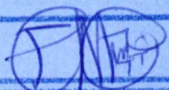
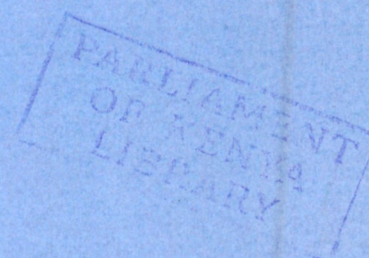


REPUBLIC OF KENYA



OFFICE OF THE AUDITOR-GENERAL

 THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 26 FEB 2019	DAY: TUESDAY
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THE AUDITOR-GENERAL

ON

THE FINANCIAL STATEMENTS OF
KIBABII UNIVERSITY

FOR THE YEAR
ENDED 30 JUNE 2018





KIBABII UNIVERSITY

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDING
JUNE 30, 2018**

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

Kibabii University Annual Report and Financial Statements For the year ended June 30, 2018

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KEY ENTITY INFORMATION AND MANAGEMENT

(a) Background information

The name 'Kibabii'

The name 'Kibabii' has profound historical significance. The word 'Kibabii' linguistically linked to one of the local communities means livestock returning to a cowshed or a sanctuary. Symbolically, the University is a place where people from all walks of life would come to gather for purposes of gaining knowledge and skills, a place of sanctuary from ignorance. The University is located off Bungoma- Malaba road, seven kilometers from the central business district (CBD) of Bungoma town. The University sits on 28.3 hectares piece of land.

The History of Kibabii University

The establishment of Kibabii University (KIBU) is traced to the origins of Kibabii Teachers' Training College, the precursor to the current University. The History of a Teacher Training College in Kibabii dates back to the pre-independence period. The idea was initiated by the Mill Hill Fathers in 1932. This college trained P4 Teachers between 1932 and 1942 and P3 between 1958 and 1961 in the current St. Mary's High School, Kibabii. In 1962 however, the College was moved to Eregi.

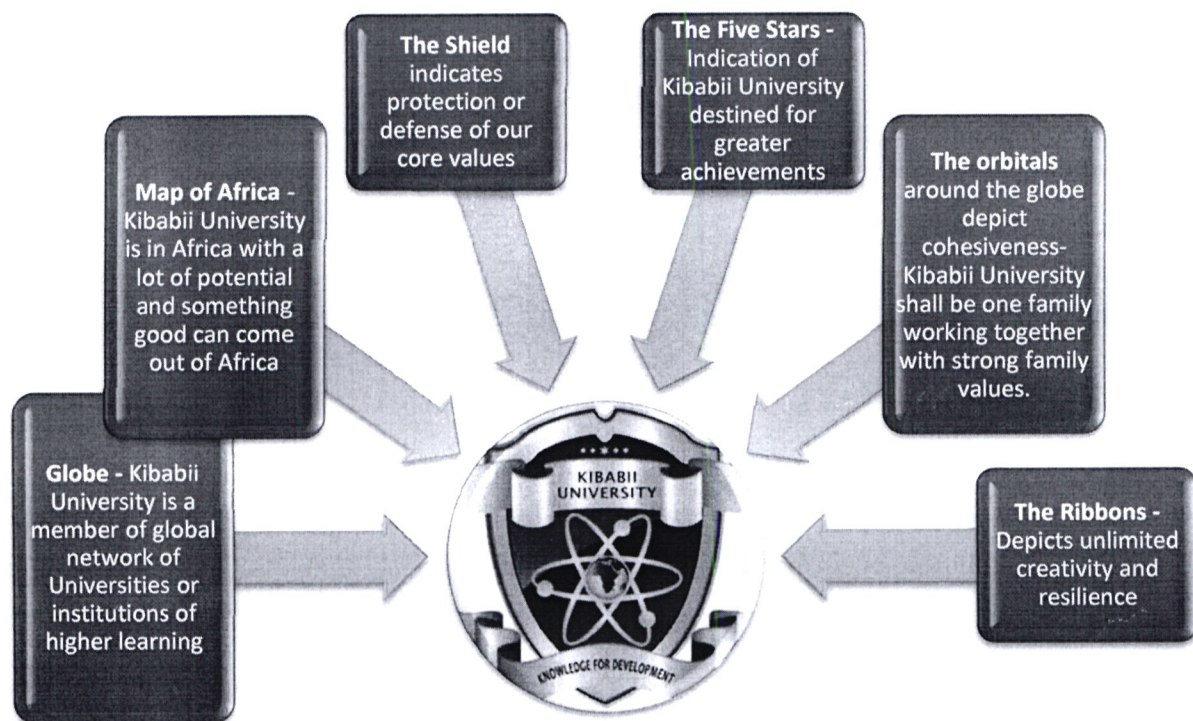
The proposed Kibabii Teachers Training College in Bungoma South District remained a mirage for more than twenty years until 19th September, 2007, when the process of actualizing this dream was initiated. The 3rd president of the Republic of Kenya, His Excellency President Mwai Kibaki graced the ground breaking ceremony at the proposed site. The construction works at the College were immediately commenced with the completion of construction and operationalization date for the college set for the 25th of May 2011. During this period, the project employed 700 workers thus contributing to employment creation in Bungoma County.

After inauguration, leaders from Bungoma County requested His Excellency President Mwai Kibaki to declare the newly constructed facilities for Kibabii Diploma Teachers' College to be converted to Kibabii University College. This request was accepted and formalized by Legal Notice No. 115 of August 2011 that established Kibabii University College as a constituent College of Masinde Muliro University of Science and Technology.

The journey to becoming a fully-fledged university was completed on 14th November 2015 when Kibabii received Charter from His Excellency President Uhuru Kenyatta.

Our Logo and Corporate Colors

The features appearing on the University Logo have the following meanings attached to them:-



The University has three (3) colors namely;

Gold Color:

- Gold is a Color of prestige and royalty

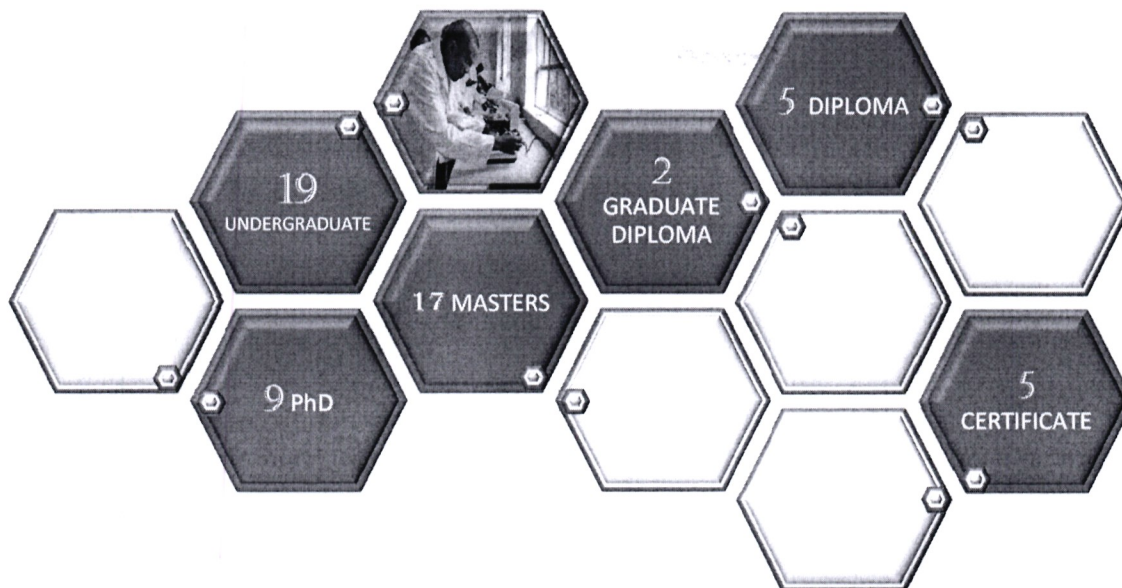
Royal Blue Color:

- Is a Color of the seas- a vast natural resource focused on our dream /vision so as to get realistic out-puts

