages of his employee at any one time shall not exceed two thirds of such wages or such additional or other amount as may be prescribed by the Minister either generally or in relation to a specified employer or employee or class of employers or employees or any trade or industry. The university management is therefore in contravention of the law.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern/ sustain services, disclosing, as applicable, matters related to going concern/ sustainability of services and using the applicable basis of accounting unless the management either intends to liquidate the Corporation's or to cease operations, or have no realistic alternative but to do so.

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.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor-General's Responsibilities for the Audit of the Financial Statements

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.

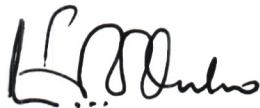
As part of an audit conducted in accordance with ISSAIs, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the Corporation's 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 going concern 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 Corporation's ability to continue as a going concern or 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 Corporation's to cease as a going concern or 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 Corporation's 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.



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

Nairobi

06 August 2018

XII.

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2017

	Notes	30-Jun-17	30-Jun-16
		Kshs.	Kshs.
Revenue from non-exchange transactions			
Exchequer Grants (Recurrent)	2	1,398,353,999	1,131,824,545
		1,398,353,999	1,131,824,545
Revenue from exchange transactions			
Tuition Income	3	957,902,109	685,979,350
Administrative and Related Fees	4	282,175,110	270,923,284
Graduation Fees	5	10,751,700	10,599,503
Accommodation Fees	6	25,083,960	47,756,530
Income Generating Activities Income	7	5,956,766	7,221,254
Research Administrative Fees	8	1,411,321	965,477
Other Income	9	5,001,829	4,570,895
		1,288,282,795	1,028,016,293
		2,686,636,795	2,159,840,838
Total revenue			
Expenses			
Staff Remuneration Costs	10(a)	1,525,493,851	1,425,707,129
Staff Gratuity and Pension Contributions	10(b)	102,644,687	101,327,302
Staff and Student Welfare	11	76,347,678	75,046,883
Chancellors Expenses	12(a)	1,136,683	1,615,390
Council Expenses	12(b)	14,906,697	18,191,735
Administration and Central Services Expenses	13	100,487,644	94,271,813
Academic, Research & Student Affairs Expenses	14	240,012,247	181,939,790
Support Services	15	112,822,840	193,616,932
Finance Expenses	16	2,522,546	2,188,279
Amortization/Depreciation Expenses	17	70,594,840	59,081,513
		2,246,969,712	2,152,986,766
Total expenses			
Other gains/(losses)			
Gain/(Loss) on Assets Disposal/Deptn Adjmts	18	11,018,706	5,334,140
Gain/(Loss) on Biological Assets	19	7,898,652	3,441,995
Increase/(Decrease) in Provision for Bad Debts	20	2,894,428	(9,804,492)
Gain/(Loss) on Foreign Exchange Transactions	21	(56,283)	1,992
		21,755,502	(1,026,365)
Total Gain/(Loss)			
Surplus/(Deficit) for the period		461,422,584	5,827,707


XIII. STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	30-Jun-17	30-Jun-16
		Kshs.	Kshs.
Assets			
Current assets			
Cash and cash equivalents	22(a)	424,667,760	217,735,003
Receivables from exchange transactions	23	600,795,941	418,953,495
Inventories	24	26,421,206	24,589,517
		1,051,884,907	661,278,016
Non-current assets			
Property, plant and equipment	25	1,124,982,329	856,331,536
Work in Progress (WIP)	26	136,458,777	259,903,366
Biological Assets	27	29,338,152	21,439,500
		1,290,779,258	1,137,674,402
Total assets		2,342,664,164	1,798,952,418
Liabilities			
Current liabilities			
Trade payables from exchange transactions	28(a)	81,182,918	113,863,099
Other payables from students transactions	28(b)	240,476,540	210,810,149
Other payables from payroll dues	28(c)	156,340,662	159,905,616
Accruals & Provisions	29	108,999,304	129,771,231
Research Fund Accounts	30	23,710,069	18,824,809
UoESO Fund Accounts	31	6,428,885	5,267,980
		617,138,378	638,442,884
Total liabilities		617,138,378	638,442,884
Net assets		1,725,525,786	1,160,509,534
Capital Reserves		1,268,362,585	1,164,768,918
Revenue Reserves - Surplus/(Deficit)		457,163,200	(4,259,384)
Total net assets and liabilities		1,725,525,786	1,160,509,534

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

.....


Prof. Teresa A.O. Akenga, PhD
Vice-Chancellor

Date..... 28/09/2017


CPA, FA. Ereu K. Totona
Ag. Finance Officer

Date..... 28/09/2017

11856 & FA/00528


Dr. David Ojaka.
Chairman of Council

Date..... 28/09/2017

xiV. STATEMENT OF CHANGES IN NET ASSETS

For the year ended 30 June 2017

	Capital Reserve Kshs	Revenue Reserves Kshs	Total Kshs
Balance as at 30 June 2015	1,052,648,191	(14,255,070)	1,038,393,121
Capital Grants	117,454,867	-	117,454,867
Surplus/(deficit) for the period	-	5,827,707	5,827,707
Transfers to/from accmltd surplus/deprtn	-	4,167,979	4,167,979
Transfer of Capital Deptn Adjmt to other incom	(5,334,140)	-	(5,334,140)
Balance as at 30 June 2016	1,164,768,918	(4,259,384)	1,160,509,534
Surplus/(deficit) for the period	-	461,422,584	461,422,584
Capital Grants	114,612,373.00	-	114,612,373
Transfers to/from accmltd surplus/deprtn	-	-	-
Transfer of Capital Deptn Adjmt to other incom	(11,018,706)	-	(11,018,706)
Balance as at 30 June 2017	1,268,362,585	457,163,200	1,725,525,786

Capital Reserves

Capital reserves relate to accumulated funds received as capital grants from the Exchequer and those generated internally for physical and infrastructural development purposes in each year. **Kshs.114.61 million** was received and expended as required 2016/2017 financial year.

Transfer of Capital depreciation adjustment to other income of **Kshs. 11.02 million** represents depreciation amount on buildings transferred from work in progress upon completion constructed from Capital grants from Government written off gradually over the life of these buildings.

