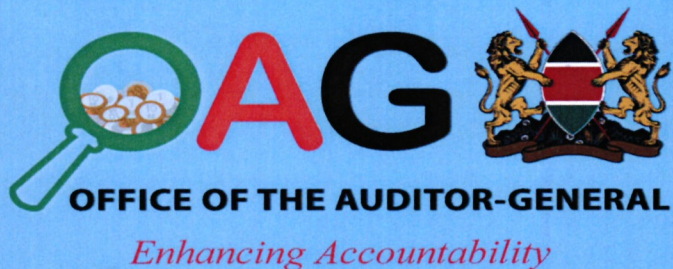



REPUBLIC OF KENYA



 THE NATIONAL ASSEMBLY REPORT MEMBERS LAID	
DATE: 13 JUN 2023	DAY: Tuesday
TABLED BY: OF	Hon. Owen Baya (Deputy Majority Leader)
CLERK-AT-THE-TABLE:	Inzefu Mwale

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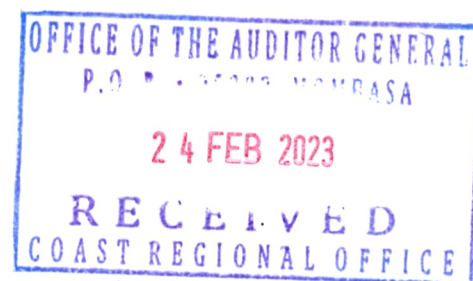
THE AUDITOR-GENERAL

ON

TAITA TAVETA UNIVERSITY

**FOR THE YEAR ENDED
30 JUNE, 2022**

Revised Template 30th June 2022



TAITA TAVETA UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING

30TH JUNE 2022

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

Taita Taveta University
Annual Report and Financial Statements
For the year ended June 30, 2022.

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1. Key Entity Information and Management

(a) Background information

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

(b) Principal Activities

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

Vision Statement

An educated and transformed society in sustainability of natural resources.

Mission Statement

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

Core Values

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

(c) Key Management

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

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

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2022 and who had direct fiduciary responsibility were:

Designation	Name
Vice Chancellor	Prof. Fred Simiyu Barasa
Ag. Deputy Vice Chancellor (Administration Finance & Planning)	Prof. Kiptanui Arap Too
Deputy Vice Chancellor (Academic, Research & Outreach)	Prof. Christine Akoth Onyango
Ag. Registrar (Academic, Research & Outreach)	Dr. Meshack Mwandoe Pongah
Director Administration, Planning and Development (APD)	Mr. Habib Mruttu
Head of Procurement	Mr. Simon Kamos Ndiwa
Director of Finance	Mr. Peter Kisombe

(e) Fiduciary Oversight Arrangements

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

A. University Council	
1. Prof. Isaac Meroka Mbeche	Chairperson
2. Mr. Joseph Kiarii - Representing PS, The National Treasury.	Member
3. Mr. Johnson Nanjakululu /Dr. Watene David- Representing PS, State Department for University Education and Research, Ministry of Education.	Member
4. Dr. Peter E. Opakas	Member
5. Mr. Karumba Kinyua	Member
6. Dr. Jeremiah Koshal	Member
7. Prof. Fred Simiyu Barasa	CEO/Secretary

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B. Finance, Development and General Purpose Committee	
1. Mr. Karumba Kinyua	Chairperson
2. Mr. Johnson Nanjakululu/ Dr. Watene David - Representing PS, State Department for University Education and Research, Ministry of Education	Member
3. Mr. Joseph Kiarii - Representing PS The National Treasury	Member
4. Dr. Peter E. Opakas	Member
5. Prof. Fred Simiyu Barasa	CEO/Secretary

C. Audit, Risk and Governance Committee	
1. Dr. Jeremiah Koshal	Chairman
2. Mr. Johnson Nanjakululu/Dr. Watene David- Representing PS, State Department for University Education and Research, Ministry of Education	Member
3. Mr. Joseph Kiarii - Representing PS The National Treasury	Member
4. Mr. John Runga - HoD Audit/ Secretary (Ex-Official)	Ex-official/Secretary

D. Human Resource and Development Committee	
1. Dr. Peter E. Opakas	Chairman
2. Mr. Johnson Nanjakululu/ Dr. Watene David - Representing PS, State Department for University Education and Research, Ministry of Education	Member
3. Mr. Joseph Kiarii - Representing PS The National Treasury	Member
4. Prof. Fred Simiyu Barasa	CEO/Secretary

E. Sealing Committee	
1. Mr. Joseph Kiarri - Representing PS The National Treasury	Member
2. Mr. Johnson Nanjakululu/ Dr. Watene David- Representing PS, State Department for University Education and Research, Ministry of Education	Member
3. Prof. Fred Simiyu Barasa	CEO/Secretary

(f) Entity Headquarters

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

(g) Entity Contacts

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

(h) Entity Bankers

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

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

(i) Independent Auditors

Auditor General

Office of the Auditor General

Anniversary Towers, University Way

P. O. Box 30084 GPO

00100

Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General

State Law Office



Harambee Avenue





P. O. Box 40112



City Square 00200

Nairobi, Kenya




2. The University Council

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

<p>3. Mr. Johnson Nanjakululu</p> 	<p>Born: 1962</p> <p>M.E.D (University of Nairobi), Currently the Deputy Director, Higher Education. He is a Competency Based Education and Training Specialist. He has 34 years of working experience.</p>
<p>4. Mr. Joseph Kiarrii</p> 	<p>Born: 1966</p> <p>Bachelor of Commerce (BCom), Accounting Option, University of Nairobi (UoN). He has over 20 years' experience in Public Finance Management. He is currently working in the National Treasury, and is a member of the Institute of Certified Financial Analysts (ICFA).</p>
<p>5. Dr. Jeremiah Koshal</p> 	<p>Born: 1970</p> <p>PhD in Organizational Leadership and an MBA in Management from Regent University, USA, and a Bachelor of Commerce from Daystar University, Kenya. He is an Assistant Professor of Leadership at Chandaria School of Business, United States International University. He teaches in both undergraduate and graduate programs in the areas of Management and Leadership. He also supervises MBA Theses and DBA Dissertations.</p>
<p>6. Mr. Karumba Kinyua</p> 	<p>Born 1977</p> <p>MSc in Corporate Real Estate Finance and Strategy; Bachelor of Commerce (Business Administration) and IMIS Diploma. Member of the Association of Chartered Certified Accountants (ACCA) graduate; Institute of Certified Investment and Financial Analysts (ICIFA), Kenya and Institute of Directors (IOD), Kenya. Currently the Managing Partner, Pinehill Consulting and has served in various capacities in different companies.</p>

<p>7. Dr. Peter E. Opakas</p> 	<p>Born: 1952</p> <p>PhD in Environmental Studies (Human Ecology option) – Moi University; MEd (Educational Administration) – University of Leeds; D.E.A (Educational Administration) University of Leeds and B.Ed (Hons) Arts – University of Nairobi. Certificate in Human Resource Management from ESAMI and Certificate in Project Management - MDF, The Netherlands. Served as Registrar (Planning and Development), Moi University.</p>
<p>8. Prof. Fred Simiyu Barasa</p> 	<p>Born: 1960</p> <p>PhD in Comparative and International Education (University of Natal); MA(Ed.) and B.Ed (Sc) – Kenyatta University; Has previously served as the Executive Director/CEO of the African Council for Distance Education (ACDE); Manager (Academic Program Development and Management at the African Virtual University (AVU); Director, College of Distance Education (Egerton University); Dean, School of Education, Arts and Theology (Kabarak University); Dean, Faculty of Education and Human Resources (Egerton University), and Chairman, Department of Educational Foundations. He has also served as Deputy Principal (Administration, Finance and Planning), TTUC as well as Deputy Vice Chancellor (Administration, Finance and Planning), TTU. He is currently the Vice Chancellor.</p>

3. Management Team

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

4. Chairman's Statement

The financial year 2021/2022 marks the eleventh year of our stewardship over financial and other resources entrusted to us. Conscious of our mandate and guided by our motto of "Home of Ideas", we endeavor to prudently manage resources at our disposal in addition to offering the highest quality of service to our clients and all stakeholders. Taita Taveta University continues to ensure strict financial discipline, focused execution of the management agenda and resolute pursuit of agreed strategies.

The FY 2021/2022 presented great opportunities for development and growth but also significant financial shortfall challenges. However, the resources allocated and received have been instrumental in facilitating infrastructure and human resource development, and in particular the support towards personnel emolument commitments. Ongoing infrastructural projects include: construction of Phase II and III of the state-of-the art Centre for Mining, Fuels and Mineral Processing Engineering; construction of the Central Administration office block at the Main Campus; and construction of the office and classroom block at Taveta. This infrastructural development once completed will go a long way in meeting Taita Taveta University core mandate of Education, research and community outreach. On the Human Resource capital, Taita Taveta University is privileged to have qualified Management team and staff who are committed to the growth of Taita Taveta University. The University is supporting staff pursuing PhD, Master and Bachelor degree study programmes within Kenya and the globe. These Human resource capacity building Strategies will go a long way in enhancing better service delivery to Taita Taveta University fraternity and the community at large. With all the developments ongoing, the University has continued to deliver on its core mandate of academic programmes prudently while maintaining and securing her assets.

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

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

Sincerely,


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

5. Report of the Vice Chancellor/Chief Executive Officer

The financial year 2021/2022 has been an eventful year. After full reopening of Universities, the University has managed to meet its core mandate of Teaching, Research and community outreach through numerous activities though with struggle of cash flows shortfalls, increasing food prices, as well as reduction in internally generated funds and capital funds. Further, we struggled but successfully managed our service providers, especially Suppliers and Part-Time Lecturers. We have nevertheless made significant progress, towards becoming International Organization for Standardization (ISO) 90001:2015 Certified, implementation of Phase II of the Centre of Excellence for Mining, implementing Environmental Engineering and Resource Management (CEMEREM) project at Taita Taveta University in collaboration with German Universities and steady execution of the other projects undertaken in partnership with the University of Helsinki, implementing KALRO funded projects namely; Taita Banana, Taita Pastures, Taita Soils and Taita Feeds. The University undertook various austerity measures aimed at cost reduction and cost containment. We appreciate the support and goodwill of the University Council and the Government of Kenya. Despite the challenges, they have continued to support our innovative ideas and Taita Taveta University has made good progress on all fronts.

Financial Performance

In the FY 2021/2022, Taita Taveta University received from the Government of Kenya a total of **Kshs. 405,732,943** for recurrent expenditure, **Kshs. 140,000,000** for development expenditure. The university was able to generate Appropriation-in-Aid of **Kshs.164,764,091** During the year under review, the University realized a Loss of **Kshs.5,977,742**. The decline in loss as compared to the previous year was as a result of write off of IPUCCF liability that was expunged by the council members. The university has largely been in near static capitation, posing challenges to realizing the envisaged balance between revenue and University operational needs. In order to address this revenue shortfall, the University is implementing several strategies including: greater and diversified engagement with stakeholders; planned commercialization of University facilities; expansion of postgraduate programmes; and ongoing restructuring of University administrative structures and academic programs curriculum reviews.

During the year under review, TTU closed the financial year with total pending bills of **Kshs. 269,354,476** arising from unpaid supplier invoices, unpaid part time teaching claims, other service providers' dues, provision for retention, student fees overpayments, payroll provisions and hospital bills. The bulk (34%:) of pending bills (**Kshs.81,274,944 (30%)**) is part-time lecturer's arrears arising as a consequence of significant understaffing for academic staff. The University continued to service an Asset based Financing loan which was cleared by the end of March 2022.

Though the financial resources are limited as compared with the daily University financial needs, TTU management is committed to reducing the pending bills over time.

To cater for the current and projected new student numbers, and in line with Government policy of prioritizing completion of ongoing projects during the period under review, the University focused on completion of the construction of the Mining and Mineral Processing Center (MMPE) Complex, the Central Administration Office Block and the Office and Classroom Block at Taveta as the major on-going projects which are aimed at increasing the number of laboratories, engineering workshops, teaching and office space to improve teaching, research and work environment. To ensure quality of teaching and learning, the University has continued to systematically revise and update its academic programs and develop new niche areas in line with identified national priorities especially the big four agenda.