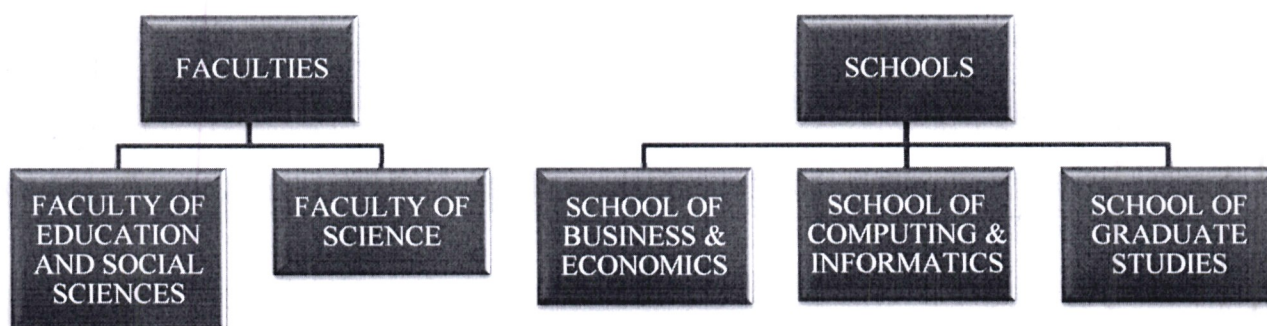
White Color:

- Peace and Purity

Our Programmes, Schools and Faculties

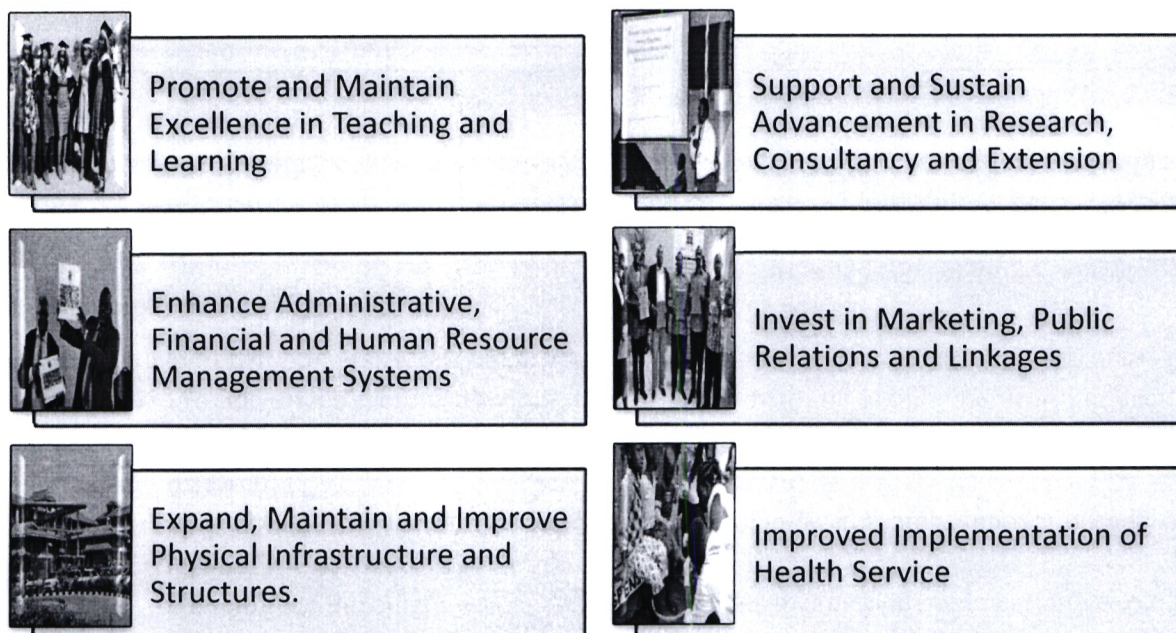


At present, KIBU has three schools and two faculties;



Our Strategic Directions

In the year 2016, the University launched its 5 year strategic plan that runs from 2016-2020. The plan is in its 3rd year of implementation and it is currently under review to incorporate the Big Four Agenda. The plan focuses on the following six strategic directions that guide the University's operations as it strives to achieve its mission and realize its Vision



The University shall engage in the discovery of new knowledge and skills for addressing the scientific, socio-economic and technological concerns nationally, regionally and internationally.

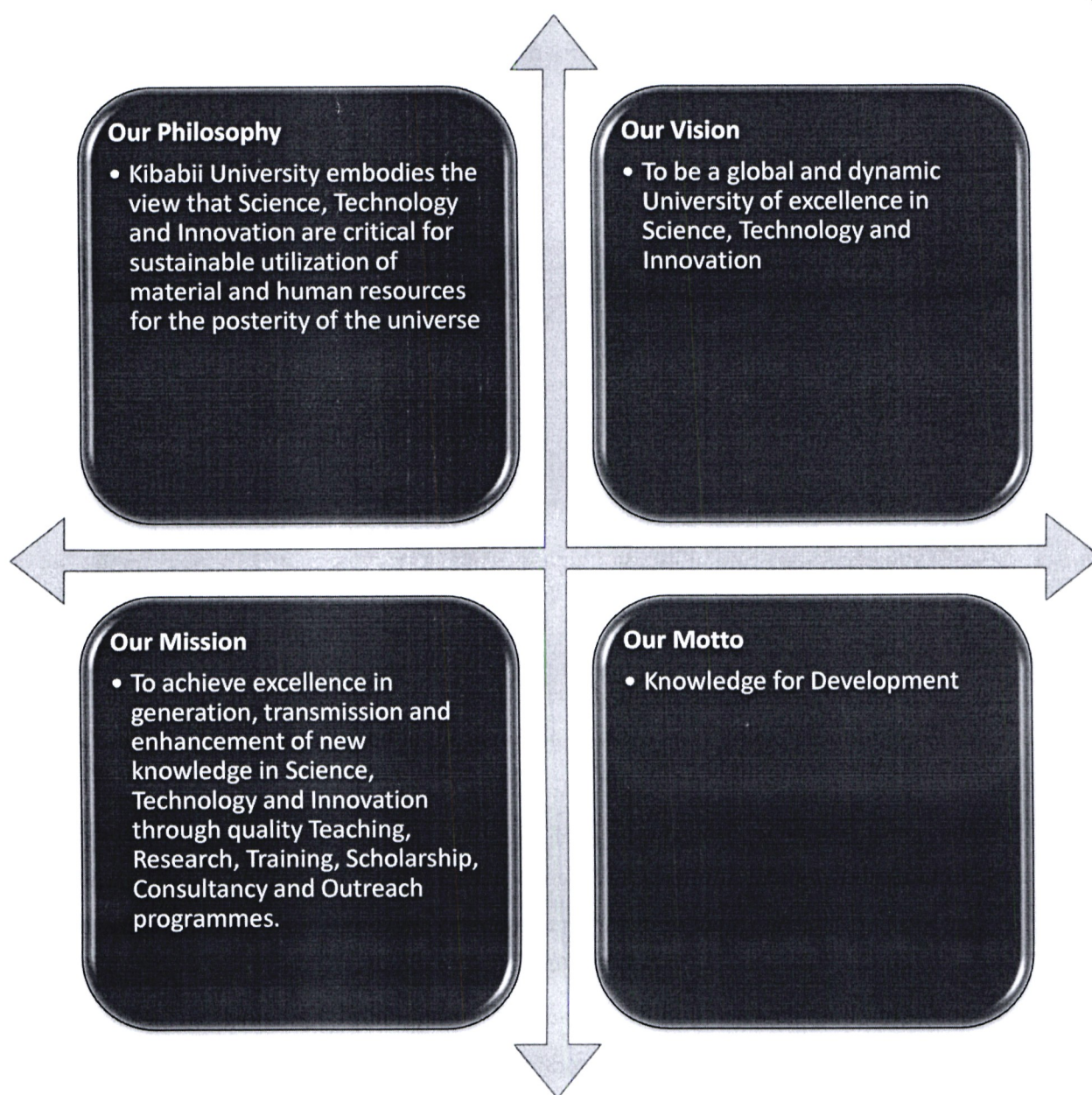
(b) Principal Activities

The mandate of the University, as contained in the Kibabii University Charter (2015) are/is to;