XV. STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

		30-Jun-17	30-Jun-16
		Kshs.	Kshs.
Cash flows from operating activities			
Receipts			
Exchequer Grants (Recurrent)	2	1,398,353,999	1,227,520,711
Tuition Income	3	801,585,584	602,475,408
Administrative and Related Fees	4	285,843,610	272,572,384
Graduation Fees	5	10,751,700	10,599,503
Accommodation Fees	6	25,083,960	47,756,530
Income Generating Activities Income	7	8,698,000	(2,310,980)
Research Administrative Fees	8	1,411,321	965,477
Other Income	9	5,001,829	4,570,895
		2,536,730,004	2,164,149,928
Payments			
Employee Costs	10(a)	1,531,825,444	1,482,629,362
Staff Gratuity and Pension Contributions	10(b)	102,644,687	103,934,487
Staff and Student Welfare	11	76,347,678	75,046,883
Chancellors Expenses	12(a)	1,136,683	1,615,390
Council Expenses	12(b)	14,906,697	18,191,735
Administration and Central Services Expenses	13	101,946,173	86,429,204
Academic, Research & Student Affairs Expenses	14	286,928,735	107,888,142
Support Services	15	108,243,126	193,616,932
Finance Expenses	16	2,522,546	2,188,279
		2,226,501,769	2,071,540,414
Changes in Payables			
Donor Research Grants	30	4,885,260	(22,710,195)
UoESO Fund Accounts	31	1,160,905	5,267,980
		6,046,165	(17,442,215)
Net cash flows from operating activities		316,274,400	75,167,299
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible	25	(55,017,338)	(27,605,979)
Decrease/(Increase) in Biological Assets	26	(7,898,652)	(3,441,995)
Increase in work in progress (WIP)	27	(160,783,706)	(22,880,911)
Net cash flows used in investing activities		(223,699,695)	(53,928,885)
Cash flows from financing activities			
Government Capital grants		114,612,373	117,454,867
Repayment of borrowings	22(b)	(254,322)	(24,267)
Net cash flows used in financing activities		114,358,051	99,988,385
Net increase/(decrease) in cash and cash equivalents		206,932,756	138,669,014
Cash and cash equivalents at 1 July 2016	22(a)	217,735,003	79,065,990
Cash and cash equivalents at 30 June 2017	22(a)	424,667,760	217,735,003

XVI. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS AS

For the year ended 30 June 2017

Notes	Original Budget		Revision		Revised Budget		Actual on Comparable Basis		Performance Difference	
	2016-2017		2016-2017		2016-2017		2016-2017		2016-2017	
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
	Revenue									
2	Exchequer Grants (Recurrent)	1,148,354,000	250,000,000	1,398,354,000	1,398,353,999					0%
3	Tuition Income	858,317,982	(121,805,544)	736,512,438	957,902,109					30%
4	Tuition Related Income	264,848,809	8,318,191	273,167,000	282,175,110					3%
5	Graduation Fees	10,599,503	(48,803)	10,550,700	10,751,700					2%
6	Accommodation Fees	48,381,005	(23,286,085)	25,094,920	25,083,960					0%
7	Income Generating Activities Income	9,941,427	(8,777,204)	1,164,223	5,956,766					412%
8	Research Administrative Fees	416,527	434,794	851,321	1,411,321					66%
9	Other Income	4,589,415	(1,155,953)	3,433,462	5,001,829					46%
	Total income	2,345,448,668	103,679,396	2,449,128,064	2,686,636,795					10%
	Expenses									
10(a)	Staff Remuneration Costs	1,457,319,556	152,490,692	1,609,810,248	1,525,493,851					5%
10(b)	Staff Gratuity and Pension Costs	101,539,424	-	101,539,424	102,644,687					-1%
11	Staff and Student Welfare	86,758,567	(10,722,405)	76,036,162	76,347,678					0%
12(a)	Chancellors Expenses	5,000,000	(2,000,000)	3,000,000	1,136,683					62%
12(b)	Council Expenses	20,817,806	(6,117,498)	14,700,308	14,906,697					-1%
13	Administration and Central Services	109,689,315	9,443,406	119,132,721	100,487,644					16%
14	Academic, Research & Student Affairs	219,600,000	73,724,294	293,324,294	240,012,247					18%
15	Support Services	202,324,000	(51,989,663)	150,334,337	112,822,840					25%
16	Finance Expenses	4,000,000	-	4,000,000	2,522,546					37%
17	Depreciation Expenses	70,400,000	7,850,570	78,250,570	70,594,840					10%
	Total expenditure	2,277,448,668	172,679,396	2,450,128,064	2,246,969,712					8%
	Surplus for the period	68,000,000	(69,000,000)	(1,000,000)	439,667,082					1%

Explanations for variances in revenue and expenses line items above and below 10% are provided in the next page.

Recurrent Income

(a) GoK Recurrent Grants

During the year, the University received Exchequer grants of **Kshs.1.398 billion** for recurrent expenditure purposes as provided in the Printed Estimates.

(b) Research Administrative fees

The University received a sum of **Kshs.1.41 million** as research administrative charges during the year. These were generated from 10% administrative charges on funds raised from donors by academic staff to support their research programs.

(c) Tuition Fees and Tuition related Income

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

(d) Staff Remuneration Costs

Actual staff costs stood at **Kshs.1.52 billion** during the year as compared with a budgeted allocation of **Kshs.1.61 billion**. The wage bill went up significantly by 15.38% as compared with the previous year because of Increase in staff salaries and house allowances as a result of the full implementation of the pending elements of 2010-2013 National CBA awards and payment of the arrears arising thereof, Recruitment of additional staff and award of normal annual increments to staff.

(e) Surplus/Deficit for the year

The University recorded a surplus in financial performance during the 2016/2017 financial year with a surplus of **Kshs.445.95 million** against a projected deficit of **Kshs.1.0 million** with net surplus of **Kshs.464.81 million** after adjusting for other gains and losses. This was mainly due to industrial action by staff in January 2017 which witnessed decline in operations and supplementary budget at the end of financial year.

XVII. NOTES TO THE FINANCIAL STATEMENTS

SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation and form of presentation

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

(b) Revenue recognition

i) Revenue from non-exchange transactions - IPSAS 23

Transfers from other government entities

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

ii) Revenue from exchange transactions - IPSAS 9

Tuition Income

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

Rendering of services

The University recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to approved semester dates in an academic year.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of

the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the University.