The financial year ended 30th June, 2022 has seen the institution continue implementing austerity measures including prioritizing on critical expenditure to mitigate the spiraling costs without corresponding increase in revenue. During the period under review, the University Management continued to engage the Line Ministry and the National Treasury in order for the University's budget allocation to be reviewed upwards to a level that may more reasonably be able to cater for the growing needs of the University. The University benefitted from the supplementary budget by being allocated an extra **Kshs.1,274,637** for recurrent expenditure in March 2022. Further the University continued to experience significant water shortage and was forced to continue relying on private water boozers for water supply for both consumption and cleaning. Accordingly, the call for Government support to help us actualize the plans to connect the University to the reliable Mzima Springs water supply is still of highest priority.

This fiscal year, the Management Team identified protecting and strengthening the balance sheet, increasing IGU income, efficient and transparent debtors' and creditors' management, strategic capital expenditure as well as strengthening and diversifying international collaborations in research and development as its key priorities. However, the institution still relied largely on the Bank Overdraft facility currently capped at Kshs.50 Million to ensure that service provision was offered to clients uninterrupted. As at 30th June 2022, the Bank overdraft stood at **Kshs.49,212,308**. The University management is committed to reducing the bank overdraft with time.

During the period under review, TTU strived to comply with all the statutory requirements. All payments for taxes deducted from staff salaries and suppliers, NHIF contributions, NSSF and PAYE were remitted on time to the relevant authorities. However, some delays in remitting some staff salary deductions was experienced due to a deficit arising from reduced Government capitation against rising costs.

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

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

Conclusion

The University is grateful to the Government of Kenya and the Ministry of Education for the continued support. The Taita Taveta University community will continue to work hard to meet targets as set in the Strategic Plan and mandate as provided in the Universities Act 2012 and its amendments and the Taita Taveta University Charter. In addition, the University takes into account the Big Four Agenda, Medium Term Plan (MTP), Sustainable Development Goals (SDG) and Vision 2030 among other National priorities in planning and budgeting.



Prof. Fred Simiyu Barasa, PhD

VICE CHANCELLOR

6. Statement of Taita Taveta University Performance against Predetermined Objectives for FY 2021/2022

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

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

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

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

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

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

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

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

Taita Taveta University develops its annual work plans based on the above 6 pillars. Assessment of the Council's performance against its annual work plan is done on a quarterly basis by way of quarterly performance contract progress reports, and on annual basis by way of annual performance contract evaluation report and annual Council Performance Evaluation conducted by the State Corporations Advisory Committee (SCAC). The University largely achieved its performance targets set for the FY 2021/2022 period for its six strategic pillars, as indicated in the table below:

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Strategic Pillar/Theme/Issues	Objective	Key Performance Indicators	Activities	Achievements
Pillar 1: Excellence in research teaching and engagement.	Increase research and publication annually	Thirty (30) new publications in refereed journals.	Produce 30 new publication refereed journals as follows; SSI (10), SAEES (6), SBESS (7) and SME (7)	30 No. publications in referred journal published
	Enhance Research Infrastructure	Signed collaboration & MoU with other institutions and research organizations Conference – Web Write up.	Enhance personal/institutional networks through: attendance of conferences and sign MoUs and research collaborations with other institutions and organizations Hold one International Conference	Signed MOUs 1. TTU and Board of Trustees of Colorado School of Mines on behalf of Colorado School of Mines, USA on 28/4/2022 2. TTU and Dongying Vocational Institute, China on 06/8/2021. 3. Partnered with Canadian Executive Service Organization (CESO) under the Canadian Ministry of Foreign Affairs on 25/3/2022 4. Held and attended an International Conference- The

				<p>3rd Biennial International Kenyan-German Centre of Excellence for Mining, Environmental Engineering and Resource Management (CEMEREM) Conference</p> <p>On Sustainable Mining and Natural Resource Management</p> <p>in Africa: Implications for post-COVID-19 Renaissance</p> <p>September 16 – 17, 2021</p>
	Improve the quality and assessment in teaching, learning & curriculum	Pedagogy training report	Train eight (8) staff on online Pedagogy through use of modern technology for lecture delivery to improve the quality of teaching.	Academic Staff trained on Pedagogy Training for Higher Learning - 24 TH - 25 TH OF NOVEMBER 2021
	Increase engagement activities with industry,	Program for the virtual open day	promote community outreach programmes by Organizing one (1) virtual open day for	Virtual open day held on 30/6/2022 https://zoom.us/join/g/register/tJlvce2qrzliH

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	alumni, and community	Program and notice of the capacity building Report of the Capacity building Copy of the developed courses	students Identifying two (2) capacity building needs among artisanal mining groups in the community Conduct one (1) capacity building programme targeting farmers Develop one (1) short course that is achievable for the artisanal group.	<u>NU1HCH76sGuKlnP</u> <u>WVf7HOhC</u> 2No. Capacity building workshops were conducted 2No. Capacity building for banana farmers in Ngerenyi (August 2021) and Kimala (September 2021) Two (2) short courses developed –Blasting & Certification and Soft Skills for Smart Productivity in the 21st Century Workspace
Pillar 2: Facilities and learning environment.	Increase access to quality education	Launched Digital classroom photos Computers	Improve infrastructure for online engagement of staff and students by procuring computers for staff and set up digital teaching classroom	Launched Digital classroom

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<p>Pillar 3: Student management and experience.</p>	<p>Enhance cross cutting mainstreaming issues</p>	<p>List of counselled students/attendees Committee appointment letters</p>	<p>a) Conduct one (1) online group counselling session on digital platform b). Appoint a Disability mainstreaming Champion/Focal Person. c.) Establish/reconstitute a functional gender committee and train members on gender equality d). Sensitize staff and students on Alcohol and Drug Abuse(ADA) e). Allocate resources for implementation of HIV and NCD interventions e). Put in place mechanisms to mitigate against technological hazards, terrorism, fire and natural disasters by i) Maintaining an armed police presence from the Critical</p>	<p>ADA Prevention, Gender, Disability, Road Safety, HIV Prevention Mainstreaming Committees have been established Sensitization on ADA was conducted and students counselled on post Covid issues Armed Police attached to the University</p>
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			<p>Infrastructure Police Unit</p> <p>to respond to emergencies</p> <p>f). Submit in the prescribed format the Annual Report on measures taken and progress achieved in the realization of National Values and Principles of Governance.</p>	
	Enhance internship, and placement of students	List of students engaged	Engage 74 youths under internship (5) and attachment (69) arrangements	
Pillar 4: Human resource capacity.	Conduct a competence and training needs assessment	skills gap analysis and staff training need assessment report	Undertaking of institutional skills gap analysis and carrying out of staff training need assessment	TTU has conducted and presented the skills gap analysis report to the Administration Division Management for consideration
Pillar 5: Financing and resource mobilization.	Enhance income generated from Research and Development projects.	Funding from Research and Development enhanced and diversified Report on the training.	Conduct one (1) follow up training for staff on Leadership and Governance in Research Management	<p>Staff trained on WRITING FUNDABLE GRANT PROPOSALS on 15/12/2022</p> <p>TTU received Funding from different agencies</p>

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				e.g. KARLO, Kenya Space Agency
Pillar 6: Strategic Management, Leadership and good Governance	Improve /enhance Service delivery	Displayed and customized SDC	Display the Citizens' Service Delivery Charter (3"x4") at key service point's i.e. Main Administration Block Reception, Library and Academic Building Reception in both English and Kiswahili Customize the charter to unique needs and convenient access of the customers by, providing mechanisms for sign language, providing audio recordings and uploading the Charter on the University's online platforms	Service Delivery Charter displayed in both English and Kiswahili languages SDC customized in sign language, audio recordings and in braille

7. Corporate Governance Statement

The University is overseen by a Council constituted in accordance with the Universities Act 2012. Three New Independent Council members (Dr. Jeremiah Koshal, Dr. Peter Opakas and Mr. Karumba Kinyua) were appointed on 4th November 2020 for a three year term period and one council member (Mr. Johnson Nanjakululu, representing Principal Secretary State Department for University Education and Research) was appointed on 1st April 2021 for a two year term period, to replace the previous members whose term had expired on 9th March 2020.

In the Financial year 2021/2022, Dr. Jeremiah Koshal Resigned in February 2022, Mr. Johnson Nanjakululu was replaced by Dr. David N. Watene to represent the Principal Secretary State Department for University Education and Research and Ms. Jayne K. Mwanza's term ended on September 2021 and has since not been replaced.

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

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

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

The Council confirms that the financial statements give a true and fair view of the state of financial affairs of the University as at June 30, 2022. The Council further confirms the accuracy and completeness of the accounting records maintained by the University, which may be relied upon in the presentation of the financial statements, as well as on the accuracy of the systems of internal controls.

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

The Annual Report and Financial Statements were submitted to the Full Council for consideration and were duly approved on 28/7/2022.

8. Management Discussion and Analysis

University's Operational and Financial Performance

During the financial year 2021/2022, the University registered a deficit of Kshs.5,977,742 compared to a deficit of Kshs.60,678,914 registered in 2020/201 Financial Year. During the year under review, the University recorded total revenue of Kshs.605,957,318 compared to Kshs. 509,926,400 recorded in 2020/2021 Financial Year.

Revenues

Government Capitation

Taita Taveta University being a Government owned entity, receives recurrent and development capitation to finance its operations. In 2021/2022, the University received a total of **Kshs.405,732,943** and **Kshs.140,000,000** for recurrent and development expenditure respectively.

Student Fees

These comprise of fees from Government sponsored students and Self-sponsored students (Module II) and accounts for 27% of the total revenue. During the financial year 2021/2022, the student fees increases because of the full reopening of Universities. The university managed to raise Kshs.164,764,091 from students.

Research Grants

The University works in partnership with International Donors in implementing research and development projects that are aimed at building the capacity of students and staff. The key research projects implemented in the financial year 2021/2022 include: the Centre of Excellence for Mining, Environmental Engineering and Resource Management (CEMEREM) in partnership with the University of Applied Sciences Dresden (HTWD) and the Technische Universitat Bergakademie Freiberg (TU BAF) these German Universities funded by DAAD, the TaitaGIS project undertaken in partnership with the University of Helsinki funded by the Finland Government, the Sustainable Artisanal and Small-Scale Mining (SustASM) project implemented in partnership with the University of Nottingham, TaitaRice project funded by the National Research Fund (NRF), and four other projects (Taita Banana, Taita Pastures, Taita Soils and Taita Feeds) being implemented in partnership with KALRO. A total of Kshs.35,460,285 was received from the International Partners in the financial year 2021/2022.

Other Incomes

Included under this category are incomes from accommodation, catering services and Income Generating Units (IGUs). A total of Kshs.17,765,389 was raised in the year under review.

Expenses

Employee Costs.

Employee costs account for about 58.13% of the total University recurrent and development expenditure. In the year under review, AIA accounted for 31% of the recurrent budget including donor funded research projects as compared to 24% of the previous Financial Year 2020/2021. As already highlighted, the increase was occasioned by the full reopening of Universities and normal related University Operations.

Operating and Administrative expenses

This accounts for 24% of the total expenditure. Included under this category are:

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

Capital Development Expenditure

In the year under review, the capital development capitation was significantly increased from **Kshs.36.514** million received in the FY 2020/2021 to **Kshs.140 Million** received in the FY 2021/2022. This enhanced the implementation and progress of the on-going projects.

The financial year ended 30th June, 2022 has seen the institution continue implementing austerity measures including reduced activities on a priority basis to mitigate the spiraling costs without corresponding increase in revenue. During the period under review, the University Management continued to engage the Line Ministry and the National Treasury in order for the University's budget allocation to be reviewed upwards to a level that may more reasonably be able to cater for the growing needs of the University. Further the University continued to experience significant water shortage

and was forced to continue relying on private water boozers for water supply for both consumption and cleaning. Accordingly, the call for Government support to help us actualize the plans to connect the University to the reliable Mzima Springs water supply is still of highest priority.

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

During the period under review, TTU strived to comply with all the statutory requirements. All payments for taxes deducted from staff salaries and suppliers, NHIF contributions, NSSF and PAYE were remitted on time to the relevant authorities. However, some delays in remitting some staff salary deductions was experienced due to a deficit arising from reduced Government capitation against rising costs.

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

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

9. Environmental and Sustainability Reporting

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

i) Sustainability strategy and profile

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

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

ii) Environmental performance

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

iii) Employee welfare

Gender Ratio

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

Stakeholder Engagement

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

Improving skills and managing careers, appraisal and reward systems

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

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

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

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

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

iv) Market place practices-

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

a) Responsible competition practice.