- Provide directly, or in collaboration with other institutions of higher learning, facilities for university education including technological, scientific, professional education and research;
- Advance knowledge and its practical application by research, innovation and other means;
- Disseminate the outcomes of research by various means, and commercially exploit the results of such research;
- Participate in technological innovation as well as in the discovery, creation, transmission and enhancement of knowledge, and to stimulate the intellectual life in the economic, social, cultural, scientific, and technological development/other organizations;
- Contribute to industrial and technological development of society in collaboration and partnership with industry and other organizations;
- Develop quality and relevant programmes for degrees, diplomas and certificates;
- Establish colleges, faculties, schools, centres, institutes, departments, and other resources and administrative units as may be appropriate;
- Inculcate and promote a culture of innovation, critical inquiry and creativity in art, science, technology, engineering, and education, amongst staff, students, and society;
- Develop an institution of excellence in teaching, training, scholarship, entrepreneurship, research, consultancy, community service, among other educational

services and products, with emphasis on technology and its development, impact and application to society;

- j) Provide a multi-level system of education and training that is relevant to the needs of the community covering a wide range of fields and levels with provision for recognition of prior learning and flexibility of transition between educational levels;
- k) Provide high quality facilities for educational, research, residential, commercial, cultural, social, recreational, sporting, and other activities;
- l) Facilitate student mobility between programmes of study at different universities;
- m) Participate in commercial ventures and activities that promote the objectives of the institution;
- n) Foster the general welfare of staff, students, and the community;
- o) Provide opportunities for development and further training for the staff of the institution;
- p) Develop and provide educational, cultural, professional, technical and vocational services to the community, and in particular foster corporate social responsibility;
- q) Facilitate the development, provision, and expansion of services, programmes, and other products in ways that are easily accessible and which reflect the principles of equity and social justice;
- r) Conduct examinations, and grant such academic awards as may be provided for in the Statutes, and to syndicate examinations for awards at other institutions as may be approved by Senate;
- s) Determine who may teach, what may be taught, and how it may be taught in the University;
- t) Promote social-economic development in line with the country's development agenda; and
- u) Ensure University sustainability and adoption of the best practices in University management and institutionalization of systems of checks and balances.



Our Values

To undertake its mission and realize its vision, Kibabii University upholds the following six (6) Core values, which are anchored in the acronym EASIIA:-

To operationalize the core values, “KIBU aspires to produce scholars who embody *Excellence, Accountability and Transparency, Social responsibility, Innovation, and are of Integrity while utilizing their Academic freedom in performing their duties*”.

Excellence - The University shall ensure quality teaching, research and provision of excellence in teaching, research and provision of service to the public.

Accountability and Transparency - The University staff shall explain the rationale of activities done and avoid any actions that might border on any malpractice.

Social responsibility - The University shall promote awareness and provide leadership in responding to issues and problems affecting the society.

Integrity – The University staff shall have common decorum reflected in their personal appearances, interactions and conducts.

Innovation – The University shall provide opportunities for the creation of new ideas and products for teaching, learning and well-being of the society.

Academic freedom - The University shall encourage the spirit of free and critical thought, and reflective inquiry among students and staff.

Our Strategic objectives

1. To produce graduates equipped with new knowledge, skills, attitudes and values critical to the posterity of human beings and society.
2. To undertake research innovation and extension aimed at generating new knowledge, skills and strategies that shall drive sustainable development and wealth creation for the benefit of the community.
3. To establish and maintain infrastructure and services
4. To advance the intellectual and human resource capacity through training and team-building.
5. To Publicize University programmes, activities and promote its public image.
6. To practice prudent financial management.

(c) Key Management

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

- University Council
- University Management Board
- Senate
- Deans Committee

(d) Fiduciary Responsibility

The key management personnel who held office during the financial year ended 30th June 2018 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Vice Chancellor	Prof. Isaac Ipara Odeo
2.	Deputy Vice Chancellor (Administration, Finance and Development)	Prof. Shem O. Aywa
3.	Deputy Vice Chancellor (Academics and Students Affairs)	Prof. Solomon I. Shibairo
4.	Deputy Vice Chancellor (Planning, Partnerships, Research and Innovation)	Prof. Dr.-Ing. Benedict M. Mutua
5.	Deputy Finance Officer	Benjamin M. Oduori
6.	Deputy Registrar (Administration & HR)	David B. Namasaka
7.	Deputy Registrar (Academics & Students Affairs)	Michael S. Maleche
8.	In-Charge Library	Joshua Ilavonga
9.	Director ICT	Dr. Samuel Mbugua
10.	Deputy Dean of Students	Noel M. Malanda
11.	In-charge Procurement	Jackline Walutsachi
12.	In-charge Health Unit	Johnstone Eshirera

(e) Fiduciary Oversight Arrangements

Audit and Risk and Compliance Committee activities

The University council has established a Committee which provides oversight on the University's financial and other management as outlined on page xxvii of this report. The University also has an internal Audit department that reports to the Council Committee.

Parliamentary Committee activities

The Vice Chancellor of Kibabii University is accountable to the National Assembly for the University's financial management. The Constitution of Kenya, 2010 135(3) subject to clause (4), requires that the accounts of all governments and State organs be audited by the Auditor-

General. Upon Audit, the Annual reports and financial statements are usually submitted to the National Assembly to ascertain whether the finances of the University were prudently managed.

(f) Entity Headquarters

Kibabii University
Off Bungoma-Chwele Road
P.O. Box 1699 – 50200,
BUNGOMA.
Tel. 020-2028660/0708-0859934/0734-831729
Email: enquiries@kibu.ac.ke

(g) Entity Contacts

Telephone: (254) 020-2028660/0708-0859934/0734-831729
E-mail: enquiries@kibu.ac.ke
Website: www.kibu.ac.ke

(h) Entity Bankers

1. Kenya Commercial Bank
Bungoma Branch
P. O. Box 380, 50200
BUNGOMA
2. Barclays Bank Limited
Bungoma Branch
P. O. Box 91, 50200
BUNGOMA
3. Standard Chartered Bank Kenya Limited
Bungoma Branch
P. O. Box 2531, 50200
BUNGOMA
4. Equity Bank Limited
Bungoma Branch
P. O. Box 2450 - 50200
BUNGOMA
5. National Bank of Kenya Limited

Kibabii University Annual Report and Financial Statements For the year ended June 30, 2018

Bungoma Branch

P. O. Box 25 - 50200

BUNGOMA

6. Family Bank Limited

Bungoma Branch

P. O. Box 1068 – 50200

BUNGOMA

7. Cooperative Bank of Kenya Limited

Bungoma Branch

P. O. 1964 - 50200

BUNGOMA

(i) Independent Auditors

Auditor General

Kenya National Audit Office

Anniversary Towers, University Way

P.O. Box 30084

GOP 00100

Nairobi, Kenya

(j) Principal Legal Adviser

The Attorney General

State Law Office

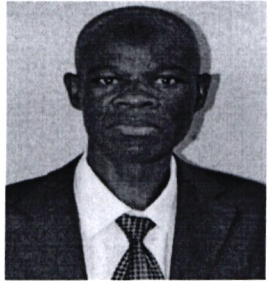
Harambee Avenue

P.O. Box 40112, City Square 00200, Nairobi, Kenya

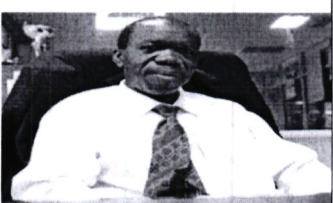
WHO GOVERNS US



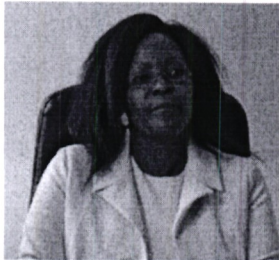
	Dr. Ernest Mwangi Njoroge, Chairman of Council Joined in 2017 as the Chairman of Council. Holds Bachelor of Veterinary Medicine (UON), MSc. Clinical Studies, Medicine (UON), MBA Strategic Management (Africa Nazarene University), and PhD Clinical Studies, Epidemiology (UON). He has over 24 years of teaching, management and leadership experience working with University of Nairobi, NGOs, European Union, and USAID Kenya and East Africa.
	Prof. Isaac Ipara Odeo, Date of Birth 19th May, 1955, Vice Chancellor Joined in 2013 as the Chief Executive and Secretary of Council. Holds B.ED (Arts) (UON), M.ED (Kenyatta University), and PhD (Moi University). He is an educationist with over 30 years of teaching experience at institutions of Higher learning. Prof. Odeo has also held various leadership positions in the same institutions.
	Ms Harriette Igonanga Chiggai, Date of Birth 19th April, 1981, Member. Joined in 2017 as a member of Council. She is Chairperson Strategy, Finance and Development Committee of Council. Holds LLB (UoN), Diploma in Laws from Kenya School of Law, an MBA in Strategic Management and Corporate Governance, and CPS Part II among other qualifications. She has wide experience spanning over 10 years in legal practice having served in various law firms and ICPAK where she is currently the Head of Legal Services.