(c) Budget information - IPSAS 24

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

(d) Property, plant and equipment - IPSAS 17

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

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

Building	2%
Furniture, Fittings, Plant and equipment	12.5%
Motor Vehicles	25%
Computers	33.3%
Library Books	20%

(e) Receivables

Receivables are stated at their fair values. A provision for impairment is recognized in the Income and Expenditure statement in the year when the recovery of the amount is in doubt. The provision for bad debts on student debtors for the year has been maintained at 2% similar to previous year.

(f) Biological Assets

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

(g) Trade and Other Payables

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

(h) Inventories - IPSAS 12

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

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

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

(i) Contingent liabilities

Litigation

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

(j) Nature and purpose of reserves

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

(k) Changes in accounting policies and estimates - IPSAS 3

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

(l) Employee benefits - IPSAS 25

Retirement benefit plans

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

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

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

(m) Foreign currency transactions - IPSAS 4

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

(n) Related Party Transactions- IPSAS 20

Government

In the period, the Government approved a budget of **Kshs.1.148 billion** in the printed estimates; subsequently, **Kshs.250 million** following the supplementary budget received in two equal tranches in May and June 2017. This cumulated to a total capitation grants of **Kshs. 1.398 billion** as reflected in this financial statements.

(o) Cash and cash equivalents

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

(p) Comparative figures

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

(q) Significant judgments and sources of estimation uncertainty - IPSAS 1

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

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

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

Useful lives and residual values

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

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

(r) Subsequent events - IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 30th June 2017.

(s) Financial Risk Management Disclosures - IPSAS 30

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

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

Liquidity Risk

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

The objective of the liquidity and funding management is to ensure that all foreseeable operational, capital and loan commitment expenditure can be met

under both normal and stressed conditions and the mismatch is controlled in line with allowable risk levels.

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

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

The University's liquidity position has been unfavorable due to low funding from Exchequer mainly emanating from erroneously refunded funds amounting to **Kshs.115.7 million** which was part of our capitation in 2013/2014 and **Kshs. 74.0 million** meant for pension arrears for 2010-2013 national CBA which the Government promised but was not honored. The University's main primary source of revenue receipts is from the Exchequer thus management has been pursuing for enhanced funding as well as pursuing additional sources of revenue through privately sponsored student programmes.

Market Risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates, prices and interest rates. The objective of market risk management policy is to protect and enhance the Statements of Financial Position and performance by managing and controlling market risk exposures within acceptable parameters, and to optimize the funding of business operations and facilitate capital expansion. The University is exposed to the following market risks:-

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

Operational Risk

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

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

- i) Requirements for appropriate segregation of duties, including the independent authorization of transactions;
- ii) Requirements for the reconciliation and monitoring of financial transactions;
- iii) Compliance with regulatory and legal requirements;
- iv) Documentation of controls and procedures;
- v) Requirements for the yearly assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified;
- vi) Requirement for the reporting of operational losses and proposed remedial action;
- vii) Training and professional development;
- viii) Regular internal and external audits;
- ix) Ethical and business standards; and
- x) Risk mitigation, including insurance where it is effective.

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

Compliance and Regulatory Risk

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

Note 2 - Exchequer Grants

Particulars	30-Jun-17 Ksh	30-Jun-16 Ksh
Exchequer Grants		
Exchequer Grants (Recurrent)	1,398,353,999	1,131,824,545
Totals	1,398,353,999	1,131,824,545

Exchequer Grants

Exchequer grants received from the government are recognized as Income in the period in which it relates as approved in the Printed Estimates with an initial allocation of **Kshs. 1.148 billion** and Subsequently, **Kshs. 250 million** following the supplementary budget received in two equal tranches in May and June 2017. This cumulated to a total capitation grants of **Kshs. 1.398 billion** for financial year 2016/2017.

Note 3 : - Tuition Income

Particulars	30-Jun-17	30-Jun-16
	Ksh	Ksh
Tuition Fees	628,459,553	949,866,758
Student Opening Balance	991,200	-
Opening Balance	(59,653,338)	-
Tuition Fees Adjustment	327,990,215	(327,990,215)
Direct Charges	54,591,000	52,028,500
Collaborating fees	16,367,600	28,061,050
Collaborating Expense	(10,844,121)	(15,986,743)
Totals	957,902,109	685,979,350

Note 4 : - Administrative and Related Fees

Particulars	30-Jun-17	30-Jun-16
	Ksh	Ksh
Student ID Fees	2,033,600	3,040,100
Registration	1,621,700	1,677,300
Examinations Fees	25,443,300	25,340,150
Activity Fees	20,135,900	20,154,300
Student Medical Fees	33,578,500	33,226,700
Library Fees	33,394,100	27,637,970
Field Trips	100,121,650	102,724,850
Field Attachment	8,678,400	6,911,400
Teaching Practice Fees	30,110,310	27,806,670
Computer Fees	525,000	285,000
Thesis Fees	2,015,000	1,108,300
Supervision	3,078,500	1,910,500
Re-marking Charges	31,000	1,000
Amenity	16,816,150	17,367,000
Special Project	3,060,000	935,000
Field Work Supervision	75,000	22,500
Field Course	644,500	150,000
Workshop Practice	628,000	610,544
Other Student Related Income	184,500	14,000
Totals	282,175,110	270,923,284

Tuition fees declined to **Kshs.321.41 million** as a result of the double intake group that graduated in 2016. However, an adjustment of **Kshs 327.99 million** done in previous period to apportion the third semester tuition for July and August 2016 invoices was reversed thus increasing the tuition income.

There was a gradual growth in administrative and related fees as a result of increase in student related activities during the period.

Note 5 : - Graduation Fees

Particulars	30-Jun-17 Ksh	30-Jun-16 Ksh
Graduation Fees	10,751,700	10,599,503
Totals	10,751,700	10,599,503

Note 6 : - Accommodation Income

Particulars	30-Jun-17 Ksh	30-Jun-16 Ksh
Accommodation Fees	25,083,960	47,756,530
Totals	25,083,960	47,756,530

Note 7(a) : - IGA Income

Particulars	30-Jun-17 Ksh	30-Jun-16 Ksh
Farm Income	17,978,193	17,016,299
Catering Income	4,288,864	4,032,297
Hire of Motor Vehicles	(4,590)	2,567,650
Guest House	12,690,432	8,725,390
Bookshop Sales	15,710,884	12,163,384
Fisheries	62,870	248,810
Conference & Workshops	3,435,070	1,000
UOESO Rent	42,500	4,700
Bridging Fees	-	1,000
Library Income	69,589	86,070
Rent Income	3,164,555	2,030,793
Sale of seedlings	116,795	90,246
EIA	1,641,000	2,629,184
Other IGA Income	2,809,640	3,418,160
Totals	62,005,802	53,014,982

Accommodation fees declined by almost half the amount of the previous year as a result of reduction in leased hostels which saw the University accommodate first year students only in the University hostels.