The University Management ensures responsible competition practices:

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

Responsible political involvement – The University Management has established policies and mechanisms that do not allow partisan politics among staff or students within her compound. The staff are allowed to join and participate in union activities that are registered and formally recognized by the University while students are allowed to elect officials to the Students’ Governing Councils on an annual basis.

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

b) Responsible Supply chain and supplier relations

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

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

c) Responsible marketing and advertisement

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

d) Product stewardship

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

v) Corporate Social Responsibility / Community Engagements

Taita Taveta University continues to embrace Corporate Social Responsibility in day to day activities. The University has a self-regulating model that helps it to be socially accountable—to itself, its stakeholders, and the public at large. By practicing corporate social responsibility, Taita Taveta University is conscious of the kind of positive impact we are creating on all aspects of society, including economic, social and environmental.

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

Taita Taveta University
Annual Report and Financial Statements For the year ended June 30, 2022.

10. Report of the Council

The Council submit their report together with the financial statements for the year ended June 30, 2022, which show the state of the Taita Taveta University affairs.

i) Principal activities

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

ii) Results

The results of the Taita Taveta University for the year ended June 30, 2022 are set out on page 1 to page 85.

iii) Directors

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

iv) Surplus remission

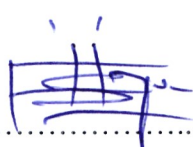
In accordance with Regulation 219 (2) of the Public Financial Management (National Government) Regulations, regulatory entities shall remit into Consolidated Fund, ninety per centum of its surplus funds reported in the audited financial statements after the end of each financial year. Taita Taveta University is not classified in this category and therefore this regulation does not apply to her.

v) Auditors

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

By Order of the Council.

Prof. Fred Simiyu Barasa, PhD

Signature.....

Date: 23/02/2023

Vice Chancellor/Secretary to the Council

11. Statement of Council's Responsibilities.

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

The Council Members are responsible for the preparation and presentation of the Taita Taveta University financial statements, which give a true and fair view of the state of affairs of the Taita Taveta University for and as at the end of the financial year (period) ended on June 30, 2022. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Taita Taveta University; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the Taita Taveta University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council Members accept responsibility for the Taita Taveta University financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act, 2012. The Council Members are of the opinion that the Taita Taveta University financial statements give a true and fair view of the state of Taita Taveta University transactions during the financial year ended June 30, 2022, and of the Taita Taveta University financial position as at that date. The Council Members further confirm the completeness of the accounting records maintained for the Taita Taveta University, which have been relied upon in the preparation of the Taita Taveta University financial statements as well as the adequacy of the systems of internal financial control.

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

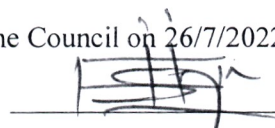
Approval of the financial statements

The Taita Taveta University Financial Statements were approved by the Council on 26/7/2022



Prof. Isaac Meroka Mbeche, PhD

Chairman of the Council

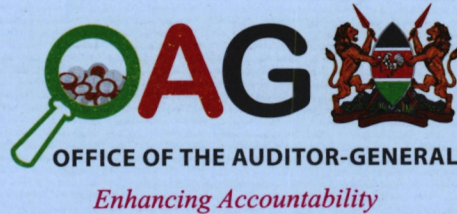


Prof. Fred Simiyu Barasa, PhD

Vice Chancellor/Accounting Officer

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON TAITA TAVETA UNIVERSITY FOR THE YEAR ENDED 30 JUNE, 2022

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of the Taita Taveta University set out on pages 1 to 53, which comprise the statement of financial position as at

30 June, 2022, 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 the Taita Taveta University as at 30 June, 2022, and its financial performance and of its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Universities Act, 2012 and the Public Finance Management Act, 2012.

Basis for Qualified Opinion

1. Receivables from Exchange Transactions

The statement of financial position and as disclosed in Note 18(a) to the financial statements reflects an amount of Kshs.38,131,772 in respect of receivables from exchange transactions. Further the amount include Kshs.37,880,331 for student debtors net of five (5%) percent impairment. A review of the student debts schedule revealed that the opening balance of students debtors was an amount of Kshs.28,803,508 while the prior period financial statements reflected an amount of Kshs.34,482,567 resulting to an unexplained difference of Kshs.5,679,059.

In the circumstances, the completeness and accuracy of receivables from exchange transaction amount of Kshs.38,131,772 could not be confirmed.

2. Uncertainty Related to Sustainability of Services

The statement of financial position reflects total current liabilities of Kshs.269,354,476 which exceeded total current assets of Kshs.59,123,554, resulting in a negative working capital of Kshs.210,230,922. Further, the University reported a deficit of Kshs.5,977,742 for the year ended 30 June, 2022. This is an indication of existence of material uncertain which may cast a significant doubt on the University's ability to sustain its services and to meet its financial obligations as and when they fall due.

In the circumstances, the University may not be able to meet its current obligations as and when they fall due and it may continue to depend on support from the Government and creditors.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Taita Taveta University Management in accordance with ISSAI 130 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements

applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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. I have determined that there were no key audit matters to communicate in my Report.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

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

Basis for Conclusion

1. Non-Compliance with the Law on Ethnic Composition

Review of staff establishment records revealed that one ethnic community represents thirty-seven (37%) per cent of the total staff establishment in Taita Taveta University. This is contrary to Section 7(1) and (2) of the National Cohesion and Integration Act, 2008 which states that, "all public offices shall seek to represent the diversity of the people of Kenya in employment of staff and that no public institution shall have more than one third of its staff establishment from the same ethnic community".

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

2. Non-Compliance with the One Third of Basic Salary Rule

Review of the University records revealed that, twenty-one (21) employees earned a net salary of less than a third (1/3) of the basic salary, contrary to Section 19(3) of the Employment Act, 2007. This may expose the staff to pecuniary embarrassment.

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

3. Incomplete Enterprise Resource Planning (ERP) System

The University contracted for supply, installation, implementation and commissioning of an ERP system on 18 September, 2015 at a contract sum of Kshs.17,580,103, with an implementation timeline of fourteen (14) weeks. However, the vendor did not deliver as per the agreement despite payment of Kshs.15,297,884 prompting the University to terminate the contract and advertise for a new one.

The records further show that the University awarded another contract at a sum of Kshs.1,861,800 on 23 April, 2021 for a duration of seventeen (17) weeks. The contractor established that the developer licence for the system had expired and could not support the integration of the system. As at the close of the financial year in June, 2022, an amount of Kshs.558,540 had been paid to the new contractor. However, verification conducted during the month of February, 2023 revealed that the contractor had not completed the services as per the contract agreement.

In the circumstances, value for money had not been realized from the system despite the expenditure of Kshs.15,856,424.

4. Delay in Implementation of Development Projects

The statement of financial position reflects property, plant and equipment balance of Kshs.3,916,532,122 and as disclosed in Notes 22 and 23 to the financial statements. Included in the balance is an amount of Kshs.725,414,281 in relation to capital works in progress whose project completion periods have since elapsed or project(s) stalled as detailed below:

4.1 Incomplete Administration Block - Taita Taveta University Main Campus

The University awarded the contract for the construction of Administration Block Main Campus at a contract sum of Kshs.280,870,539 on 23 October, 2017 for a period of fifty-two (52) Weeks with expected completion date of 20 December, 2018. However, the project was still incomplete at 73%, two hundred and thirty six (236) weeks since commencement.

4.2 Incomplete Construction of Administration Block at Taita Taveta University Taveta campus

The University awarded the contract for the construction of administration block at Taita Taveta University at a contract sum of Kshs.87, 531,993 on 23 October, 2017 for a period of one hundred and four (104) weeks. However, the project was still incomplete at eighty-two (82%) two hundred and seventy-seven (277) weeks after commencement.

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

The University awarded the contract for the construction and equipping of the Mines, Fuel and Mineral Processing Laboratory Phase III at Main Campus at a contract sum of Kshs.98,857,625 on 10 March, 2020. However, the project was still incomplete at fifty-six (56%) as at the time of audit in February, 2023.

4.4 Stalled Construction of Water Treatment Plant and Dairy Shed

The University awarded the contract for the Construction of a Water Treatment Plant and Dairy Shed at Taita Taveta University - Ngerenyi Centre at a contract sum of

Kshs.3,579,139 via a contract agreement dated 25 October, 2016. Physical verification of the project carried out in March 2023 revealed that although the project was sixty-five (65%) per cent complete, the project had stalled.

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

The University awarded the contract for the construction of two (2) classroom block phase 1 at Taita Taveta University - Ngerenyi Centre at a contract sum of Kshs.6,011,868 via a contract agreement dated 25 October, 2016. Physical verification on the project in February, 2023 revealed that, the project sixty-three (63%) per cent complete but had stalled.

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

5. Trade and other Payables - Long Outstanding Payables

The statement of financial position and Note 27 to the financial statements reflect trade and other payables balance of Kshs.166,263,592, out of which Kshs.81,274,944 (or 49%) owed to part-time lecturers has been outstanding for over ninety (90) days. Further, an amount of Kshs.2,367,360 due to the Auditor-General, being audit fees for audit services provided has been outstanding since 2019, contrary to Section 41 of the Public Audit Act, 2015 which requires funds of the Office of the Auditor-General to consist of audit fees charged at rates prescribed by the Auditor-General. No explanation was provided for the non-payment of the audit fees.

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

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

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective

processes and systems of internal control, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the University Council

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

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

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

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

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

Auditor-General's Responsibilities for the Audit

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

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

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

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

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


- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit

report. However, future events or conditions may cause the University to cease to sustain its services.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the University to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

25 April, 2023

Taita Taveta University
Annual Report and Financial Statements For the year ended June 30, 2022.

13. Statement of Financial Performance for the Year Ended 30 June 2022

	Note	2021/2022	2020/2021
REVENUE		KShs	KShs
Revenue from non-exchange transactions			
Transfers from Ministries, Departments and Agencies (MDAs)	6	405,732,943	391,711,932
Donor Funded Projects/Donations	7	35,460,285	32,946,618
Total (a)		441,193,228	424,658,550
Revenue from exchange transactions			
Rendering of Services	8	147,525,702	71,788,074
Income from Other Services Rendered	9	15,714,006	12,060,892
Income from other activities	10	1,524,382	1,418,884
Total (b)		164,764,091	85,267,850
Total revenue (a+b)		605,957,318	509,926,400
Expenditure			
Employee Costs	11	433,571,276	423,048,290
Maintenance Costs	12	2,404,735	2,508,780
Use of Goods and services	13	160,887,116	97,439,208
Council Activities	14	6,372,529	4,464,156
Finance Cost	15	5,898,691	6,736,763
Depreciation and amortization expense	16	37,669,503	37,065,567
Total expenses		646,803,850	571,262,764
Deficit		(40,846,532)	(61,336,363)
Add/Less: Decrease/Increase in Provision for doubtful debts	18b	(270,273)	657,449
Gain on sale of Fixed assets	31	66,752	-
Loss on Foreign Exchange rate Transaction	32	(127,688)	-
Net Profit/Loss for the Year		(41,177,742)	(60,678,914)
Tax expense		-	-
Write-off of IPUCCF Liability	25	35,200,000	-
Total Deficit for the year		(5,977,742)	(60,678,914)

The notes set out on pages 1 to 58 forms an integral part of these Financial Statements.

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

Prof. Fred Barasa, PhD.

Vice Chancellor

CPA Peter Kisombe

Director of Finance
ICPAK Member No. 10342

Prof. Isaac Meroka Mbeche, PhD

Chairman of the Council

Date: 23/02/2023

Date: 23/02/2023


Date: 23.02.2023

Taita Taveta University
Annual Report and Financial Statements For the year ended June 30, 2022.