	Mr. Francis Asunah, Date of Birth, 29th December, 1963, Member. Joined in 2017 as a member of Council and Chairman Governance and Human Resource Committee of the University Council. He is also the Council representative in the University Staff Pensions Board of Trustees. He holds a Bachelor of Science, Geology (UoN) and Master of Engineering Hydrology and Water Resources (IHE Delft, The Netherlands). Mr. Asunah has broad expertise of over 20 years in areas of Hydrology, Geology, Water resources engineering, Corporate Governance, Arbitration & Alternative Dispute Resolution (ADR) and Environmental management in both public and private sectors. Currently, he is a Technical Advisor at Rural Water & Sanitation Organization (WATERSAN) and the Vice – Chairman of the Centre for Corporate Governance (CCG) Alumni Network; and a Mediator of the High Court of Kenya.
	Mr. Hussein Abdi Farah, Date of Birth, 28th August 1960, Member. Joined in 2017 as a Council member. He is Chairman, Awards and Sealing Committee of Council. Mr. Farah holds a Certificate in Medical Laboratory Technology (MTC, Kakamega), Diploma in Medical Laboratory Technology (KMTC, Nairobi), MSc. in Medical Microbiology (LSHTM, UK), and Postgraduate Diploma in Medical Microbiology (LSHTM, UK). He is a seasoned Microbiologist. His experience spans over 20 years. Currently, he is the Chief Executive Officer at Fiveways Medical & Diagnostic (K) Limited.
	Mr. Vincent Moseti Nyabiosi, Date of Birth 28th September 1984, Member. Joined in 2017 as a Council member. He is the Chairman Audit, Risk and Compliance Committee of Council. Mr. Nyabiosi holds a Bachelor of Laws (Hons) (UoN), Diploma in Law (KSL), Master of Law, Public Finance & Financial Services Law (UoN), CPA and CPS. He has over 10 years' experience in Tax Management and as Lecturer at the Strathmore School of Law. Currently, he is Regional Tax Manager - East Africa at MIH East Africa Limited.
	Mr. Michael Jasper Obonyo, Date of Birth 7th April, 1970, Rep Principal Secretary, The National Treasury, Ex-Officio Member He Joined in August, 2015 as a Council member. He is highly experienced in information communication matters in areas of public relations. He is currently Public Relations Officer in the Pensions Department, National Treasury. Mr Obonyo holds B.A. (Hons) UoN, Kenya (1992), PGD (Mass Communication) Kenya Institute of Mass Communication (KIMC), Kenya (1998) and Master of Philosophy in Communication Studies, UoN, Kenya (2011)
	Mr. Jacob Mongare Onyiego, Date Of Birth 4th January 1971, Rep. PS, State Department of University Education. Ex-Officio Member Mr. Onyiego Joined in 2018 as a council Member representing the principal Secretary, State Department for University Education. He holds an MBA in Human Resource Management of Kenyatta University, Kenya (2007) and B.ED (Arts), Egerton University, Kenya (1994). He is Currently County Director of Education, in the Ministry of Education. He replaces Mr. David Watene who left in June 2018

OUR LEADERSHIP TEAM

	His Excellency Hon. Uhuru Kenyatta, C.G.H., BA (Amherst), D.Litt. (Hon) (Moi) President of the Republic of Kenya, and Commander-in-Chief of the Defence Forces, Chancellor of Kibabii University. Date of Birth 26th October, 1961. Has been the Chancellor of Kibabii University since 2015. H.E. Hon. Uhuru Kenyatta holds a Bachelor of Arts in Political Science and Economics from Amherst College, United States), D.Litt. (Hon) (Moi). President Uhuru Kenyatta was elected the 4th President of the Republic of Kenya on the 4th of March, 2013. In line with the country's vision of creating a globally competitive and prosperous nation, in 2015, Hon. Uhuru Kenyatta initiated The Presidential Digital Talent Programme (PDTP) whose focus was: To develop ICT freshly qualified graduates by equipping them with business principles for the management of ICT through a yearlong internship programme. President Uhuru Kenyatta has set the Big Four Agenda which aims at providing universal health care, food security, affordable housing and enhance manufacturing. He has a wealth of experience in leadership, administration and management both in public and private sectors.
	Dr. Ernest Mwangi Njoroge, , Chairman of Council Joined in 2017 as the Chairman of Council. Holds Bachelor of Veterinary Medicine (UON), MSc. Clinical Studies, Medicine (UON), MBA Strategic Management (Africa Nazarene University), and PhD. Clinical Studies, Epidemiology (UON). He has over 24 years of teaching, management and leadership experience working with University of Nairobi, NGOs, European Union, and USAID Kenya and East Africa.
	Prof. Isaac Ipara Odeo, Date of Birth 19th May, 1955, Vice Chancellor Joined in 2013 as the Chief Executive and Secretary of Council. Holds B.ED (Arts) (UON), M.ED (Kenyatta University), and Ph.D. (Moi University). He is an educationist with over 30 years of teaching experience at Institutions of Higher learning. Prof. Odeo has also held various leadership positions in the same institutions.
	Prof. Shem Omukunda Aywa, Date of Birth 15th December, 1962, Deputy Vice Chancellor (Administration, Finance & Development) Joined in 2013 as a member of Management Board. Holds B.ED (Sci.) (Kenyatta University), M.Sc. (Kenyatta University), and Ph.D. (Potchefstroom University). He is an educationist with wide teaching experience of over 23 years at the University level. Prof. Aywa has also held various leadership positions at the same institutions.
	Prof. Solomon Igosangwa Shibairo, Date of Birth 17th October, 1960, Deputy Vice Chancellor (Academic & Students Affairs) Prof. Shibairo joined in 2013 as a member of Management Board. He holds B.Sc. (Agric) (UON), M.Sc. (Agronomy) (UON), and Ph.D. (Plant Science) (University of British Columbia) and has over 24 years teaching experience at institutions of higher learning. He has also held various leadership positions at the same institutions.