IGA income increase in guest house, bookshop sales, conference and rent were as a result of increased University activities and lease of some part of the University land by Kenya Power to erect a sub-station.

Note 7(b) : - IGA Expenses

Particulars	30-Jun-17 Ksh	30-Jun-16 Ksh
Farm Expenses	19,801,987	17,867,457
Catering Expenses	10,331,289	9,860,445
Hire of Motor Vehicles Expenses	60,870	-
Guest House Expenses	8,537,439	5,795,810
Bookshop Expenses	12,502,735	10,151,402
Fisheries Expenses	64,465	106,000
Conference & Workshops Expenses	2,498,486	147,337
EIA Expenses	2,192,815	1,840,106
Other IGA Expenses	58,950	25,172
Totals	56,049,036	45,793,728

Note 7 : - Net IGA Income

Particulars	30-Jun-17 Ksh	30-Jun-16 Ksh
Farm Income	(1,823,793)	(851,158)
Catering Income	(6,042,425)	(5,828,148)
Hire of Motor Vehicles	(65,460)	2,567,650
Guest House	4,152,993	2,929,580
Bookshop Sales	3,208,149	2,011,982
Fisheries	(1,595)	142,810
Conference & Workshops	936,584	(146,337)
UOESO Rent	42,500	4,700
Bridging Fees	-	1,000
Library Income	69,589	86,070
Rent Income	3,164,555	2,030,793
Sale of seedings	116,795	90,246
EIA	(551,815)	789,078
Other IGA Income	2,750,690	3,392,988
Net Total IGA Income	5,956,766	7,221,254

Catering made a loss of **Kshs. 6.04 million** mainly because its sales are highly subsidized thus input costs is high.

Note 8 : -Research Administrative Fees

Particulars	30-Jun-17	30-Jun-16
	Ksh	Ksh
Research Administrative Fees	1,411,321	965,477
Totals	1,411,321	965,477

Note 9 : - Other Income

Particulars	30-Jun-17	30-Jun-16
	Ksh	Ksh
Application Fees	2,117,400	2,342,231
Fines & Penalties	706,405	151,760
Miscelaneuos Income	1,149,024	1,296,104
Referral/Supplementary	1,029,000	780,800
Totals	5,001,829	4,570,895

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

Application fees decreased as a result of decrease in applicants for various programmes, the other incomes generally remained stable.

There was slight increase in Fines and Penalties and Referral/Supplementary because of students' payment for disciplinary cases and supplementary exams respectively.

Note 10 : - Staff Remuneration Costs

Particulars	30-Jun-17	30-Jun-16
	Ksh	Ksh
Personal Emoluments	709,762,186	658,236,899
House Allowances	342,065,895	348,209,002
Other Personal Allowances	81,075,660	68,247,858
Commuter Allowances	146,168,374	103,105,138
Passage & Leave Allowance	4,532,475	6,220,838
Contracted Employees	77,486,129	79,676,719
Part Time Claims	105,697,208	98,120,000
PSSP Service Providers Disbursements	58,705,924	63,890,677
Totals	1,525,493,851	1,425,707,129

Note 10 : - Staff Remuneration Costs

Particulars	30-Jun-17	30-Jun-16
	Ksh	Ksh
Gratuity & Pension Contributions	102,644,687	101,327,302
Totals	102,644,687	101,327,302

Note 11: - Staff and Student Welfare

Particulars	30-Jun-17	30-Jun-16
	Ksh	Ksh
Medical Expenses	51,427,366	50,892,695
Inter University Games & Other Students activities	6,766,835	3,506,587
Purchase of Uniforms & Clothing	745,445	1,707,921
Public Celebrations & Staff Welfare	3,191,762	2,724,038
Students Welfare	11,216,270	16,215,642
Staff Waivers	3,000,000	-
Totals	76,347,678	75,046,883

Over expenditures were attributed to the increase in cost of materials especially those related to repairs/renovation of the office of the Dean of Students, during the financial year and other unanticipated overhead costs in some activities.

Note 12(a) :- Chancellors Expenses

Particulars	30-Jun-17 Ksh	30-Jun-16 Ksh
Chancellors Expenses	1,136,683	1,615,390
Totals	1,136,683	1,615,390

Note 12(b) :- Council Expenses

Particulars	30-Jun-17 Ksh	30-Jun-16 Ksh
Sitting Allowance	6,345,797	7,806,572
Travelling and Accomodation	6,755,986	8,351,375
Meals & Refreshments	98,112	971,372
Other Council Expenses	1,706,802	1,062,416
Totals	14,906,697	18,191,735

Note 13 : - Administration and Central Services Expenses

Particulars	30-Jun-17 Ksh	30-Jun-16 Ksh
Transport Fuel Expenses	5,158,800	5,060,406
Travelling & Accomodation	7,537,537	8,709,678
External Travelling & Accomodation	4,418,139	1,378,195
Postal & Telegrams	541,044	639,550
Telephone Expenses	4,735,584	4,852,434
Purchase of Stationary	14,098,041	13,243,280
Audit Fees Expenses	950,000	760,482
Insurance Expenses	27,233,175	8,259,454
Legal Expenses	8,892,200	25,144,400
Performance Contracting	7,316,306	9,553,242
Strategic Plan & Master Plan Design	-	2,477,552
Security Services	1,511,340	1,775,200
ISO & Quality Assurance Expenses	851,194	-
Contigent Expenses	365,391	600,999
ERP Sytem Manteinance Expenses	453,650	56,900
Official Entertainment	28,000	234,890
Office Running Expenses	3,059,943	-
Recruitment & Training Expenses	6,330,245	3,391,688
Show, Marketing Expenses & Agribusiness T	7,007,054	8,133,464
Totals	100,487,644	94,271,813

The total expenditure on legal fees during the 2016/2017 Financial Year (FY) was **Kshs 8.89 million** with most of the pending legal fee notes being settled in the 2017/2018 FY. In the ordinary course of business, the University is a defendant in various litigations and claims. The cases are employment and Procurement related and are pending determination by the courts. Although there are no assurances, the University believes, based on information currently available that the ultimate resolution of these proceedings and claims may result to legal expenses of **Kshs.17.36 million** and potential liability of **Kshs.26.56 million**.