14 Statement of Financial Position as at 30 June 2022

ASSETS	<i>Note</i>	2021/2022	2020/2021
		<i>KShs</i>	<i>KShs</i>
CURRENT ASSETS			
Cash and cash equivalent	17	15,005,635	11,898,654.57
Receivables from Exchange transactions	18	38,131,772	32,922,876
Receivables from non-exchange transactions	19	-	30,582,937
Inventories	20	4,843,947	6,993,919
Biological Assets	21	1,142,200	844,000
Total (a)		59,123,554	83,242,387
NON CURRENT ASSETS			
Property, Plant and Equipment	22	3,916,532,122	3,854,774,538
Intangible Assets-Software	24	18,174,125	18,185,952
Total (b)		3,934,706,247	3,872,960,490
TOTAL ASSETS (a+b)		3,993,829,801	3,956,202,876
LIABILITIES			
CURRENT LIABILITIES			
Trade and other Payables from exchange transactions	27	166,263,592	214,334,872
Bank Overdraft	28	49,212,308	48,728,889
Employee benefit obligation	29	30,851,339	20,015,890
Payment received in Advance	30	23,027,237	35,477,908
		269,354,476	318,557,558
NON-CURRENT LIABILITIES			
IPPUCCF (GoK)	25	-	35,200,000
Financing Lease/KCB Loan	26	-	653,764
		-	35,853,764
NET ASSETS			
Capital development reserve fund	Pg 3	1,266,832,940	1,126,832,940
Retained Earnings	Pg 3	(469,667,118)	(463,689,376)
Revaluation Reserve	Pg 3	2,927,309,502	2,938,647,990
TOTAL NET ASSETS		3,724,475,324	3,601,791,554
TOTAL NET ASSETS AND LIABILITIES		3,993,829,801	3,956,202,876

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


Prof. Fred Barasa, PhD
Vice Chancellor

Date: 23/02/2023


CPA Peter Kisombe
Director of Finance
ICPAK Member No. 10342

Date: 23/02/2023


Prof. Isaac Meroka Mbeche, PhD
Chairman of the Council

Date: 23.02.2023

15 Statement of Changes in Net Assets for the Year Ended 30 June 2022

	Capital development reserve Fund	Retained Earnings	Revaluation Reserve	Total
	<i>KShts</i>	<i>KShts</i>	<i>KShts</i>	<i>KShts</i>
<i>year ended 30-06-2022:</i>				
As at 1st July 2021	1,126,832,940	(463,689,376)	2,938,647,990	3,601,791,554
Surplus / (Deficit) for the period	-	(5,977,742)	-	(5,977,742)
Additions in the year	140,000,000.00	-	-	140,000,000
Depreciation	-	-	(11,338,488)	(11,338,488)
At 30 June 2022	1,266,832,940.00	(469,667,118)	2,927,309,502	3,724,475,324
<i>year ended 30-06-2021:</i>				
As at 1st July 2020	1,090,318,274	(403,010,462.00)	2,950,202,159	3,637,509,971
Surplus / (Deficit) for the period	-	(60,678,914)	-	(60,678,914)
Additions in the year	36,514,666	-	-	36,514,666
Depreciation	-	-	(11,554,168)	(11,554,168)
At 30 June 2021	1,126,832,940	(463,689,376)	2,938,647,990	3,601,791,554

16. Statement of Cash Flows for the Year Ended 30 June 2022

		2021/2022	2020/2021
	<i>Note</i>	<i>KShs</i>	<i>KShs</i>
Cash flows from operating activities			
<i>Receipts</i>			
Transfer from Ministries, Departments and Agencies (MDAs)	6	405,732,943	433,774,968
Donor Funded projects/Donations	7	35,460,285	32,946,618
Rendering of Services	8	107,651,669	65,594,245
Income from other services rendered	9	15,373,884	11,931,273
Income from other activities	10	1,524,382	1,418,884
Total Receipts		565,743,163	545,665,989
Payments			
Employee costs	11	412,115,346	404,637,022
Maintenance costs	12	2,364,985	467,712
Use of Goods and services	13	140,846,424	93,795,825
Council activities	14	6,372,529	4,492,656
Finance costs	15	5,898,691	6,736,763
Pending bills		7,000,421	42,242,714
Total Payments		574,598,396	552,372,692
Net cash flows from operating activities		(8,855,233)	(6,706,703)
Cash flows from investing activities			
Purchase of property, plant, equipment (WIP)	23	(127,256,517)	(33,376,999)
Proceeds from Purchase of property, plant and Equipment-Computers	22	(303,925)	(2,460,385)
Proceeds from Purchase of property, plant and Equipment-Equipment	22	(473,500)	(65,678)
Proceeds from disposal of Property, Plant and equipment (Motor vehicle)	9	166,500	-
Net cash flows used in investing activities		(127,867,442)	(35,903,062)
CASH FLOWS FROM FINANCING ACTIVITIES			
Exchequer capital grants	6	140,000,000	36,514,666
Repayment of borrowings	26	(653,764)	(3,293,789)
Net Cash flows used in Financing Activities		139,346,236	33,220,877
Net Increase (Decrease) in cash and cash equivalents		2,623,561	(9,388,888)
<i>Cash and cash equivalents at 1 July 2021</i>		<i>(36,830,234)</i>	<i>(27,441,346)</i>
<i>Cash and cash equivalents at 30 June 2022</i>		<i>(34,206,673)</i>	<i>(36,830,234)</i>

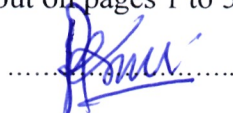
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(Taita Taveta University has prepared the cash flow statement using direct method as recommended by IPSAS 2 which allows an entity to present the cash flow statement using the direct or indirect method but encourages the direct method.)

The Financial Statements set out on pages 1 to 58 were signed on behalf of the Council by



Prof. Fred Barasa, PhD
Vice Chancellor



CPA Peter Kisombe
Director of Finance



Prof. Isaac Meroka Mbeche, PhD
Chairman of the Council

ICPAK Member No. 10342

Date: 23/02/2023

Date: 23/02/2023

Date: 23.02.2023

17. Statement of Comparison of Budget and Actual Amounts for the Year Ended 30 June 2022

	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
REVENUE	A	B	C=(a+b)	D	e=(c-d)	F=d/c
AIA (a)						
Fees for Services Rendered-Students	153,074,947	(8,424,360)	144,650,587	107,651,669	36,998,918	74
Student Debtors	12,000,000	(6,000,000)	6,000,000	-	6,000,000	-
IGU's (Catering, Farm, Clinic)	16,000,000	(6,000,000)	10,000,000	16,898,266	(6,898,266)	169
	181,074,947	(20,424,360)	160,650,587	124,549,935	36,100,652	78
G.O.K Grants & subsidy (b)						
Recurrent Capitalation	404,458,306	-	391,711,931	391,711,931	-	100
CBA 2017/2021 B/F	-	12,746,375	14,021,012	14,021,012	-	100
Total	404,458,306	12,746,375	405,732,943	405,732,943	-	100
Other Revenues (d)						
CEMEREM Project funds	10,000,000	22,076,701	32,076,701	29,677,630	2,399,071	93
BRICS Project	-	600,000	600,000	-	600,000	-
TAITAGIS Project	2,000,000	500,000	2,500,000	500,000	2,000,000	20
TAITARICE PROJECT/NRF	2,000,000	-	2,000,000	1,500,000	500,000	75
SUSTASM Project	-	980,775	980,775	970,835	9,940	99
TAITA Banana Project	3,000,000	-	3,000,000	-	3,000,000	-
TAITA Pastures Project	1,000,000	-	1,000,000	634,040	365,960	63
TAITA Feeds Project	1,000,000	-	1,000,000	1,858,230	(858,230)	186
TAITA Soils Project	1,000,000	(600,000)	400,000	219,550	180,450	55
NATIONAL RESEARCH FUND	-	-	-	-	-	-
Other Revenues (Hasali Foundation)	-	100,000	100,000	100,000	-	100
Total Recurrent Revenue	20,000,000	23,657,476	43,657,476	55,460,285	8,197,191	81
EXPENSES	605,533,253	15,979,491	610,041,006	565,743,163	44,297,843	93

Taita Taveta University
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Use of Goods and Services	131,332,640	44,670,353	176,002,993	147,846,845	28,156,148	84
Employee Costs	452,980,613	(33,023,392)	419,957,221	412,115,346	7,841,875	98
Remuneration of Directors/Council	12,550,000	(4,769,208)	7,780,792	6,372,529	1,408,263	82
Repair and Maintenance	3,270,000	(170,000)	3,100,000	2,364,985	735,015	76
Finance Costs	5,400,000	(2,200,000)	3,200,000	5,898,691	(2,698,691)	184
Total Expenditure	605,533,253	4,507,753	610,041,006	574,598,396	35,442,610	94
Surplus/Deficit	-	11,471,738	-	(8,855,233)	8,855,233	
G.O.K Grants						
Development Grant	150,000,000	(8,800,000)	141,200,000	140,000,000	1,200,000	99
Capital Expenditure						
Completion of 2 No. Classroom-Ngerenyi, SAEES	5,000,000	(5,000,000)	-	-	-	
Construction of Administration Block-Main Campus	50,000,000	20,000,000	70,000,000	82,898,562	(12,898,562)	118
Purchase of software-ERP		600,000	600,000	558,540	41,460	93
Completion of Mines Center Phase II	10,000,000	(2,000,000)	8,000,000	6,335,041	1,664,959	79
Water Treatment Plant and Dairy Shed - Ngerenyi/main	3,000,000	(3,000,000)	-	-	-	
Construction of Administration/Classroom - Taveta	18,000,000	-	18,000,000	12,697,405	5,302,595	71
Isangawishi Land Title Processing & Fencing Project	4,000,000	(3,400,000)	600,000	513,000	87,000	86
Design, Construction and Equipping of the Mines Labs	60,000,000	(16,000,000)	44,000,000	24,766,969	19,233,031	56
Retention	-	-	-	13,148,507	(13,148,507)	
Total Expenditure	150,000,000	(8,800,000)	141,200,000	140,918,024	281,976	100

Taita Taveta University
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1. Reconciliation of Deficit as per Statement of Financial Performance to Deficit in Statement of Comparison of the Budget

Description	Amount (Kshs)
Deficit as per statement of Financial performance	(5,977,742)
Add: Depreciation	37,669,503
Add: Provision for doubtful debts	270,273
Less: Gain on sale of fixed assets	(66,752)
Add: Loss on foreign exchange Transactions	127,688
Less: Write off of IPUCCF liability	(35,200,000)
Subtotal (a)	(3,177,030)
student Debtors	(39,874,033)
Tuck shop Debtors	(143,622)
Sale of Fixed assets	(196,500)
Subtotal (b)	(40,214,155)
Employee costs	21,455,930
Maintenance costs	39,750
Use of goods and Services	20,040,692
Subtotal (c)	41,536,372
pending bills	(7,000,421)
Budget Deficit (a+b+c)	(8,855,233)

Budget notes

2. Explanation of differences between actual and budgeted amounts (10% over/ under) IPSAS 24.14

- i. The University managed to collect 74% from students in the year under review and 26% is tied to student debtors. Management is working on ensuring 100% implementation of cut of dates and automatic billing to facilitate efficient fee collection.

- ii. For all projects, the project donors remit funds when budgetary needs arise hence the 20% for Taita GIS, 75% for Taita Rice, 63% for Taita soils, 186% for Taita Feeds, 93% for Cemerem, 99% for Sustasm, 63% for Taita pastures and 55% for Taita Soils.
 - iii. Remuneration of directors at 82% was as a result of the Council Calendar which had reduced meetings and resignation and end of terms for some Council members which were not replaced.
 - iv. Repairs and maintenance were at 76% due to reduced number of students in the University in Quarter 4 and partly quarter 1 thereby reducing breakages and other deterioration that require maintenance
 - v. Use of goods was at 84% due to the cash basis of preparation of budget. However, on accrual basis the use of goods and services absorbed 99%.
 - vi. The finance costs were at 184% due to regular use of bank overdraft facility to support University operations. However, the University Management is determined to reduce these costs with time.
3. The changes between original and final budget is as result of reduced AIA in the final budget as approved by the Council and the Ministry of Education.

18. Notes to The Financial Statements

1. General Information

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

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

2. Statement of Compliance and Basis of Preparation

Taita Taveta University financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying Taita Taveta University accounting policies.

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

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

Notes To the Financial Statements (Continued)

3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2022.*

IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

ii. *New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2022.*

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

<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023</p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <p>(a) The nature of such social benefits provided by the Entity. (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the Entity’s financial performance, financial position and cash flows.</p> <p><i>In the year under review, this standard is not early adopted by Taita Taveta University</i></p>
<p>Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments</p>	<p>Applicable: 1st January 2023:</p> <p>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p> <p><i>In the year under review, this standard is not applicable to Taita Taveta University</i></p>

Other improvements to IPSAS	<p><i>Applicable 1st January 2023</i></p> <ul style="list-style-type: none"> • <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i> <p>Amendments to refer to the latest System of National Accounts (SNA 2008).</p> <ul style="list-style-type: none"> • <i>IPSAS 39: Employee Benefits</i> <p>Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</p>
Standard	Effective date and impact:
	<ul style="list-style-type: none"> • IPSAS 29: Financial instruments: Recognition and Measurement <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.</p> <p><i>In the year under review, this standard is not applicable to Taita Taveta University</i></p>
IPSAS 43	<p><i>Applicable 1st January 2025</i></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognize, measure and present information on right of use assets and lease liabilities.</p> <p><i>In the year under review, this standard is not applicable to Taita Taveta University</i></p>

<p>IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations</p>	<p><i>Applicable 1st January 2025</i></p> <p>The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</p> <p>Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.</p> <p><i>In the year under review, this standard is not applicable to Taita Taveta University</i></p>
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iii. *Early adoption of standards*

Taita Taveta University did not early – adopt any new or amended standards in year 2021/2022

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Fees, taxes and fines

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

Transfers from other government entities

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

financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.