	Prof. Dr.-Ing. Benedict M. Mutua, Date of Birth 30th November, 1966, Deputy Vice Chancellor (Planning, Partnerships, Research and Innovation) Joined in 2016 as a member of the Management Board. He holds a B.Sc. (Eng.) (Egerton University), MEng. Sc. The University of Melbourne Australia, Ph.D. and Post Doc. (Universität für Bodenkultur-BOKU, Vienna Austria). He has over 25 years of teaching and research experience at the university level. He has held various leadership positions at Egerton University and been involved in research projects both at National and Global levels. He has special research interests in Water Resources Engineering and Applied Hydrology.
	Mr. David B. Namasaka, Date of Birth 25th May, 1971, Deputy Registrar (Administration) Mr Namasaka joined in 2012 as Ag. Senior Assistant Registrar (Administration). Holds B. ED (Arts) (UON), MSC (Disaster Management & Humanitarian Assistance) (MMUST), MSC (Human Resource Management) (Kibabii University) and Diploma in Human Resource Management (KIM). He has over 10 year's administrative experience at institutions of higher learning. He is a member of the Institute of Human Resource Management (IHRM), The Kenya Institute of Management (KIM) and The Kenya Red Cross.
	Mr. Michael S. Maleche, Date of Birth 20th November 1968, Deputy Registrar (Academic Affairs) Joined in 2015 as a Deputy Registrar (Academic Affairs), Mr. Maleche holds a Bachelor of Arts (With Education) (UEA, Baraton) and Master of Philosophy in History (Moi). He has 23 years of experience, with 21 years in University Administration at Moi University and Masinde Muliro University of Science and Technology.
	Mr. Joshua Ilavonga, Date of Birth 6th August, 1978, In-Charge Library Mr. Ilavonga joined in 2016 as in-charge Library Services. He holds a Bachelor of Library and Information Science. He previously worked for Masinde Muliro, Maseno and Moi University libraries. He has over 15 years work experience in institutions of higher learning libraries.
	CPA Benjamin Musina Oduori, Date of Birth 1st August, 1972, Deputy Finance Officer Joined in 2013 as Deputy Finance Officer. Mr. Oduori holds BBM (Accounting & Finance) (Moi), MBM (Accounting) (Moi), and CPA (K). He is a professional accountant with over 18 years' experience in auditing and assurance and finance at the institutions of higher learning. He is a member of ICPAK and ICIFA.

	Dr. Samuel Mbugua, Date of Birth 10th October, 1964, Director ICT Joined in 2014 as Director ICT and Senior Lecturer in the Department of Information Technology. He holds a Master of Science in Computer Based Information Systems of the University of Sunderland and PhD in Information Technology from Masinde Muliro University of Science and Technology. He is a Chartered Engineer and an assessor for Chartered Engineer registration for the Engineering Council (UK). Dr. Mbugua is a member of the ACM and BCS. He has over 20 years of service in both civil service and institutions of higher learning.
	Ms Noel M. Malanda, Date of Birth 3rd October, 1971, Deputy Dean of Students Joined in 2014 as Deputy Dean of Students. She holds a Bachelor of Education (Home Economics) (Kenyatta University), Master of Educational Psychology (Maseno University), and Higher National Diploma in Human Resource Management. Ms. Malanda is a member of the International Society for the Study of Behavioural development, Society for Research in child Development and International Cross-cultural Psychology Association.
	Mrs. Jacqueline Walutsachi, Date of Birth 2nd October, 1979, In-charge Procurement Joined in 2014 as In-Charge Procurement Department. She holds a Bachelor of Business Management (Purchasing and Supplies Option). Mrs Walutsachi has over 3 years' experience in procurement and supplies functions and also a member of the Institute of Purchasing and Supplies Management.
	Mr. Eshirera E.M. Johnstone, Date of Birth 29th October, 1970, Senior Clinical Officer Joined Kibabii University in 2012 as Deputy Senior Clinical Officer and Head of Department of Health services. Previously worked for Masinde Muliro University and Ministry of health respectively. Has both administrative and clinical experience of more than 18 years of service. Trained up to master's level in Community health at Great Lakes University, University of Liverpool (UK), Moi University and Kenya Medical Training College. Holds professional Diplomas in Community Health, Sexual and Reproductive Health in Developing Countries and Clinical Medicine and Surgery.

CHAIRMAN'S STATEMENT

On behalf of the Kibabii University Council, I am pleased to present the Annual Report for the 2017/2018 financial year. It was a productive financial year and I have enjoyed being part of the dynamic team at Kibabii. The education sector is currently facing reforms with the focus area being quality over quantity as the strategic driving force to the Ministry Of Education.

Kibabii University remains committed to all its stakeholders in executing its mandate as outlined in the 2016-2020 strategic Plan whose overall theme is to achieve Global excellence in University Education. The University is mandated to execute the various strategic directions as set out in the Plan, marking its third year of execution.

During FY 2017/2018, Kibabii University closed down two study centers; these are Turkana and Bungoma Town Learning Center. This was in line with the CUE requirements, our commitment to excellence and quality and also the need for austerity by maintaining only those cost centers that break even.

This I believe keeps us on course in our quest to consolidate our position as a global and dynamic University of Science Technology and Innovation. To this end we shall also align our strategy and operations to best suit this ever-changing environment.

New Programs

I am pleased to report that in the past FY, the School of Business and Economics & the Faculty of Education and Social Sciences had two programmes accredited by the Commission for University Education; Master of Business Administration with IT and Master of Education in Kiswahili respectively.

We endeavor to provide solutions to gaps in skills and Competencies most relevant in our developing economy. The council believes that these programs will better position our schools and faculties as dynamic and innovative market leaders, while providing the University an avenue for growth.

2017 Graduation

I would like to present to you a synopsis of the graduands from the past FY. In December 2017, The University had 1,208 students graduating. The breakdown was as follows: 73% were undergraduate degrees of which 44% of the awardees were women. 9 Masters' degrees were awarded, of which 33% were awarded to women, and of the 4 PhDs, 1 was awarded to a woman. This is a strong indication

that the gender gap continues to close at all the Graduate levels, while the overall number of graduates keeps rising without compromising quality.

Financial Performance

In the financial year that ended in June 2018, the University recorded a better financial performance as compared to the previous year. This is attributed to stringent financial management measures. We also recorded a slight increase in student enrolment.

To improve the campus infrastructure and enhance student experience, a new building was completed to provide more space to students and staff. This new building houses 22 laboratories and 32 academic staff offices. During the same year the University also embarked on the construction of a Women Students hostel which is expected to provide adequate hostel facility in an environment that will ensure security and appropriate social environment for the students.

In the past year, the University Council bid farewell to Mr. Watene and in his place welcomed Mr. Onyiego. Mr. Watene served with diligence and selflessness and we wish him well in his endeavors. Mr. Onyiego is a Career administrator and we sincerely hope he will bring on board additional wealth of experience.

As I finish, I would like to extend my sincere gratitude to Kibabii University Council, our Vice Chancellor and his entire Management Board, our staff members, Students, partners and donors, for their commitment and collaboration towards the University. I am optimistic that the University is headed to a prosperous future that can only bode well for this great Institution.

Thank you



Dr. Ernest Mwangi Njoroge,
Chairman of Council

REPORT OF THE VICE CHANCELLOR

Dear stake holders, firstly I would like to state that 2017/2018FY has been a year of relative success, challenging but fruitful. We at Kibabii University have continued creating networks and maintained strategic alliances at the regional and global level. The value of these alliances cannot be overstated and are aimed at ensuring the University has a competitive advantage. We have invested in opportunities to provide exposure, synergy, knowledge sharing and expertise. All these is aimed at contributing to intellectual and human capital. In this regard four different memoranda documents were signed in the 2017/2018 financial year.

Increased infrastructure

In the last FY, the Academia tuition block phase II was completed. This block houses state of the art Laboratories. This is a strong indication that we value infrastructure necessary for building production capital within the University. It is envisaged that this will enhance student experience and provide excellent facilities for staff and students. Further, we were fortunate that our fund raising efforts bore fruit as the University secured a Grant from the National Research Fund. These funds will go towards equipping a forensic ICT Hub. The funding secured for this Hub project was Kshs.64.6 Million.

The Kibabii University 2016 - 2020 Strategic Plan places technology at the apex of the factors crucial for learning and teaching in the 21st Century. During the financial year 2017/2018 the University continued to invest in technology. We increased internet bandwidth, continued with IT systems automation, and improved IT network & equipment; this has seen the University have facilities with more stable internet connectivity to cater for both the staff and students.