Note 14 : - Academic, Research & Student Affairs Expenses

Particulars	30-Jun-17 Ksh	30-Jun-16 Ksh
Teaching Practice & Field Attachment	66,654,045	15,204,033
University Outreach Programme & Exhibition	3,339,305	6,912,859
External Examiners	8,155,749	7,577,902
Internet Services	10,938,496	5,261,645
Deans, Senate Committees & Confrence Expenses	13,351,510	8,729,466
Graduation Expenses	11,811,980	15,786,028
Open & Cultural Day Expenses	-	248,825
Library Expenses	268,620	788,970
Teaching material expenses	9,809,864	3,234,511
Academic Field Trips	48,706,658	67,346,828
Examination Expenses	12,618,448	6,729,785
Postgraduate Supervision	5,943,599	14,392,871
Printing & Publications	3,105,010	1,449,828
Purchase of Gowns	3,918,050	-
Advertising & Publicity	11,883,397	17,615,449
Admission & Registration Expenses	14,097,156	3,880,740
University Funded Research Expenses	14,627,154	6,103,550
Totals	240,012,247	181,939,790

Teaching practice and field attachment increased due to backlog of these activities from previous year as a result of industrial unrest by lecturers. These thus relates to two financial years.

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

Admission and registration expense increase as a result of increase in levies charged by the Kenya Universities and Colleges Central Placement (KUCCP) as well as accreditation of courses by Commission of University Education (CUE)

Note 15 : - Support Services

Particulars	30-Jun-17 Ksh	30-Jun-16 Ksh
Utilities (Electricity, Water & Conservancy)	58,534,140	90,313,331
Payment of Rent & Rates	24,958,331	32,686,044
Maintenance of Catering & Hostel Facilities	2,138,984	9,792,585
Cleaning Materials & Detergents	2,022,905	881,946
Maintenance of Plant, Furniture & Equipment	1,231,569	3,588,683
Maintenance of Computers	1,599,774	1,288,461
Maintenance of Buildings & Stations	10,564,263	10,687,454
Contract Services & Subscriptions	1,406,991	1,378,283
Maintenance of Water Suppliers & Sewerage	248,460	352,500
Maintenance of Playgrounds & Parks	152,165	331,875
Newspapers	2,006,874	2,698,583
Maintenance of Motor Vehicles	5,188,485	4,747,585
Land Transfer Expenses	-	34,869,600
Totals	112,822,840	193,616,932

Note 16 : - Finance Expenses

Particulars	30-Jun-17 Ksh	30-Jun-16 Ksh
Bank Charges & Commissions	2,522,546	2,188,279
Totals	2,522,546	2,188,279

Utilities, payment of rent maintenance of catering and hostels declined as a result of moving from a three semester to a two semester mode as well as disengaging from leased hostels by the University.

Note 17: - Amortization & Depreciation Expenses

Code	Particulars	30-Jun-17 Ksh	30-Jun-16 Ksh
57-01-001	Amortization of Land	1,975,309	1,975,309
57-02-001	Depreciation Buildings	23,418,773	18,332,230
57-03-001	Depreciation Motor Vehicles	17,316,631	17,413,912
57-04-001	Depreciation Computers and Assesories	8,709,436	11,605,180
57-05-001	Depreciation Furniture and Fittings	6,201,590	4,568,346
57-06-001	Depreciation plant and Equipment	7,812,378	3,740,736
57-07-001	Depreciation Library Books	5,160,723	1,445,801
	Totals	70,594,840	59,081,513

Note 18:- Other Gain Depreciation Adjustment

Code	Particulars	30-Jun-17 Ksh	30-Jun-16 Ksh
58-01-000	Gain/(Loss) on Assets Disposal/Deptn Adjmts	11,018,706	5,334,140
	Totals	11,018,706	5,334,140

Note 19:- Other Gains on Biological Assets

Code	Particulars	30-Jun-17 Ksh	30-Jun-16 Ksh
58-02-000	Gain/(Loss) on Biological Assets	7,898,652	3,441,995
	Totals	7,898,652	3,441,995

Note 20:- Other Gains Decrease in Provision for Bad Debts

Code	Particulars	30-Jun-17 Ksh	30-Jun-16 Ksh
58-03-000	Increase/(Decrease) in Provision for Bad Debts	2,894,428	(9,804,492)
	Totals	2,894,428	(9,804,492)

Note 21:- Loss in Foreign Exchange Transactions

Code	Particulars	30-Jun-17 Ksh	30-Jun-16 Ksh
58-04-000	Gain/(Loss) on Foreign Exchange Transactions	(56,283)	1,992
	Totals	(56,283)	1,992

Depreciation increased mainly due to transfer of completed building projects from Work in Progress and acquisition of plant, equipment and library books respectively.

Note 22 (a) : - Bank Balances

Particulars	30-Jun-17 Ksh	30-Jun-16 Ksh
NBK-Main Account-0102107332500	116,171,207	88,652,363
NBK-Capital Development Account-0102107332501	5,707	113,494,005
Standard Chartered Bank (Kshs) Research Account	22,812,131	9,678,137
Standard Chartered Bank (Euro) Research Account	88,211	2,056
Standard Chartered Bank (Kshs-Edulink) Research /	126,013	622,256
Co-operative Bank (Fees Collection)-0112918317000	79,455,465	983,341
Co-operative Bank (Canadian Dollar)	2,553	2,553
Co-operative Bank (Farm Account)-01129183170001	279,865	1,566,026
Equity Bank (Fees Collection)-0300297338822	68,644,398	832,987
Kenya Commercial Bank-Research(VLIR)	26,341	19,344
Kenya Commercial Bank (Fees Collection)	44,936,611	1,019,172
Standard Chartered Bank Fee Collection Account-0	917,860	-
Equity-Capital Development	79,763,522	-
KCB UNIVERSITY OF ELDORET-TOWN CAMPUS	8,012,644	-
Co-operative Bank (UESO) Account 0113467438470	2,896,360	-
Petty Cash account	59,110	300,000
Undeposited Funds	469,764	562,764
Totals	424,667,760	217,735,003

The increase in bank balances is as a result of supplementary budget allocation from treasury and recurrent expenditure amounting to **Kshs. 250 million** received in the month of June 2017. The funds had not been fully utilized but will be used to pay for the pending bills.