Rendering of services

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

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

Notes To The Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

Sale of goods

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

ii) Revenue from exchange transactions

Rental income

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

b) Budget information

Taita Taveta University's original budget for FY 2021-2022 was approved by the National Assembly on July 2021. Subsequent revisions due to Supplementary budget In March 2022 were made to the approved budget in accordance with specific approvals from the National Treasury, Ministry of Education and the TTU Council.

Taita Taveta University's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget. A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of financial performance has been presented under section 17 of these financial statements.

Notes To The Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

c) Taxes

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

d) Property, plant and equipment

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

e) Intangible assets

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

f) Financial instruments

a) Financial liabilities

Loans and borrowing

Taita Taveta University recognizes and measures interest bearing at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities

Notes To The Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

are derecognized as well as through the effective interest method amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

g) Inventories

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

h) Provisions

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

i) Contingent liabilities

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

j) Contingent assets

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

Notes To The Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

k) Nature and purpose of reserves

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

l) Changes in accounting policies and estimates

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

m) Employee benefits

Retirement benefit plans

Taita Taveta University provides retirement benefits for its employees. The University has Defined contribution plans where the employee and employers contribute to the retirement of the employee on a monthly basis. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. The plan is in such a manner that permanent and pensionable employees contributes 10% of their basic salary and the University contributes 20% to the fund on a monthly basis. Employees on contract terms receive a gratuity at the end of the contract period at a rate of 31% of total gross basic salary for the contract period. In addition, the University remits NSSF deductions for all employees.

n) Foreign currency transactions

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

Notes To The Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

o) Related parties

Taita Taveta University regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over her, or vice versa. Members of key management are regarded as related parties and comprise the Council Members, the Vice chancellor, the deputy Vice Chancellors, Director (Administration, Planning and development), Registrar (Academic, research and outreach), Director (Finance) and the Head of procurement.

p) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of Taita Taveta University financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

q) Comparative figures

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

r) Subsequent events

Taita Taveta University do not have events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2022.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of Taita Taveta University financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in

Notes To The Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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

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

Provisions

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

Notes To The Financial Statements (Continued)

6. Transfers from Other Government Entities

b) Transfers from Ministries, Departments and Agencies (MDAs)

Name of the Entity sending the grant	Amount recognized to Statement of Financial performance KShs	Amount deferred under deferred income KShs	Amount recognized in capital fund.	Total transfers 2021/22	Prior year 2020/2021
			KShs	KShs	KShs
State department for University Education	405,732,943		140,000,000	545,732,943	470,289,634
Total	405,732,943		140,000,000	545,732,943	470,289,634

(The amount recorded above to have been received from the State Department for University Education fully reconciles to the amount recorded by the State Department for University education. An acknowledgement note has been raised in favor of State Department for University Education. The details of the reconciliation have been included under appendix III)

Notes To The Financial Statements (Continued)
Notes To the Financial Statements (Continued)

7. Donor Funded projects/ Donations	2021-2022	2020-2021
	Kshs.	Kshs.
CEMEREM	29,677,630	26,114,798
TaitaGIS	500,000	2,850,000
Taita Rice (NRF)	1,500,000	-
Sustasm Project	970,834	-
Taita Banana Project	-	2,675,530
Taita Pasture Project	634,040	682,000
Taita Feeds Project	1,858,230	-
Taita Soils Project	219,550	280,490
National Research Funds	-	343,800
Hasali Trust Foundation	100,000	-
Total	35,460,285	32,946,618

A difference of Kshs.2,513,667 in favour of 2021/2022 FY is as a result of the funding model of the project partners that considers the budgetary need at a time.

8. Rendering of Services	2021-2022	2020/2021
	Kshs.	Kshs.
Tuition Fees	63,520,722	34,502,600
Residential Fees	8,254,103	5,566,030
ID/Registration Fees	2,747,328	1,837,751
Examination Fees	17,416,930	7,392,415
Medical Fees	11,140,558	4,636,760
Internet Fees	6,576,445	2,904,709
Computer Fees	5,614,818	2,598,106
Library Fees	4,390,527	1,953,602
Field Trip/Attachment	10,544,854	3,171,164
Student Activity Fees	4,163,017	1,739,537
SOTTUC	1,529,000	800,500
C.U.E Quality Assurance	3,103,750	1,356,500
Project	140,000	250,000
KUCCPS	603,000	1,375,500
Retake fees	130,400	157,400
Group personal Insurance cover	3,086,500	1,545,500
Teaching practice	4,563,750	-
	147,525,702	71,788,074

A difference of Kshs.75,737,628 in favor of the current year under consideration is as a result of full reopening of Universities that led to all student programs being run in full operation as

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compared to the 2020/2021 FY where there was phased reopening of Universities leading to few student programs being run.

9. Income from other services rendered	2021/2022	2020/2021
	Kshs	Kshs
Application Fees	114,346	146,568
Accommodation Charges	22,850	29,250
Students p.a.y.e.	3,019,698	2,221,337
Staff cafeteria	1,600,991	613,902
Shop Rent	233,434	193,048
Disposal of Fixed assets	196,500	-
TTU Hospital Cost Sharing	137,053	132,402
Sale of Tenders	21,440	-
Seminar Charges	-	110,700
Miscellaneous Income	394,391	914,062
Transport charges	33,600	-
Supplementary exam. fees	1,229,600	694,000
Graduation fees	90,300	3,267,400
Training Levy	1,223,229	1,927,588
Insurance Compensation	7,396,574	-
Insurance recoveries	-	1,810,635
Total	15,714,006	12,060,892

A difference of Kshs.3,653,114 in favor of the current year under review is as a result of increased activities due to full reopening of Universities as compared to the 2020/2021 FY

10. Income from other activities	2021/2022	2020/2021
	Kshs	Kshs
Guest House	80,400	1,000
Farm Income	338,195	265,750
Green house	7,000	-
Facility rental/lease	209,429	221,618
Bakery Unit income	162,225	98,965
IGU External Functions	727,133	831,551
Total	1,524,382	1,418,884

A Slight difference of Kshs.105,498 in favor of 2021/2022 FY was as a result of similar clientele who has repetitive and fixed spending patterns leading to near similar incomes for the two comparative periods. Inflation of commodities have also reduced the purchasing power of consumers.

Notes To The Financial Statements (Continued)

11. Employee Costs	2021/2022	2020/2021
	Kshs	Kshs
Staff Salary	369,136,004	353,128,539
Casual Wages	13,302,189	13,427,574
Gratuity	7,976,917	17,451,426
Pension Contribution	40,315,486	36,505,782
Internship Allowance	167,550	-
Travelling and accommodation	2,673,130	2,534,970
Total	433,571,276	423,048,290

A difference of Kshs.10,522,986 in favor of 2021/2022 FY in employee costs is as a result of horizontal implementation of 2017-2021 CBA that began in November 2021 and additional annual increments in January 2022. This led to more pay in the current year under review as compared to the previous year.

12. Maintenance Costs	2021/2022	2020/2021
Description	Kshs.	Kshs.
Maintenance of plant/machinery/equipment	1,546,782	1,379,109
Repair & Maintenance of Furniture	133,400	2,070
Maintenance of buildings	468,062	928,376
Maintenance of water/sewerage	91,576	-
Maintenance of Roads/Grounds	164,915	190,125
Maintenance of Ngerenyi Campus	-	9,100
Total	2,404,735	2,508,780

Maintenance costs slightly reduced by Kshs.104,045 as a result of near constant periodic maintenance activities of the University premises for similar periods.

13. Use of goods and services	2020/2021	2020/2021
Description	Kshs.	Kshs.
Cleaning Materials	233,840	380,366
Uniforms/ Clothing's	5,350	87,776
Stationery	6,000,192	1,267,994
Medical Exp. In-Patient/Out-Patience	1,798,675	17,425,052
Medical Exp. Referral Hospital Bills	13,639,056	-
Medical Drugs and stores	3,173,118	1,137,609
IGU Investment (Seed Money)	462,151	206,703
Food stuffs for patients-Hospital	450,000	-

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External travelling	72,000	-
Telephone Expenses	42,350	27,000
Postal & telegrams expenses	98,032	84,998
Official entertainment	121,178	98,668
Conference & seminars	363,200	346,000
Public celebrations/funerals	308,240	415,270
Publishing & printing	38,000	131,505
Advertising & Publicity	190,200	970,546
Legal fees	347,000	1,151,680
ISO Expenses	200,000	-
Rent and Rates	-	22,179
Contracted professional services	1,857,824	1,221,014
Hire of transport & machinery	237,500	99,590
Motor vehicle insurance	31,987	219,827
General Insurance	6,762,460	4,276,079
Fees, Coms And Out of Pocket	156,500	56,000
Staff Training expenses	524,840	789,000
Purchase of Workshop and Lab equipment	6,603,129	-
Part Time Teaching	29,022,615	5,848,200
Purchase of Teaching/Production Materials	457,752	46,140
Field Attachment Expenses	9,023,158	5,342,685
Examination Expenses	1,844,950	1,288,900
Research Expenses	113,000	374,100
Graduation expenses	13,200	1,357,939
Work Study	28,695	2,970
Subscription to Professional Bodies	197,050	176,000
Contingence& Disaster Mgt	45,000	-
Internet Connectivity	7,923,007	6,707,945
Computer Accessories & Software	127,200	185,300
Electricity expenses	5,318,158	4,154,294
Water expenses	692,250	342,000
Gas and Cooking fuel	1,044,790	846,000
Fuel for Generator	65,214	56,771
Food and rations	9,850,434	5,169,742
Transport Operating expenses	2,681,956	1,033,737
Library Expenses	1,093,826	366,020
Crockery and utensils	75,000	6,300
Bank charges	1,320,170	1,070,607
Audit fees	635,680	635,680
Farm works expenses	143,472	324,350
Animal Expenses	44,686	49,500
Disability Mainstream Expenses	13,500	25,000

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Annual Reports and Financial Statements For the year ended June 30, 2022.

Notes To The Financial Statements (Continued)

Gender Mainstreaming Expense	56,000	30,000
Academic Quality Assurance	96,025	-
Prevention of HIV and Aids Expenses	49,000	5,000
Strategic Plan Expenses	70,000	-
Final accounts & Budget committee	60,000	49,800
Performance contract Expenses	17,000	-
New programmes implementation	-	13,000
TaitaFice Project	1,516,206	4,465,366
Provision for Audit fees	-	1,151,900
Cemerem Project	28,924,409	8,626,581
Tender Evaluation Committee Expenses	43,000	443,200
Quality Assurance commission for University Education	1,432,000	-
Disposal committee	12,000	-
National Cohesion & Integration Commission	46,400	26,400
Brics Project	-	603,200
TaitaGis	1,346,653	4,425,796
Isangaiwishi Expenses	513,000	568,000
Sustasm Project	980,774	4,666,024
Taita Banana- KALRO	1,611,662	2,407,076
Taita Feeds – KALRO	1,508,388	39,000
Taita Pastures – KALRO	850,700	120,000
Taita Soils – KALRO	321,850	210,000
KUCCPS	1,795,500	-
Covid 19 Expenses	228,802	845,505
Corporate social responsibility	62,000	-
Internal Teaching Materials	175,234	336,370
Endowment fund	230,400	-
Sports and Games	986,514	312,480
SATTU	1,483,015	1,629,935
Dean of students office expenses	56,250	-
DSTV Subscription	688,200	639,540
Students guidance and counselling	234,550	-
Total	160,887,116	97,439,208

Due to full reopening of Universities, there was increased operational costs to meet academic objectives. Increased part time and donor funded activities like CEMEREM increased the costs. This led to an increase of Use of goods and services costs by Kshs.63,447,908 in favor of the current year under review.