Conferences

Academic workshops and conferences are essential for the growth of Kibabii University. It provides a basis for benchmarking, networking and research. There were multiple conferences, seminars and workshops organized during the year by the University. These were largely successful and valuable lessons were gathered. The highlight in the year was Kibabii University's Annual International Conference. It addressed matters of Creativity and Innovation for Sustainable Development and attracted attendance by experts in different fields from public and private sectors, academic researchers, students from institutions of higher education and young professionals in industry Other notable events were the 4th Librarians Workshop organized by the Library department that was themed 'Repositioning Information Practitioners in the 21st Century ', the Department of Kiswahili and Other African Languages in collaboration with Chama Cha Kiswahili Cha Taifa (CHAKITA)

hosted their 2017 Conference themed '*Uwezeshwaji Wa Lugha Ya Kiswahili Kama Wenzo wa Maarifa Karne Ya 21*'. We are proud to have hosted these events and are sure that these Conferences and Seminars continue to provide learning opportunities for young scholars and students and have the potential to create immense research impact for Kibabii University

2018 and beyond

While the achievements of the years past have put us in a position of strength, our effort in the coming days will be doubled so that we can meet our long term objective of being a globally recognized Centre of learning. We will continue to face competition from both the public and private Universities and find ourselves hampered by diminishing Government support. We shall have to be innovative to stay afloat. To this end, we shall endeavor to become more visible by using generally accepted parameters of measure to place ourselves. For one, ISO certification will help us earn our place as a certified super brand. Our strategic plan is the key direction that remains our guiding blueprint and our emphasis based on the six pillars therein. Our collective effort will make us and our actions will help actualize this dream of a University serving society and the world. I wish to convey my gratitude to all staff, both academic and administrative and the students who together, are lending form to our collective dream. Together we shall triumph.

Thank you



Prof. Isaac Ipara Odeo,
Vice Chancellor

CORPORATE GOVERNANCE STATEMENT

The University Council, presided by the Chairman is a body established to govern the University. The Council provides strategic direction, exercises control and remains accountable through effective leadership, enterprise, integrity and good judgment. It is diverse in its composition, independent but flexible, pragmatic, objective and focused on balanced and sustainable performance of the University. The membership of the Council includes:

1. 6 independent Members appointed by the Cabinet Secretary in charge of Education
2. One (1) member representing the Principal Secretary in charge of the State Department of University Education and Research
3. One (1) Member representing the National Treasury
4. The Vice Chancellor as an ex-officio Member.

Appointment of Council Members

- i. Every appointment is by name and by notice in the Kenya Gazette but ceases if the Council member:
 - a) Serves the appointing authority with a written notice of resignation; or
 - b) Is absent, without the permission of the Chairperson, from the three consecutive meetings;
or
 - c) Is convicted of an offence and sentenced to imprisonment for a term exceeding six months or to a fine exceeding twenty thousand shillings; or
 - d) Is incapacitated by prolonged physical or mental illness from performing his duties as a member of the Council; or
 - e) Conducts himself in a manner deemed by the appointing authority to be inconsistent with membership of the Council.
- ii. Any removal of a Council member under (i) above, shall be through formal revocation.

Council Charter

The Council has a Charter that defines the Council's roles and responsibilities as well as functions and structures in a way that supports the members in carrying out their strategic oversight function. It provides the Council members with an opportunity to think creatively and critically about how their strategic and operational plans align with the organization's strategic direction and expectations, with respect to governance. It helps the Council in directing the organization to maximize the long term value of services provided for all stakeholders.

The Charter is reviewed annually and is available to all members of the Council for application and is posted on the Kibabii University's website for the information of stakeholders.

The members of Council have committed themselves to the service of Kibabii University and to uphold the tenets of good corporate governance by being innovative, transparent, accountable, persons of integrity, socially responsive, as well as promote excellence and exercise fairness in all their activities

Ethics and Conduct

The Council adheres to the Code of Conduct and Ethics for State Corporations (SCs) which focuses on ethical conduct and integrity at the workplace. It defines the University Councils' commitment to the highest standards of behaviour so as to contribute to the achievement of the national development goals. The Code sets out expectations for individual behaviour necessary to meet these standards and includes requirements and guidance to help carry out their roles with integrity and in compliance with the law. By exemplifying the ethical behaviours and corporate values described in the Code, the University Council is expected to uphold Article 10 of the Constitution of Kenya on National Values and Principles of Governance and Chapter 6 on Leadership and Integrity.

Conflict of Interest Policy & Disclosures

A conflict of interest may arise where a Council member or close family member such as a spouse, child, parent or sibling has private interests that could improperly influence the performance of the Council member's official duties and responsibilities. Conflict may also arise where a Council member uses their office for personal gain.

Council members are required to avoid conflict of interest and deal at arms-length in any matter that relates to the organization. However, a Council member who identifies an area of conflict shall be required to disclose any actual or potential conflict of interest to the Council. In so reporting, the Council member is required to provide all relevant information, including information which relates to their immediate family members by blood or marriage which is related to the area of conflict. When declared, the Council member shall abstain from decisions where the conflict exists.

The Corporation Secretary keeps a record of conflicts of interest declared, for accountability purposes, and as a rule of good practice on appointment and on regular intervals or at any time when

circumstances change, all members shall in good faith disclose to the Council for recording, any other business or interest likely to create a potential conflict of interest.

Council Remuneration

Council members are remunerated for their services in accordance with State Corporations Act provisions and/or guidance from the State Corporations Advisory Committee. In line with best practice, the remuneration includes Honoraria for the Chair of Council and attendance allowances for all members.

Council Succession

The Kibabii University Council has put in place a succession plan for both the Council and Management, which is reviewed regularly.

Council Performance

The Council conducts an annual evaluation to appraise its performance. This evaluation is carried out in accordance with the Board Evaluation Tool. The Council evaluation provides an opportunity for Council members to identify strengths, collective skill gaps and individual areas of improvement. The Council also reviews the performance of each Committee against the agreed Terms of Reference. It also evaluates the performance of the CEO and Corporation Secretary.

The 3rd Kibabii University Council, being new, did not conduct an evaluation in the FY2017/2018. This, has been scheduled for 2018/2019FY after completion of their first year in office.

Governance Audit

The Council is required to ensure that a governance audit of the organization is undertaken on an annual basis. The purpose of the governance audit is to ensure that the organization conforms to the highest standards of good governance. The governance audit covers the following parameters among others: Leadership and strategic management; Transparency and Disclosure; Compliance with Laws and Regulations; Communication with stakeholders; Board independence and governance; Board systems and procedures; Consistent shareholder and stakeholders' value enhancement; and Corporate Social Responsibility and investment.

Council Induction and Training

In FY2017/2018, Council members were inducted in order to familiarize themselves with their responsibilities as Members of Council, general principles of corporate governance and Council practices. The induction programme provided the Council members with an orientation of the

organization, strategic plans, financial status and policies, risk management, compliance programmes and the Code of Conduct and Ethics.



During the year, the Audit, Risk and Compliance Committee of Council also attended a training organized by the Institute of Internal Auditors of Kenya.

Our Council's Composition

Diversity

The University Council has 8 members, 7 male and 1 female, who combined give various inputs borrowing from their areas of expertise in the fields of Clinical studies, Epidemiology, Geology, Hydrology, Arbitration, Environmental Management, Law, Strategic Management, Governance, Laboratory Technology, Medical Microbiology, Public Finance, Taxation, Communication and Human Resource Management

In the year under review, one Board Member Mr. Watene the representative of the Principal Secretary Ministry of Education was replaced by Mr. Onyigo in June 2018 after serving his tenure.

Council Responsibilities

The University Council undertakes the following responsibilities;

1. The Council is the governing body of the University through which the University acts and undertakes the following;
 - a) Administers the property and funds of the University in a manner and for the purposes which promotes the interest of the University; but the Council does not charge or dispose of immovable property of the University except in accordance with the procedures laid down by the Government of Kenya;

- b) Receives, on behalf of the University, donations, endowments, gifts, grants or other moneys and make disbursements there from to the University or other bodies or persons;
 - c) Provides for the welfare of the staff and students of the University;
 - d) May enter into association with other universities, or other institutions of learning, whether within Kenya or otherwise, as the Council may deem necessary and appropriate; and
 - e) May, after consultation with the Academic Board, make regulations governing the conduct and discipline of the students of the University.
2. All documents, other than those required by law to be under seal, made on behalf of the Council, and all decisions of the Council may be signed under the hand of the Chairman, the Vice Chancellor or any other members of the Council generally or specifically authorized by the Council in that behalf.
 3. Ensures that a proper management structure is in place and that the structure functions to maintain corporate integrity, reputation and responsibility.
 4. Monitors and evaluates the implementation of strategies, policies, and management criteria and plans of the University.
 5. Constantly reviews the viability and financial sustainability of the University, and does so once every year.
 6. Ensures that the University complies with all the relevant laws, regulations, governance practices, accounting and auditing standards.