Student debtors reduced by **Kshs. 148.2 million** in the current financial year mainly due to students paying fees before end of semester exams, however out of the total debtors **Kshs. 326.6 million** comprise of non-moving debtors. This are being investigated to establish their correct status with a view of correcting this figure appropriately.

Note 23 : - Receivables from Exchange Transaction

Particulars	30-Jun-17	30-Jun-16
	Ksh	Ksh
Student Debtors	588,073,505	736,557,393
Tuition Fees Adjustment	-	(327,990,215)
Less: Provision for Bad Debts	(11,761,470)	(14,655,898)
Student Debtors Net of Bad Debts	576,312,035	393,911,280
Staff Imprests	9,208,839	11,605,629
General Debtors	9,754,500	12,495,734
Exchequer Grants Receivable	-	-
Deposit with Service Providers	5,520,567	940,852
Totals	600,795,941	418,953,495

Note 24 : - Inventories

Particulars	30-Jun-17	30-Jun-16
	Ksh	Ksh
Lab Chemicals	4,121,908	4,596,274
Games Materials	584,088	777,260
Loose Tools and Spares	89,070	178,977
Bookshop Books	2,513,658	2,222,576
Dry Food	403,152	685,372
Clinical Drugs	1,880,821	834,543
Consumables	12,727,340	11,059,924
Building Materials	4,101,169	4,234,591
Totals	26,421,206	24,589,517

Student debtors reduced by **Kshs.148.2 million** in the current financial year mainly due to students paying fees before end of semester exams, however out of the total debtors **Kshs.326.6 million** comprise of non-moving debtors. This are being investigated to establish their correct status with a view of correcting this figure appropriately.

Note 25 : Property, plant and equipment

Cost	Land		Buildings		Motor Vehicles		Computers & Appliances		Furniture & Fittings		Plant & Equipment		Library Books		Totals	
	K.Shs		K.Shs		K.Shs		K.Shs		K.Shs		K.Shs		K.Shs		K.Shs	
At 1 July 2015	160,000,000		916,611,512		101,658,871		46,889,442		74,493,182		26,933,516		6,516,900		1,333,103,423	
Additions 2015/2016	-		-		8,793,200		2,382,656		5,352,592		2,992,370		7,941,110		27,461,927	
At 1 July 2016	160,000,000		916,611,512		110,452,071		49,272,098		79,845,774		29,925,886		14,458,009		1,360,565,350	
Additions 2016/2017	-		-		17,197,278		10,799,864		13,002,592		2,672,000		11,345,604		55,017,338	
Revaluations 2016/2017	-		-		-		-		-		-		-		-	
Transfers from W.I.P 2016/2017	-		254,327,157		-		-		-		29,901,138		-		284,228,295	
At 30 June 2017	160,000,000		1,170,938,669		127,649,349		60,071,961		92,848,366		62,499,024		25,803,614		1,699,810,983	
Depreciation																
At 30 June 2015	8,260,465		268,005,406		73,102,550		36,828,420		48,892,069		9,182,760		880,630		445,152,300	
Amortization 2015/2016	1,975,309		-		-		-		-		-		-		1,975,309	
Depreciation 2015/2016	-		18,332,230		17,413,912		11,605,180		4,568,346		3,740,736		1,445,801		57,106,205	
At 30 June 2016	10,235,774		286,337,637		90,516,462		48,433,600		53,460,415		12,923,495		2,326,431		504,233,814	
Amortization 2016/2017	1,975,309		-		-		-		-		-		-		1,975,309	
Depreciation 2016/2017	-		23,418,773		17,316,631		8,709,436		6,201,590		7,812,378		5,160,723		68,619,531	
At 30 June 2017	12,211,082		309,756,410		107,833,093		57,143,036		59,662,005		20,735,873		7,487,154		574,828,654	
Net book values																
At 30 June 2017	147,788,918		861,182,259		19,816,256		2,928,925		33,186,361		41,763,150		18,316,460		1,124,982,329	
At 30 June 2016	149,764,226		630,273,875		19,935,609		838,497		26,385,359		17,002,391		12,131,579		856,331,536	

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Note 26: Work-In-Progress

Particulars	30-Jun-17		Transfers to PPE		Additions		30-Jun-16	
	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh	Ksh
Acquisition of Software	15,312,000	-	-	1,812,000	-	13,500,000	-	13,500,000
Hotel & Hospitality Labs	26,101,362	-	-	-	-	26,101,362	-	26,101,362
Engineering Complex	-	65,330,953	65,330,953	9,124,396	9,124,396	56,206,557	9,124,396	56,206,557
Education Complex	-	159,108,276	159,108,276	4,653,829	4,653,829	154,454,447	4,653,829	154,454,447
High Mast Flood Lights	-	19,124,000	19,124,000	12,620,000	12,620,000	6,504,000	12,620,000	6,504,000
CCTV Installation	-	10,777,138	10,777,138	7,640,138	7,640,138	3,137,000	7,640,138	3,137,000
W.I.P Economics & Bns Mgt Con	71,593,375	-	-	71,593,375	71,593,375	-	71,593,375	-
W.I.P Main Gate	12,509,340	-	-	12,509,340	12,509,340	-	12,509,340	-
W.I.P Perimeter Wall	7,425,000	29,887,928	29,887,928	37,312,928	37,312,928	-	37,312,928	-
W.I.P Milk Coolant	3,517,700	-	-	3,517,700	3,517,700	-	3,517,700	-
Totals	136,458,777	284,228,295	284,228,295	160,783,706	160,783,706	259,903,366	259,903,366	259,903,366

Engineering workshops, Perimeter wall phase I, Floodlights Phase I and II and CCTV cameras were completed and handed over to the University. These were subsequently transferred to Property, Plant and Equipment (PPE) with a total amount of **Kshs. 284,228,295**

The University is also committed to continue with the construction of schools of economics and business studies to which is at 70% completion, the main gate and construct an entry lane from the gate to administration block, Complete phases II for CCTV cameras and Floodlights and commence phase III for the same, complete the refurbishment and conversion of Old Library to new offices which is approaching 50% completion and use internally generated funds to construct the milk cooling plant which has reached 40% completion.