14. Council Activities	2021/2022	2020/2021
Description	KShs	KShs
Allowance/Honoraria	6,048,529	3,244,156
Chancellor's Expenses	300,000	1,200,000
Council Chair Honoraria/Other Expenses	24,000	20,000
	6,372,529	4,464,156

Council activities increased due to full reopening of Universities leading to physical meetings and training activities as compared to the previous period where physical activities had been suspended by the government. This led to increased costs by 1,908,373 in favor of the current period under review.

15. Finance Costs	2021/2022	2020/2021
Description	KShs	KShs
Interest on KCB Loan	24,284	275,590
Interest on Bank Overdraft	5,874,407	6,461,172
Total	5,898,691	6,736,763

The ABF Loan stood at Kshs.653,764 in 1st July 2021. The Asset Based Financing loan with KCB had a nil balance by 1st April 2022. Due to reducing balance method of computation of interest on loans by banks, the final years attract less interests as more amounts goes to repayment of principal amounts. As a result, an interest of Kshs.24,284 was applied in the current period under review. Further, Management had suspended travel and accommodation subsistence and organized payment to suppliers to once in a month. These changes reduced constant use of bank overdraft facility leading to an overall decline in interest on Bank overdraft. This attribute to a decline in Finance cost by Kshs.838,072 in favor of the current period under review.

16. Depreciation and Amortization expense	2021/2022	2020/2021
Description	KShs	KShs
PPE Depreciation Attributable to P& L A/C	37,657,676	37,049,797
Intangible assets	11,828	15,770
Total Depreciation Attributable to P& L Account	37,669,503	37,065,567
PPE Depreciation attributable to Revaluation reserve	11,338,488	11,554,168
Total Depreciation and Amortization	49,007,991	48,619,735

Depreciation and amortization cost slightly increased by Kshs.388,256 in favor of 2021/2022 FY because of application of depreciation policy consistently and near constant asset base. The Depreciation attributable to revaluation reserve is directly applied in statement of changes of net assets/equity while the Depreciation attributable to cost is directly applied to the Statement of Financial performance as per the TTU Finance regulations and Accounting Manual Revised in 2021.

Notes To The Financial Statements (Continued)

17.Cash and Cash Equivalents		
Description	2021/2022	2020-2021
	KShs	KShs
Current account	15,025,635	11,898,655
Total cash and cash equivalents	15,025,635	11,898,655

17 (a) Detailed Analysis of the Cash and Cash Equivalents

		2021-2022	2020-2021
Financial institution	Account number	KShs	KShs
a) Current account			
Kenya Commercial Bank - Student Fees Account	1136119140	766,009	383,251
Kenya Commercial Bank - Catering Account	1136118993	227,451	208,453
Kenya Commercial Bank - Schedule Account	1151267538	469,378	5,593,351
Kenya Commercial Bank - Salary Account	1139946110	7,396,842	34,715
Kenya Commercial Bank - Cemerem Project Account	1181962455	5,477,405	3,321,393
Kenya Commercial Bank - TAITAGIS Account	1211933903	371,509	623,887
Equity fees account	0790299712 769	297,041	1,733,605
Taita Taveta University Endowment Fund Trust	2046592851	-	-
Total		15,005,635	11,898,655

The cash and cash equivalents for the two comparative periods differs by Kshs.3,106,980 in favor of the 2021/2022 FY as a result of salary Account that holds development grants. By close of 30th June 2022, the University opened an Endowment Trust Fund that will help in fundraising activities. The account will be operational in the FY 2022/2023.

18.Receivables from Exchange Transactions		
18(a) Current Receivables from Exchange Transactions		
Description	2021-2022	2020-2021
	KShs	KShs
Current receivables		
Staff Advances (Outstanding Imprests)	85,000	41,300
Student fees balance	39,874,033	34,482,567
Tuck Shops rent & electricity	143,622	129,619
Sale of Fixed asset	30,000	-
Total	40,132,655	34,653,485
Less: impairment allowance	(2,000,883)	(1,730,609)
Total (a)	38,131,772	32,922,876

An amount of Kshs.39,874,033 relates to the cumulative student debtors. Management has operationalized automatic billing system and cut off dates to mitigate increased student debtors and this is expected to help in reducing student debtors. The impairment allowance is calculated at 5% of the receivables apart from the Staff imprests. This is as per the TTU Finance regulations and Accounting manual 2021.

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

Impairment Allowance/ Provision	2021-2022	2020-2021
Description	KShs	KShs
At the beginning of the year	1,730,609	2,388,058
Additional provisions during the year		-
Additions/Recovered during the year	(270,274)	657,449
Written off during the year		-
At the end of the year	2,000,883	1,730,609

The impairment allowance is calculated at 5% of the receivables apart from the Staff imprests.

This is as per the TTU Finance regulations and Accounting manual 2021.

19.Receivables from Non-Exchange Transactions

Description	2021-2022	2020-2021
	KShs	KShs
State department of University Education	-	30,582,937
Less: impairment allowance	-	-
Total current receivables	-	30,582,937

20.Inventories

Description	2021-2022	2020-2021
	KShs	KShs
Stationary Store	1,031,239	1,215,063
Catering Store	123,942	807,862
Maintenance Store	1,538,250	1,563,179
Drug Store	162,775	254,651
Stationery store 2	-	1,638,170
MMPE Workshop	670,035	740,440
Examinations Store	649,106	774,555
Transport store	382,000	-

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Notes To The Financial Statements (Continued)

Sports store	286,600	-
Total inventories at the lower of cost and net realizable value	4,843,947	6,993,919

The University has less stocks by Kshs.2,149,972 in favor of the period under review due to austerity measures in place and limited resources.

21. Biological Assets	2021-2022	2020/2021
	KShs	KShs
Dairy Cows	1,140,000	840,000
Rabbits	2,200	4,000
	1,142,200	844,000

The biological Assets value for the period increased by kshs.298,200 as a result of a new valuation that was done in June 2022 by County Valuers that found out the worth of animals had increased taking into consideration the prevailing market inflation and other economic considerations.

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22. PROPERTY PLANT AND EQUIPMENT	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and equipment	Capital	Total
	KShs	KShs	KShs	KShs	KShs	KShs	Work in progress KShs	KShs
Cost								
DEPN. RATES	-	2%	25%	12.50%	25%	25%	-	
COST								
As at 01-07-2021	1,065,000,000	2,554,542,504	36,742,633	33,021,276	85,349,464	14,517,808	616,717,531	4,405,892,217
Cost adjustment	-	-	-	-	-	-	-	-
Disposals	-	-	(729,010)	-	-	-	-	(729,010)
Additions	-	-	-	217,150	1,321,925	647,671	108,696,750	110,883,496
Cost as at 30-06-2022	1,025,000,000	1,799,250,475	36,014,623	32,904,867	86,671,389	14,603,827	725,414,281	3,719,859,463
Cost attributed to revaluation as at 30-6-2022	40,000,000	755,292,029	-	333,539	-	561,652	-	796,187,240
Total Cost as at 30-6-2022	1,065,000,000	2,554,542,504	36,014,623	33,238,426	86,671,389	15,165,479	725,414,281	4,516,046,703
DEPRECIATION & IMPAIRMENT								
Accumulated Depreciation for cost at 01-07-2021	-	219,412,674	36,479,098	20,244,199	80,080,606	3,281,266	-	359,497,842
Disposals	-	-	(599,262)	-	-	-	-	(599,262)
Accumulated Depreciation for Revalued Costs as at 01-07-2021	-	191,022,090	-	163,344	-	434,403	-	191,619,837
Charge for the cost for the Year 2021-2022	-	31,596,756	-	1,582,583	1,647,696	2,830,640	-	37,657,676
Charge for the cost attributed to revaluation for the year 2021-2022	-	11,285,399	-	21,277	-	31,812	-	11,338,488
Total Depreciation as at 30-06-2022	-	453,316,919	35,879,836	22,011,403	81,728,302	6,578,121	-	599,514,581
NET BOOK AMOUNT								
As at 30-06-2021	1,065,000,000	2,144,107,740	264,536	12,613,733	5,268,858	10,802,139	616,717,531	3,854,774,538

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As at 30-06-2022	1,065,000,000	2,101,225,585	134,788	11,227,025	4,943,087	8,587,358	725,414,281	3,916,532,122
<u>COST</u>								
As at 01-07-2020	1,065,000,000	2,554,542,504	36,743,633	31,447,776	81,476,645	14,133,220	544,707,435	4,328,051,213
Cost adjustment	-	-	-	23,500	-	-	-	23,500
Additions	-	-	-	1,550,000	3,872,819	384,588	72,010,096	77,817,504
Cost as at 30-06-2021	1,025,000,000	1,799,250,475	36,743,633	32,687,717	85,349,464	13,956,156	616,717,531	3,609,704,977
Cost attributed to revaluation as at 30-6-2021	40,000,000	755,292,029	-	333,559	-	561,652	-	796,187,240
Total Cost as at 30-6-2021	1,065,000,000	2,554,542,504	36,743,633	33,021,276	85,349,464	14,517,808	616,717,531	4,405,892,217
<u>DEPRECIATION & IMPAIRMENT</u>								
Accumulated Depreciation for cost at 01-07-2020	-	187,171,086	36,390,919	18,466,554	78,324,320	2,095,167	-	322,448,046
Accumulated Depreciation for Revalued Costs as at 01-07-2020	-	179,506,377	-	139,027	-	420,264	-	180,065,668
Charge for the cost for the Year 2020-2021	-	32,241,588	88,179	1,777,645	1,756,286	1,186,099	-	37,049,797
Charge for the cost attributed to revaluation for the year 2020-2021	-	11,515,713	-	24,316	-	14,139	-	11,554,168
Total Depreciation as at 30-06-2021	-	410,434,764	36,479,098	20,407,543	80,080,606	3,715,669	-	551,117,679
<u>NET BOOK AMOUNT</u>								
As at 30-06-2020	1,065,000,000	2,187,865,041	352,715	12,842,155	3,152,325	11,617,789	544,707,435	3,825,537,499
As at 30-06-2021	1,065,000,000	2,144,107,740	264,536	12,613,733	5,268,858	10,802,139	616,717,531	3,854,774,538

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23. WORK IN PROGRESS SCHEDULE	2012/2013 B/F	2013/2014 Additions	2014/2015 Additions	2015/2016 Additions	2016/2017 Additions	2017/2018 Additions	2018/2019 Additions	2019/2020 Additions	2020/2021 Additions	2021/2022 Additions	TOTAL
Construction of Water tank	1,446,464	9,985,345	3,138,993	-	410,408	2,049,840	1,245,107	1,432,293			19,708,450
Construction of Water Treatment Plant-Main Campus		6,539,750	8,292,272	4,228,486			20,800.00	-			19,081,308
Construction of Water Treatment Plant-School of Agriculture					663,274		-	-			663,274
Construction of Mines, Fuels & Mineral Processing Centre-Phase I		7,343,552	88,751,352	23,054,435	25,705,310	5,499,450	1,735,402	4,217,325			156,306,826
Construction of Mines, Fuels & Mineral Processing Centre-Phase II						27,416,026	18,729,385	13,874,480	2,046,088	7,558,891	118,000,356
Fencing of Taveta Land				5,496,660	5,080,361	6,159,355	-	-			16,736,376
Construction of Incinerators					746,604		-	-			746,604
Construction of Dairy Unit/Classroom-School of Agriculture					3,840,847	2,343,055					6,183,902
Construction of Admin block main campus						27,051,415	70,739,365	57,508,159	42,705,126	69,436,723	267,440,788
Construction of Admin block Taveta campus						9,226,716	24,074,987	24,769,180	8,801,775	5,306,454	72,179,112
Isanga Iwishi Land						115,276	3,227,077	173,143			3,515,496
Construction of Mines, Fuels & Mineral Processing Centre-Phase III									18,457,107	26,394,682	44,851,789
TOTAL	1,446,464	23,868,647	100,182,617	32,779,581	84,822,290	79,861,133	119,772,123	101,974,580	72,010,096	108,696,750	725,414,281

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24. Intangible Assets – Software	2021/2022	2020/2021
	KShs	KShs
Balance b/d	47,310	63,080
Amortization	11,828	15,770
Balance c/d	35,483	47,310
Add: Work In Progress (ERP Version 16)	17,580,102	17,580,102
Add: Work In Progress (ERP Version 17)	558,540	558,540
Total	18,174,125	18,185,952

A slight decrease in Net book value of Intangible assets in favor of the current period under review was as a result of constant tangible Asset base leading to a difference of Kshs.11,827. This is also as a result of consistency in application of the Amortization policy as per the TTU Finance Regulations and Accounting manual 2021.