The University's Council Programme

The Council had four meetings during the year in review. The Council received regular updates from each of its four committees

The Council members and meeting attendance during the financial year 2017/2018 is as indicated below;

NO.	NAME	1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER
		DATE	DATE	DATE	DATE
		23 rd September, 2017	20 th December, 2017	30 th January, 2018	6 th April, 2018
1.	Dr. Ernest Mwangi Njoroge	✓	✓	✓	✓
2.	Mr. Hussein Abdi Farah	✓	✓	✓	✓
3.	Mr. Francis Asunah	✓	✓	✓	✓
4.	Ms. Harriette Chiggai	✓	×	✓	✓
5.	Mr. Vincent Nyabiosi	✓	×	✓	x
6.	Mr. David Watene	✓	✓	✓	✓
7.	Mr. Michael Obonyo	✓	✓	✓	✓
8.	Prof. Isaac I. Odeo	✓	✓	✓	✓

Committees of the University Council

The Council Committees facilitate decision-making to assist the Council in the execution of its duties, powers and authority. However, delegation of authority to the Committees does not in any way mitigate or dissipate the discharge by the Council of its duties and responsibilities. Council Committees have been established with formal written terms of reference and observe the same rules of conduct and procedures as the Council

In the financial year 2017/2018 the Council approved 4 committees namely;

1. Governance and Human Resource Committee

The mandate of the Governance and Human Resource Committee is:

- To examine the format and the contents of the University Statutes and make appropriate recommendations to Council for appropriate legislation as provided for in the Kibabii University Charter.
- To make recommendations to Council on staff welfare related issues.
- To recommend to Council improvement in the job grading classification as the Committee may consider appropriate.

Kibabii University Annual Report and Financial Statements For the year ended June 30, 2018

- d) To review and make recommendations to Council on Salaries, Terms and Conditions of Service as and when necessary or when directed to do so by Council from time to time for all University employees.
- e) To consider appeals and make appropriate recommendations to Council.
- f) To consider and advise Council on action to be taken with regard to staff disciplinary matters.
- g) To recommend an appropriate disciplinary measure on staff members where necessary.
- h) To consider qualified candidates for filling vacant positions in the University for Professors, Associate Professors and Equivalent Administrative and Library Staff (Scale 14 and above).
- i) The Council shall delegate appointment and promotion of Staff of Scale 13 and below to the University Management.
- j) To interview candidates who are considered to have met the job requirements in accordance with the announcement inviting applications for the positions of Professors, Associate Professors and Equivalent Administrative and Library Grades.
- k) To recommend to Council the appointment of suitable candidates(s) after considering all the requirements for the post or in case of there being no suitable candidate to recommend re-advertisement for the positions of Professors, Associate Professors and Equivalent Administrative and Library Grades.

In the year in review the Committee convened five meetings. The attendance was as follows:

NO.	NAME	1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER		
		DATE	DATE	DATE	DATE	DATE	DATE
			19 th October, 2017	16 th February, 2018	17 th May, 2018	18 th May, 2018	13 th June, 2018
1.	Mr. Francis O. Asunah		✓	✓	✓	✓	✓
2.	Ms. Harriette I. Chiggai		✓	-	✓	✓	✓
3.	Mr. David N. Watene		✓	✓	✓	-	-
4.	Mr. Michael J. Obonyo		✓	✓	✓	✓	✓
5.	Dr. George Ombakho		-	-	✓	✓	✓
6.	Mr. Jacob M. Onyiego		-	-	-	-	✓
7.	Prof. Isaac I. Odeo		✓	✓	✓	✓	✓

2. Audit, Risk and Compliance Committee

The Mandate of the Audit, Risk and compliance Committee is:

- a) To examine Internal and External Auditors' findings and recommendations for the improvement of the internal controls. Monitor management's response to and implementation of internal control recommendations.
- b) To assist the Vice Chancellor in enhancing internal controls in order to improve efficiency, transparency and accountability.
- c) To resolve unsettled and unimplemented Public Investment Committee's (PIC) recommendations.
- d) To enhance communication between Management, internal and external audit and fostering an effective internal audit function.
- e) To evaluate adequacy of management procedures with regard to issues relating to risk management, control and governance.
- f) To review the systems established to ensure sound public financial management and internal controls, as well as compliance with policies, laws, regulations, procedures, plans and ethics.
- g) To perform an independent review of the financial statements to ensure the integrity and transparency of the financial reporting process.
- h) To initiate special audit/investigation on any allegations, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Vice Chancellor.
- i) To review and assess, at least annually, the Audit Committee's Charter and submit changes to the Committee for approval by the Council.
- j) To advice on Quality and Performance Monitoring.
- k) To perform other oversight functions as may be requested by the University Council from time to time.

During the year in review, the committee convened three meetings. The attendance was as follows:

NO.	NAME	1 ST QUARTER	2 ND QUARTER	3 RD QUARTER	4 TH QUARTER	
		DATE	DATE	DATE	DATE	DATE
			20 th December, 2017		22 nd June, 2018	23 rd June, 2018
1.	Mr. Vincent M. Nyabiosi		×		√	√
2.	Mr. Hussein Abdi Farah		√		√	√
3.	Mr. Michael J. Obonyo		√		√	√
4.	Mr. David N. Watene		√		-	-
5.	Mr. Jacob M. Onyiego		-		√	√

3. Awards and Sealing Committee

Mandate

- a) To receive and consider graduation lists for award of Certificates, Diplomas and conferment of Degrees and make recommendations to the Council
- b) To receive and Consider the graduation booklet and make recommendations to the Council
- c) To ensure that the processing of Certificates and Transcripts is done diligently and with integrity
- d) To receive and consider proposals to Council and nominations for the award of Degrees.
- e) To recommend to Council award of Honorary Degrees.
- f) To authorize on behalf of the Council the application of the University seal to documents.

During the year 2017/2018, the committee convened two meetings. Attendance was as follows:

NO.	NAME	1 ST QUARTER	2 ND QUARTER		3 RD QUARTER	4 TH QUARTER
		DATE	DATE	DATE	DATE	DATE
			10 th November, 2017	19 th December , 2017		
1.	Mr. Hussein Abdi Farah		√	√		
2.	Mr. Francis O. Asunah		√	√		
3.	Mr. Vincent M. Nyabiosi		√	-		
4.	Mr. Michael J. Obonyo		√	√		
5.	Mr. David N. Watene		√	√		

4. Strategy, Finance and Development Committee

Mandate

- a) To act on behalf of Council except in so far as the Council may wish to limit its powers in any respect. However, the Committee shall pay due regard to the necessity to refer matters of major importance to the Council for final approval and shall not have the power to approve the Annual Estimates and Expenditure.
- b) To take charge of all arrangements for erection of new development projects/infrastructures once the finances have been made available.
- c) To receive and consider reports on the performance of various contractors.
- d) To be responsible for authorizing expenditure for all maintenance works with the provision that the Committee will have the authority to delegate the minor maintenance works to an executive sub-committee of the University.
- e) To provide progress reports on development projects to Council.

- f) To recommend and effect as appropriate any modification in physical facilities as may be necessary.
- g) To consider and make recommendations to Council on acquisition of new fixed assets including land and to advise Council on utilization of such assets and land.
- h) To act on behalf of the Council in implementing and reviewing of the University Strategic Plan.