Note 27:- Biological Assets

Particulars	30-Jun-17	30-Jun-16
	Ksh	Ksh
Maize	5,905,845	1,507,180
Wheat	3,411,120	483,970
Fodder (Boma Rhodes)	147,170	5,000
Dairy Livestock	18,465,000	18,584,000
Poultry	519,500	427,500
Trees	203,210	207,430
Fish	206,700	224,420
Totals	29,338,152	21,439,500

Note 28 (a) :- Trade Payables

Particulars	30-Jun-17	30-Jun-16
	Ksh	Ksh
Trade Creditors	42,676,708	82,514,844
With-Holding Tax	(9,499)	201,386
Capital Creditors	8,139,970	8,139,970
Commissioner of Domestic Taxes	3,461,960	3,620,384
Retention (Contractor)	24,202,637	16,024,974
VAT Taxes	2,711,142	3,361,541
Totals	81,182,918	113,863,099

There was a deliberate effort to pay off outstanding bills in order to comply with performance contracting requirements hence the reduction in Trade Creditors by half. However, Retention (Contractor) increased due to increase in Work in Progress activities being carried out by the University.

Note 28 (b) :- Other Payables - Students & Customers

Particulars	30-Jun-17	30-Jun-16
	Ksh	Ksh
Prepaid Fees (Students)	94,167,980	62,929,874
Caution Money	12,759,644	9,091,144
HELB-Loan Students	16,272,368	11,854,830
HELB-Bursaries Students	178,000	178,000
CDF- Constituency Development Fund	14,569,035	13,961,845
Sponsorships	19,441,389	18,678,068
Unallocated Fee	83,001,624	93,943,548
Customer Prepayments	86,500	172,840
Totals	240,476,540	210,810,149

Note 28 (c) :- Other Payables - Payroll

Particulars	30-Jun-17	30-Jun-16
	Ksh	Ksh
Net Pay	70,068,985	288,418
PAYE	30,915,438	8,411,541
NSSF	-	200
SACCOS	189,104	-
HELB-Loan Repayment Staff	25,397	-
WELFARES	169,684	181,550
Salary Recovery	28,000	-
Part-time Lecturers	54,944,055	151,023,907
Totals	156,340,662	159,905,616

Prepaid fees increased by Kshs. 31.2 million from the previous year due to first year students who received HELB loan after paying year one fees. Caution money also increased because of first year students admitted in September 2016.

HELB Loans to students increased because of HELB loans that was received and the beneficiaries list had not been received by the end of the financial year.

Unallocated fees reduced by Kshs. 10.9 million as a result of students presenting their deposit slips hence facilitating posting to their ledgers.

Note 29 :- Accruals and Provisions

Particulars	30-Jun-17	30-Jun-16
	Ksh	Ksh
Provision for Audit Fees	1,895,000	950,000
Payroll Recoveries	3,625,772	6,392,411
Accrued Expenses	103,478,532	122,428,820
Totals	108,999,304	129,771,231

Note 30 :Research Fund Account

Particulars	30-Jun-17	30-Jun-16
	Ksh	Ksh
Donor Funded Research Receipts	127,127,088	84,016,168
Donor Funded Research Disbursements	(103,417,019)	(65,191,359)
Totals	23,710,069	18,824,809

Note 31 : UoESO Fund Account

Particulars	30-Jun-17	30-Jun-16
	Ksh	Ksh
UoESO Funds Receipts	13,309,200	7,919,100
UoESO Funds Disbursements	(6,880,315)	(2,651,120)
Totals	6,428,885	5,267,980

Research receipts was mainly contributed by McKnight Foundation (Kshs. 10.2 million); NUFFIC (Kshs. 14.8 million), European Commission (Kshs. 13.5 million); East African Maltings Limited (Kshs. 2.1 million). Other contributors included NACOSTI mainly for post graduate research, RUFORUM, USAID/Purdue University, Austrian and Proctor & Gamble. These funds were disbursed to fund research projects to a tune of Kshs. 103.4 million leaving a balance of Kshs. 23.4 million held in various research banks accounts under Cash and cash equivalent.

XVIII. PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue/ Observations from Auditor	Management comments	Focal Point person to resolve the issue (Name and designation)	Status: (Resolved/Not Resolved)	Timeframe : (Put a date when you expect the issue to be resolved)
ELD/UELD/4/19	Delayed handing over of Assets and Liabilities by Moi University contrary to legal notice no. 125 of 13 th August, 2010	The assets were partially handed over from Moi University on 15 th December, 2014	Prof. Teresa A.O. Akenga, V. Chancellor	Partially resolved	2017/2018
1.0	Valuation of Assets	The process has been initiated and the consultant is on the ground	Prof. Teresa A.O. Akenga, V. Chancellor	Partially resolved	2017/2018 FY
2.0	Delay in implementation of Education Complex	Project has now been completed, handed over and transferred to PPE	Prof. Teresa A.O. Akenga, Vice Chancellor	Resolved	2016/2017 FY
	Delay in implementation of Engineering Workshop	Project has now been completed, handed over and transferred to PPE		Resolved	2016/2017 FY
	Acquisition & Installation of Integrated ERP	Consultant has completed most of the modules		Partially resolved	2017/2018 FY
3.0	Non-Collection of Tuition Fees	The Student will not be allowed to collect their certificates	Prof. Teresa A.O. Akenga, Vice Chancellor	Not resolved	2017/2018 FY
	Student Opening Balances	The consultant is on site to respond		Not resolved	2017/2018 FY

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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)
	Variations	to the issues			
	Unsurrendered Temporary Imprest	These are unconditional funds given to principal researchers and postgraduate students as per condition attached thereto.		Not resolved	2017/2018 FY
4.0	Inventories not supported with stock sheets	Stock Sheets Available	Ag. Finance Officer	Resolved	2016/2017 FY
5.0	Outstanding Part-time Lecturers	Outstanding amount has been paid to date	Ag. Finance Officer	Resolved	2016/2017 FY
6.0	Unsupported Excess Expenditure	These arouse as a result of CUE requirements for accreditation which necessities unforeseen expenditure.	Prof. Teresa A.O. Akenga, Vice Chancellor	Resolved	2016/2017 FY
7.0	Non Remittance of Statutory Deductions	This arouse from Non-payment of taxes on PSSP and configuration of the payroll system on excess pension contribution inherited from Moi University. The principal tax has been paid and we have written to KRA for	Prof. Teresa A.O. Akenga, Vice Chancellor	Partially resolved	2017/2018 FY