25. Inter Public University Councils Consultative Forum (IPUCCF)		
Description	2021/2022	2020/2021
	Kshs	KShs
Balance b/f	35,200,000	35,200,000
Addition within the year	-	-
Total Loan	35,200,000	35,200,000
Write-off to Gain account	(35,200,000)	-
Total	-	35,200,000

The University Council during their meeting of 27th January 2022, resolved to expunge the IPUCCF liability in the books of accounts and hence the write off was made to gain account of 2021/2022 FY.

26. Financing Lease/KCB Loan	2021/2022	2020/2021
Description	Kshs	KShs
Balance B/F	653,764	3,947,110
Addition within the year	-	-
Adjustment	-	443
Total Loan	653,764	3,947,553
Loan Repayment	(653,764)	3,293,789
Total Loan balance	-	653,764

The University completed its ABF Loan repayment obligations in Q3 of 2021/2022 FY.

27. Trade and other Payable from Exchange transaction		
Description	2021/2022	2020/2021
	KShs	KShs
Sundry creditors	25,983,320	28,935,386
JKUAT Arrears	4,003,212	4,003,212
TUM Arrears	3,537,503	3,537,503
Hospital Bills	9,273,026	16,748,663
Part-time lecturers	81,274,944	92,276,284
Retention for WIP	39,824,227	34,087,655
Audit fees	2,367,360	1,731,680
Insurance Claims	-	2,431,552
Pending Construction certificates	-	30,582,937
Total	166,263,592	214,334,872

The University has worked on reducing the pending bills with time. Within the year under review, the accumulation reduced as compared to the payments leading to a reduction of pending bills Kshs.48,071,280 in favor of the current period under review. Management is committed to reducing the pending bills with time as resource become available.

28. Bank Overdraft			
Description	Account Number	2021/2022	2020/2021
		KShs	KShs
KCB TTUC Main account	1135369682	49,212,308	48,728,889
Total		49,212,308	48,728,889

The university operates a near constant operational cycle within comparative periods. This is the reason for a near constant capitation for the two comparative periods.

29. Employee benefit obligation		
Description	2021/2022	2020/2021
	KShs	KShs
Accrued employee gratuity 2020/2021 FY	3,529,049	6,347,824
Accrued employee gratuity 2021/2022 FY	7,976,917	-
Unremitted June 2022 deductions	18,886,151	12,872,438
Accrued Casual expenses	459,222	795,628
Total	30,851,339	20,015,890

The payroll provisions refers to unremitted deductions and unpaid gratuities for staff on contract. In the period under review, the unremitted deductions and accrued employee gratuities by the 30th June 2022 was at 30,851,339 as compared to Kshs.20, 015,890 for the comparative period. In the period under review, staff salaries increased without corresponding resource increase leading to the University struggling in meeting the remittance of deductions. However, management is committed to clearing payroll obligations over time as cash flow becomes available.

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30. Payment received in advance	2021/2022	2020/2021
Description	KShs	KShs
Fees prepayment	23,027,237	35,477,908
Total	23,027,237	35,477,908

31. Gain on sale of Fixed assets	2021/2022	2020/2021
Description	Kshs	Kshs
Disposal of motor vehicle	44,763	-
Disposal of motor cycle	21,989	-
Total	66,752	-

A motor vehicle and Motor cycle were disposed within the year as per the procurement procedures and a gain was realized from the sale as compared to their net book values.

32. Loss on exchange rate	2021/2022	2020/2021
Description	Kshs	kshs
Exchange rate loss	127,688	-
Total	127,688	-

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

33. Capital Risk Management

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

Description	2021-2022	2020-2021
	Kshs	Kshs
Revaluation Reserve	2,927,309,502	2,938,647,990
Retained Earnings	(469,667,118)	(463,689,376)
Capital Reserve	1,266,832,940	1,126,832,940
Total Funds	3,724,475,324	3,601,791,554
Total Borrowings	269,354,476	355,714,581
Less: Cash And Bank Balances	(34,206,673)	(11,898,655)
Net Debt/(Excess Cash And Cash Equivalents)	235,147,803	343,815,926
Gearing	6.31%	9.55%

The gearing of 6.31% implies that the University operations are funded by lenders to an extent of 6.31% of its entire operations. This projects Taita Taveta University as a going concern and

nothing has come to the attention of the University Management to project the contrary. The University continues to receive funding from the Government of Kenya and fees from students.

34 Working capital Management.

Taita Taveta University closed with total current assets at Kshs.59,123,554 and total current liabilities at Kshs.269,354,476 as at 30th June, 2022. The negative working capital is as a result of reduced incomes from students' fees and insufficient Government capitation as compared to University operational requirements.

To improve the working capital and ensure continued sustainability, the University has put in place the following strategic measures:

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

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35 Related Party Disclosures

Nature of related party relationships

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

Government of Kenya

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

Other related parties include:

- i) The Parent
Ministry.
- ii) County
Governments iii)
Other SCs and
SAGAs
- vi) Key management.
- vii) Board of directors.

Related Party Disclosures

- i) Key management;
- ii) Board of directors;

Description	2020-2021	2019-2020
	Kshs	Kshs
Transactions with related parties		
a) Grants /Transfers from the Government		
Grants from National Government	545,732,943	470,289,634
Total	545,732,943	470,289,634
b) Expenses incurred on behalf of related party		
Total	-	-
c) Key management compensation		
Directors' emoluments	6,099,454	4,492,656
Compensation to key management	50,500,014	55,950,840
Total	50,500,014.45	60,443,496

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Notes To The Financial Statements (Continued)

36. Segment Information

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

37. Events after the Reporting Period

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

38. Ultimate And Holding Entity

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

39. Currency

The financial statements are presented in Kenya Shillings (Kshs).

40. Appendix**Appendix 1: Progress on Follow up of Auditor Recommendations**

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
Inaccuracies in the Financial statements	i) The statement of financial position as at 30 June, 2021 reflects payments received in advance of Kshs.35,477,908 while the supporting schedule reflects Kshs.35,214,954.56, resulting an unreconciled and unexplained variance of Kshs.262,953.44.	The observation is noted. By the close of the Financial Year ended 30 th June, 2021, we reiterate that the University closed with a total of Kshs.35,477,908 for payments received in advance as per the schedules availed during the audit exercise. The said schedule is herewith attached See Doc 1(iii)C.	Resolved	
	ii) Note 30 to the financial statements on fees prepayment reflects a balance of Kshs. 35,477,908 as at 30 June 2021. Re-computation of the fees prepayment based on the invoices, receipts and start of the financial year opening balances data extracted from the ERP system yielded a total of Ksh.36,063,727.62, resulting in an unreconciled and unexplained difference of Kshs. 585,819.62.	In reference to Schedule II which was provided by the System Auditors during the audit exercise, in which the variance of Ksh. 585,819.62 relating to prepayments has been generated, our verification and further analysis has shown that there are errors in some of the auditors' data used in their computations as the said data does not reflect the true position in the respective student statements balances as at 30 th June 2021 within the ERP system, as evidenced in the sample analysis drawn from the	Resolved	

		<p>auditors' list highlighted here below: A printout of the fees statement of the above listed students as generated from the ERP system as at 30th June 2021 is herewith attached (See Doc. 4.2A – Fees statement). The same may be verified physically and independently in the system. Accordingly, Management affirms that the figure reported in the Financial Statements on fees prepayments for FY 2020/2021 is correct.</p>		
	<p>iii) Note 18 (a) to the financial statements on current receivables - student fees reflects a balance of Kshs. 34,482,567. Re-computation of the student fees balance resulted in a figure of Kshs. 40,642,693.56. The resulting difference of Kshs. 6,160,126.56 was not explained or reconciled.</p>	<p>i)The Auditors' report has 248 more students than those contained in the Schedule of Financial Statements;</p> <p>ii)That the fees balances indicated against some of the students in Schedule III used by the System Auditors in re-computations were erroneous and therefore in variance with what is generated from the ERP system as demonstrated in the sampled students in the Table below:</p> <p>iii)Fees statements of the sampled students from the ERP system affirming the status shown in the above table are provided (See Doc 4.2B).</p> <p>In consideration of 4.2b i), ii) and iii), Note 18 (a) to the Financial Statement for FY2020/2021 on student</p>	<p>Resolved</p>	

		debtors remains at Kshs. 34,482,567.00 as at June 2021.		
	iv). The statement of cashflows reflects cash and cash equivalents at the beginning and end of the year of negative Kshs.27,441,346 and negative Kshs.36,830,234 respectively. However, the statement of financial position reflects cash and cash equivalents at beginning and end year balance of Kshs.10,415,201.67 and Kshs.11,898,655 resulting an unexplained variance of kshs.48,728,889 and Kshs.37,856,548 respectively. Further, the statement of cash flows reflects summary of cash and bank balance of negative Kshs.36,830,234 which should not be part of the statement.	The University operates a bank overdraft facility which forms part of cash and cash equivalents. The bank overdraft has been disclosed separately in the notes and the Statement of Financial position but aggregated in the cash and cash equivalent. The summary section will be expunged from the financial statements	Resolved	
	v). The statement of cash flows reflects amounts which differs with the statement of financial performance	The variations results from the basis of preparation of cash flow and statement of financial performance. The cash flow is prepared on cash basis while the statement of financial performance is prepared on accrual basis. There are unpaid invoices by the end of the financial year that were not included in cash flows as per the reconciliation statement of Budget performance and financial performance	Resolved	
2.	As disclosed in Note 22 to the financial statements, the statement of financial	The observation is noted. A revaluation of Assets done in 2012 and 2016	Resolved	

	<p>position reflects property, plant and equipment balance of Kshs.3,854,774,538 as at 30 June, 2021 (2020: Kshs. 3,825,537,499). However, details such as costs, dates of acquisition and net book values of these assets were not indicated in the fixed assets register.</p>	<p>by Government Valuers did not indicate cost on item by item basis as per attached reports (Doc 4.17A & B). The reports indicated aggregated figures. This resulted to the asset register lacking the key components like costs and date of acquisition for each item for other periods except the 2020/2021 FY. However, Management has been working towards aligning the asset register as per the National Treasury Circular 23/2020. On 3rd June 2021, Management initiated the process of valuing all assets of the university with specific requirement of indicating costs on each item (The documentation is attached in the annexure). An LPO was issued to Touchstone Valuers Ltd on 08th July 2021 after a competitive procurement process (Doc 4.17C) and the Valuer is currently working on the report. In the FY 2021/2022, the University will have a complete itemized Asset Register as per the guidelines.</p>		
3.	<p>The statement of financial position as at 30 June, 2021 reflects total current liabilities of Kshs.318,557,558 which exceeded total current assets of Kshs.83,242,386, resulting in a negative working capital of</p>	<p>The audit observation is noted.</p> <p>To improve the working capital, the University has put in place measures which include but not limited to: increasing the number of niche programmes with the</p>	Resolved	

	<p>Kshs.235,315,172 as at 30 June, 2021 (2020: a negative working capital of Kshs.166,523,601). It was further noted that the University reported a deficit of Kshs.60,678,914 for the year ended 30 June, 2021.</p> <p>The above is an indication of the existence of a material uncertainty which may cast a significant doubt on the University's ability to sustain its services and to meet its financial obligations as and when they fall due. The financial statements have been prepared on a going concern basis on the assumption that the University will continue to receive financial support from the Government and creditors.</p>	<p>expected concurrent increase in the number of students and resultant fees collections; rationalizing utilization of human resource capacity through consolidation of job descriptions and redeployments; commercializing University facilities to generate additional revenue; and enhancement of University consultancy services as well as Research and Development Project Funding; and effective marketing and positioning of the University as a preferred destination for teaching and learning (Doc 4.13A) The University Management has mandated the use of NHIF accredited facilities as a first line for medical services for staff releasing designated referral hospitals for referral cases only. This has served to reduce high medical bills thus releasing working capital. (Doc 4.13B).</p>		
<p>Budget</p>	<p>During the year under review, the University had a recurrent expenditure budget of Kshs.576,163,097 against actual expenditure of Kshs.552,372,692 or 96%, resulting in net under-expenditure of Kshs.23,790,405 or 4%. Despite the overall net under expenditure of 4%, there</p>	<p>During the COVID -19 pandemic, there was mandatory expenditure that had to be incurred in order to qualify for re-opening, such as installation of hand wash points, sanitizers, social distancing, temperature thermos-guns etc. The Ministry of Education</p>	<p>Resolved</p>	