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)
		waiver of Penalties			
Other Matter					
1.0	Failure to Comply with a third Net Salary Rule	This was due to recovery of imprest which takes second charge after taxes	Prof. Teresa A.O. Akenga, Vice Chancellor	Partially resolved	Long Term
2.0	Ethnic Composition of Staff with one ethnic group above one third (1/3)	This is an historical challenge and new recruitments are being used to correct this anomaly in the long term		Not resolved	Long Term

T. Akenga

PROF. TERESA A.O. AKENGA PHD, MRSC, MBS
VICE CHANCELLOR

D. Ojakaa

DR. DAVID OJAKAA
CHAIRMAN OF COUNCIL

DATE..... *28/09/2017*

DATE..... *28/09/2017*

XIX. Appendix 1: PROJECTS IMPLEMENTED BY THE ENTITY

Projects Implemented by University of Eldoret	Donor	Period/ duration	Donor commitment	Separate donor reporting	Comments
1. School of Economics and Business Management	GOK	2016 - 2018	242,000,000	no	
2. School of Education Complex	GOK	2013 - 2017	159,100,068	no	
3. School of Engineering	GOK	2014 - 2018	61,602,170	no	
4. Renovation of Old Library into Offices	GOK	2016 - 2018	28,000,000	no	
5. Construction Perimeter Wall Phase I & II	GOK	2016 - 2018	31,899,500	no	
6. Construction Main Gate Phase I & II	GOK	2016 - 2017	13,753,010	no	
7. CCTV Cameras Phase I, II & III	GOK	2016 - 2017	8,908,700	no	
8. High Mast Flood Lights Phase I, II & III	GOK	2016 - 2017	22,572,720	no	
9. Hotel & Hospitality Labs	GOK	2016 - 2017	26,672,680	no	
10. Construction of Milk Cooler House	Internal	2016 - 2017	-	no	
11. Expansion of Health Clinic	Internal	2016 - 2017	-	no	
12. Expansion of Bus Park/Bay	Internal	2016 - 2017	-	no	
13. Renovation of Hotel Academia Kitchen	Internal	2016 - 2017	7,000,000	no	
14. Design of PPP Projects	Internal	2016 - 2017	5,000,000	no	
15. Acquisition of Software	Internal	2016 - 2017	19,500,000	no	

Status of Projects Completion

Project	Total Project Cost	Total Project expended to date	Completion % to date	Budget	Actual per quarter	Sources
1. School of Economics and Business Management	242,000,000	71,593,375	8%	100,000,000	37,608,325	GOK
2. School of Education Complex	159,100,068	159,108,276	100%	65,000,000	1,236,089	GOK
3. School of Engineering	61,602,170	65,330,953	95%	29,133,000	1,814,724	GOK
4. Renovation of Old Library into Offices	28,000,000	-	0%	28,000,000	-	GOK
5. Construction Perimeter Wall Phase I & II	31,899,500	37,312,928	60%	64,000,000	13,571,125	GOK
6. Construction Main Gate Phase I & II	13,753,010	12,509,340	25%	20,000,000	7,817,190	GOK
7. CCTV Cameras Phase I, II & III	8,908,700	10,777,138	100%	14,000,000	1,794,000	GOK
8. High Mast Flood Lights Phase I, II & III	22,572,720	19,124,000	100%	18,000,000	-	GOK
9. Hotel & Hospitality Labs	26,672,680	26,101,362	100%	14,000,000	-	GOK
10. Construction of Milk Cooler House	20,000,000	3,517,700	0%	20,000,000	3,517,700	Internal
11. Expansion of Health Clinic	3,000,000	-	0%	3,000,000	-	Internal
12. Expansion of Bus Park/Bay	2,000,000	-	0%	2,000,000	-	Internal
13. Renovation of Hotel Academia Kitchen	7,000,000	-	0%	7,000,000	-	Internal
14. Design of PPP Projects	5,000,000	-	0%	5,000,000	-	Internal
15. Acquisition of Software	19,500,000	15,312,000	100%	18,000,000	1,812,000	Internal
Totals	651,008,848	420,687,072	-	407,133,000	69,171,153	

XX. Appendix 2: INTER-ENTITY TRANSFERS

ENTITY NAME: UNIVERSITY OF ELDORET

Break down of Transfers from the State Department of Education for FY 2016/2017

a. Recurrent Grants	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
State Department University Education	10.08.2017	95,696,166.50	2016/17
State Department University Education	26.08.2017	95,696,166.65	2016/17
State Department University Education	30.09.2017	95,696,166.00	2016/17
State Department University Education	09.11.2017	95,696,166.00	2016/17
State Department University Education	13.12.2017	95,696,166.00	2016/17
State Department University Education	30.12.2017	95,696,166.00	2016/17
State Department University Education	09.02.2017	95,696,166.00	2016/17
State Department University Education	15.03.2017	95,696,166.00	2016/17
State Department University Education	07.04.2017	95,696,166.00	2016/17
State Department University Education	02.05.2017	95,696,166.00	2016/17
State Department University Education	02.06.2017	220,696,166.00	2016/17
State Department University Education	27.06.2017	220,696,172.00	2016/17
Total		1,398,353,999.15	

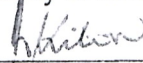
b. Development Grants	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
State Department University Education	24.01.2017	20,879,498.00	2016/17
State Department University Education	23.03.2017	25,940,910.00	2016/17
State Department University Education	23.03.2017	651,000.00	2016/17
State Department University Education	10.05.2017	60,800,978.00	2016/17
State Department University Education	31.05.2017	6,339,987.00	2016/17
Total		114,612,373.00	

c. Direct Payments	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		-	
Total		-	

d. Donor Receipts	Bank Statement Date	Amount (Kshs)	Indicate the FY to which the amounts relate
		-	
Total		-	

The above amounts have been communicated to and reconciled with the parent Ministry

Ag. Finance Officer
University of Eldoret

Sign 

Head of Accounting Unit
State Department University Education

Sign _____