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	<p>was a significant over expenditure on maintenance costs which was not supported with re-allocation authority as detailed below:</p>	<p>inspected the University twice and recommended further installations for TTU to qualify for re-opening (Doc 4.10A & B). The over expenditure arose from the said mandatory but largely unexpected expenses as a result of the urgent need to comply with Ministry of Health Covid-19 pandemic protocols for re-opening readiness. A combination of the letter from the Ministry of Education directing conditions for re-opening readiness to be met (Doc 4.10A) and the letter from the Chairman of the Inter Public University Councils Consultative Forum (IPUCCF) to the PS State Department of University Education and Research requesting for extra financial aid to deal with the negative impact of the Covid19 pandemic in Public Universities in Kenya (Doc 4.10B) raised legitimate expectations for extra funding, which unfortunately was never forthcoming. The extra budget amounting to Kshs 28.2M that TTU submitted to the Ministry for Covid-19 funding support is herewith attached (DOC 4.10C).</p>		
<p>1. Intangible Assets -</p>	<p>As previously reported, records provided for audit review indicated that the University contracted a Company to supply, install, implement and commission</p>	<p>The University terminated the contract of CoreTech Systems and Solutions on 6th January 2020 following the Contractor's failure</p>	<p>Resolved</p>	

<p>Microsoft Navision ERP System</p>	<p>an ERP system on 18 September, 2015 at a contract sum of Kshs.17,580,102.80, with a commencement date of 1 October, 2015 and implementation timeline of 14 weeks. Despite the Company being paid Kshs.15,297,883.58, it did not deliver as per the agreement prompting the University to terminate the contract and advertise for a new tender for completion, installation, testing and commissioning of enterprise resource planning (ERP) system.</p> <p>Available records indicate that the contract was awarded to another Company at a contract sum of Kshs.1,861,800 and the resulting contract signed on 23 April 2021 with a duration of seventeen (17) weeks. The new contractor established that the developer licence for Microsoft Navision ERP system version 2016 had expired and could not support the integration of the system and thus the need to acquire licence for ERP system version 2017. As at the close of the financial year in June, 2021, an amount of Kshs.558,540 had been paid to the new contractor. However, as of audit February, 2022 the contractor had not completed the services as per the contract agreement.</p>	<p>to complete the project in time. At the time of termination, the Contractor had completed 90% of the work and had been paid Kshs 15,297,883.58 out of the total project sum of KES 17,580,101.80 (Doc 4.16A & B).</p> <p>The University advertised another contract for completion of the project, which was tendered and awarded in April 2021 at a total cost of Kshs 1,861,800.00 being funds from the balance of the terminated contract of CoreTech Systems and Solutions. Implementation of the project was 95% as at end of January 2022 with Kshs 558,540.00 having been paid out of the total sum of Kshs 1,861,800.00.</p> <p>Due to disruption of the academic calendar by the COVID -19 pandemic, semesters were staggered, there was no complete year and it was not possible to subject the system to a complete semester test on some of the academic modules. Testing of the academic modules of the system commenced in the month of February 2022 and the project is expected to be completed in the financial year 2022/2023. Nevertheless no additional cost will be incurred as a result of the delay.</p>		
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<p>2.1. Irregular Staff Ethnic Imbalance</p>	<p>Staff establishment records provided for audit review indicated that one ethnic community represents 33% of the total staff establishment in Taita Taveta University. This consequently means that the dominant community has surpassed the 30 percent mark which is against the provisions of Section 7(2) of the National Cohesion and Integration Act 2008 which stipulates that, “no public establishment shall have more than one third of its staff from the same ethnic community”.</p>	<p>The audit observation is noted. The University has continued to progressively correct this anomaly by reducing ethnic composition from 38% in 2017 as had been evidenced by previous findings of the National Cohesion and Integration Commission (see Doc 4.22A) to the current 33% of the Taita Ethnic Community as observed by the Auditor. The said imbalance is historical. The University commits to take further steps to continuously improve on the ethnic balances and achieve the desired compliance level.</p>	<p>Resolved</p>	
<p>2.3. Staff Earning Less than a Third (1/3) of Basic Pay</p>	<p>Payroll records for the month of December 2020 indicated that twenty-seven (27) members of staff earned net salaries which were less than a third of their basic pay. This is contrary to Section 19 (3) of the Employment Act, 2007 which stipulates that, “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.”</p>	<p>The audit observation is noted. In the year under review, the University issued a Memo to the affected staff notifying them of breach of the one third (1/3) rule. In the said Memo, affected staff were required and directed to institute corrective measures to conform to the Policy requirement by 31st October 2020, as contained in the Employment Act, 2007 (see Doc 4.23A). The affected staff undertook to rectify the anomaly (Doc 4.23B). Going forward Management will ensure no staff exceeds the accepted limit.</p>	<p>Resolved</p>	

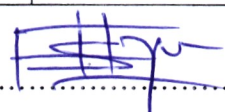
3. De lay in Implemen tation of Developm ent Projects	The statement of financial position as at 30 June, 2021 reflects property, plant and equipment balance of Kshs.3,854,774,538 and as disclosed in Notes 22 and 23 to the financial statements. Included in the balance is an amount of Kshs.616,717,531 in relation to capital works in progress whose project completion periods have since elapsed according to the projects files and progress reports produced for audit review as detailed below:	The audit findings are noted. There are notable factors that have negatively affected the completion rate of the aforementioned projects and they include the following: 1. Insufficient budgetary allocation by the Government for capital projects relative to what the University requests each Financial Year. 2. Non disbursement of full MOE approved budget allocation for the respective financial years. In FY 2018-2019, KES 142,672,842 was disbursed against an approved capital budget of KES 200,180,000.00 despite submission of project payment certificates for work completed. 3. Delays in disbursement of funds for cleared Certificates for Payments. This occurred variously since commencement of projects (Doc 4.25A). 4. Formal downward revision of approved capital budget (Doc 4.25B).	Resolved	
1.2. Student Debtors	As detailed in Note 18 (a) to the financial statements, the statement of financial position as at 30 June, 2021 reflects receivables from exchange transactions net balance of Kshs.32,922,876 (gross balance of Kshs.34,653,485 less	The audit observation is noted. Management is working towards an approach that will reduce student debtors among whom the University income is tied through a policy that will	Resolved	

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	<p>impairment allowance of Kshs.1,730,609) out of which a gross amount of Kshs.34,482,567 relates to student debtors. The debtors ageing analysis revealed that the balance relates to previous years but Management did not explain strategies on how the debts will be recovered</p>	<p>ensure legible students who have cleared fees attend to their academic lectures, internships and assessments. Management has operationalized automatic billing system and cut off dates to mitigate increased student debtors and this is expected to help in reducing current student debtors.</p> <p>The University recently hired a Legal Officer one of whose mandate is collecting the debts from the students.</p>		
<p>1.5. Long Outstanding Student Fees Prepayments</p>	<p>Note 30 to the financial statements reflects payments received in advance of Kshs.35,477,908 and which relates to prepaid student fees. Included in the balance is an amount of Kshs.3,272,963 relating to fees prepaid by students who are either deceased, alumni, suspended, deregistered and/ or graduated almost five years ago. The management did not explain how the unutilized prepayments will be refunded or reported to the Unclaimed Financial Assets Authority.</p>	<p>The University practice has been that upon completion of studies and graduation, students with fees overpayment are refunded by the University upon request. Deceased students who had already paid requisite fees, upon request by their official known guardians are also refunded fees on a prorated basis as per the Student Fees Payment Policy (Doc 4.8B). No prepayments are due for refunds until certified by the parents/guardians/sponsors and they are claimed.</p> <p>Currently, there is no University policy in place that guides refunds for over payment or transferring of over payments to the Unclaimed Financial</p>	<p>Resolved</p>	

		Assets Authority. Going forward, the University commits to develop and align internal policy on over payments with the National law that regulates treatment of unclaimed assets.		
2. Payroll Database System	The University migrated the payroll from the old ERP to the new ERP. Analysis of data from the new payroll revealed two cases of inconsistencies an indication that the payroll data migration may not have fully passed the migration test hence resulting in bank supporting schedules having higher figures than the salary net pay/ actual remittances	The findings of the auditors are noted. The authenticity and integrity of TTU Payroll is assured as was and may be verified by the convergence between the approved Payroll, Bank schedule and the Bank Statements (See Doc 4.9A, 4.9B and 4.9C as samples). Customization of the University's ERP System is in its final stage. The system-generated variances highlighted by the auditors and the criteria that was used will be reconciled and any underlined technical challenges addressed.	Resolved	



Prof. Fred Simiyu Barasa, PhD.

Vice Chancellor

23/02/2023

Date

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Appendix II: Projects Implemented By Taita Taveta University

Projects implemented by the State Corporation/ SAGA Funded by development partners and/

Status of Projects completion

S/N	Project	Total Project Cost	Total Expended to date	Completion % to date	Budget	Actual as at 30th June 2022	Sources of Funds
		Kshs.'000'			Kshs'000'		
1	Construction of Administration Block at Main Campus (TTU/T/01/2017/2018)	280,871	250,252	89%	50,000	250,252	GoK
2	Completion of Mines, Fuels and Mineral Processing Centre, Phase II (TTUC/T/04/2016/2017) and Equipping of the Mines Labs Phase II	102,251	103,657	100%	8,000	103,657	GoK
3	Completion and Equipping of Administration and Classroom Block at Taveta Campus (TTU/T/02/2017/2018)	87,532	72,179	82%	24,000	72,179	GoK
4	Completion of Water Treatment Plant and Dairy Shed at Taita Taveta University	5,340	2,343	44%	-	2,343	GoK

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	Ngerenyi Centre (TTUC/T/06/2016-2017)						
5	Completion of Classroom Block Phase 1 at Taita Taveta University - Ngerenyi Centre (TTUC/T/05/2016/2017)	8,840	3,840	43%	-	3,840	GoK
6	Proposed Construction and Equipping of the Mines, Fuel and Mineral Processing Laboratory Phase III at Main Campus (TTU/OT/01/2019 - 2020)	104,774	44,852	43%	52,000	44,852	GoK

**Appendix III- Inter-Entity Confirmation Letter
State Department University Education**

*[Taita Taveta University]
[P.O Box 635 – 80300, Voi]*

The State Department University Education wishes to confirm the amounts disbursed to you as at 30th June 2022 as indicated in the table below. Please compare the amounts disbursed to you with the amounts you received and populate the column E in the table below Please sign and stamp this request in the space provided and return it to us.

Confirmation of amounts received by [Taita Taveta University] as at 30 th June 2022						
Reference Number	Date Disbursed	Amounts Disbursed by [State Department University Education] (KShs) as at 30th June 2022			Amount Received by [Taita Taveta University] (KShs) as at 30 th June 2021 (E)	Differences (KShs) (F)=(D-E)
		Recurrent (A)	Development (B)	Inter-Ministerial (C)		
FT21215H2L48	03.08.2021	33,704,859.00			33,704,859.00	-
FT21224LKXJ8	12.08.2021		70,000,000.00		70,000,000.00	-
FT2124451CZJ	01.09.2021	33,704,859.00			33,704,859.00	-
FT21272K5G7K	29.09.2021	33,704,858.00			33,704,858.00	-
FT21306280R7	02.11.2021	33,704,859.00			33,704,859.00	-
FT21330S072Q	26.11.2021	33,704,859.00			33,704,859.00	-

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FT2136270QM9	28.12.2021		33,704,859.00				33,704,859.00	33,704,859.00	-
FT22032Y72PH	01.02.2022		33,704,859.00				33,704,859.00	33,704,859.00	-
FT22061ZBLPL	02.03.2022		33,704,859.00				33,704,859.00	33,704,859.00	-
FT22075CR9K6	16.03.2022	70,000,000.00					70,000,000.00	70,000,000.00	-
FT22091BYNZR	01.04.2022		33,704,858.00				33,704,858.00	33,704,858.00	-
FT22118FCP91	28.04.2022		33,704,859.00				33,704,859.00	33,704,859.00	-
FT22157HRYGZ	06.06.2022		34,342,177.00				34,342,177.00	34,342,177.00	-
FT22179NGTM6	28.06.2022		34,342,178.00				34,342,178.00	34,342,178.00	-
Total	30.06.2022		405,732,943	140,000,000.00			545,732,943	545,732,943	-

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

Director of Finance, Taita Taveta University:

Name: CPA Peter Kisombe


 Sign


 Date