During the year 2017/2018, the committee convened three meetings. Attendance was as follows:

NO.	NAME	1 ST	2 ND	3 RD	4 TH
		QUARTER	QUARTER	QUARTER	QUARTER
		DATE	DATE	DATE	DATE
			18 th October, 2017	30 th January, 2018	14 th June, 2018
1.	Ms. Harriette I. Chiggai		√	√	√
2.	Mr. Michael J. Obonyo		√	√	√
3.	Mr. David N. Watene		√	√	-
4.	Mr. Jacob M. Onyiego		-	-	√
5.	Prof. Isaac I. Odeo		√	√	√

The Council's key achievements in 2017/2018 included:

Approval of:

- i) Students Organization of Kibabii University Constitution
- ii) Corporate Social Responsibility Policy
- iii) Quarterly Reports and Financial Statements for each quarter
- iv) Revised Budget for 2017/2018 Financial Year
- v) Membership to Council Standing Committees and their Terms of Reference
- vi) Council Standing Committees Work Plans
- vii) 2017/2018 FY Performance Contract
- viii) 2017/2018 FY Council Almanac
- ix) The second Graduation List
- x) Publication Policy
- xi) Students Examination Handbook
- xii) The Board Charter

MANAGEMENT DISCUSSION AND ANALYSIS

In the FY2015/2016 the University launched its five year Strategic Plan, now in its 3rd year of implementation; the plan outlines 6 strategic directions that guide the University in achieving its mandate. Key Operational highlights/achievements during the financial year 2017/2018 under each strategic direction are discussed below;

1. Promote and Maintain Excellence in Teaching and Learning

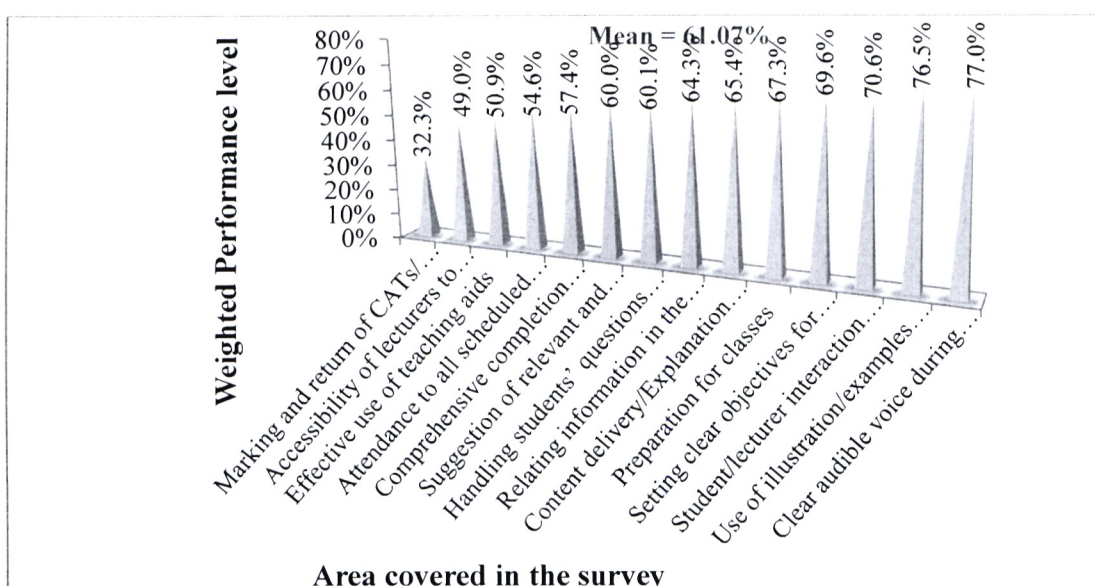
Curriculum Review and Development

Kibabii University Continues to review its programs and develop programs that are market driven and demand oriented. During the year under review, the University was able to have two programmes presented to CUE for accreditation; Master of Education in Kiswahili and Master of Business Administration with IT. Bachelor of Science in Nursing was approved by the Nursing Council of Kenya and is awaiting accreditation by CUE

Quality Assurance

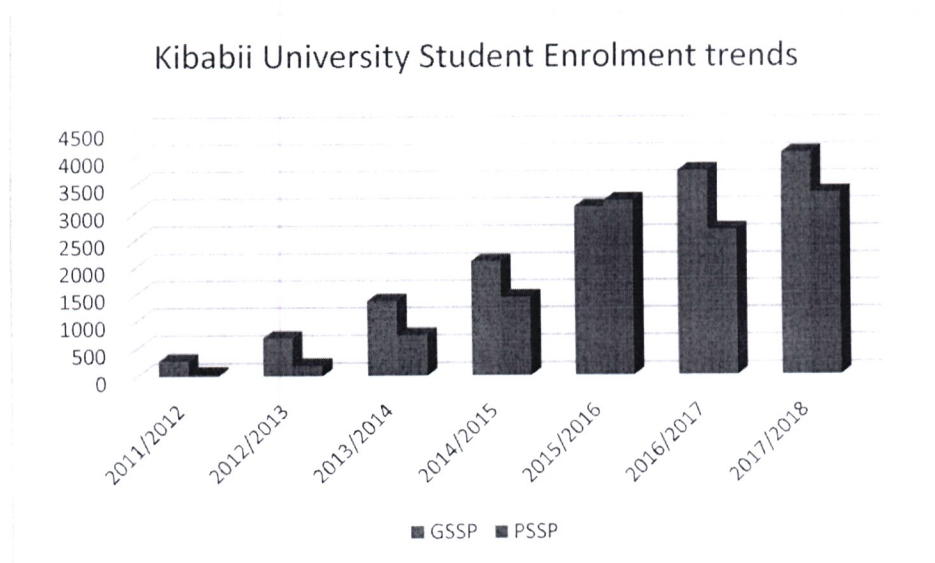
To monitor Customer satisfaction, the University conducts surveys for both staff and students as they exit the University. Students are also given an opportunity to evaluate the lecturers and other University facilities every semester. The results of these surveys help inform the University on areas of improvement. Key areas noted for improvement during the year under review included; quality of teaching and learning resources as well as need for more interactive course activities

Overall performance of lecturers



Enrolment

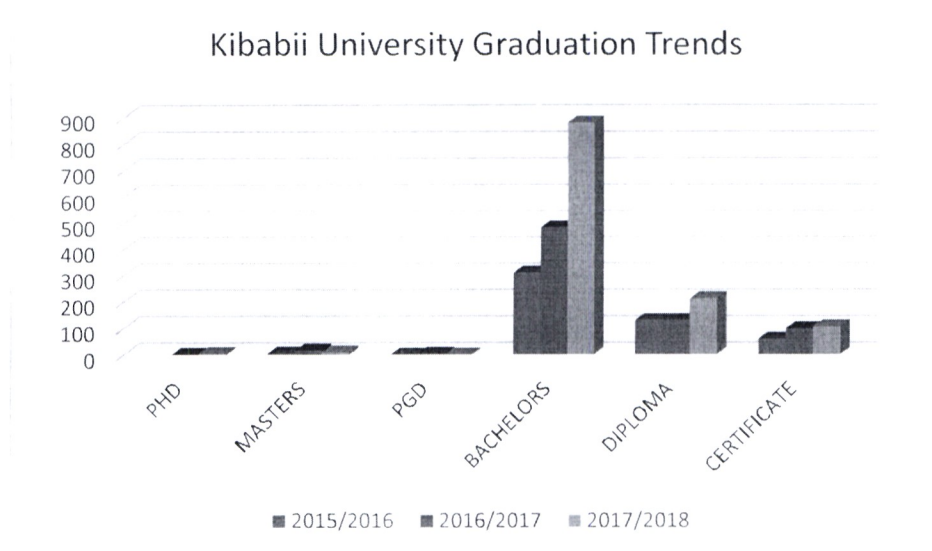
The University has continued to increase its student numbers over the years. The student Population as at 30th June 2018 was 7411



Graduation

During the Year under Review, the University held its 2nd Graduation Ceremony where 4 PhD, 9 Masters, and 879 Bachelor's degrees were conferred and 211 Diplomas and 105 Certificates awarded.





Faculty

Kibabii University is committed to providing quality teaching, research and extension services and is committed to increasing the number of faculty bench with PhD to supervise post graduate students and increase the research output. During the year under review 4 members of faculty attained PhD and the University continues to provide a conducive environment to enable members of staff develop academically.

Library Resources

In the FY2017/2018 the total Library collection size increased by 18% from 15,032 books and online journals 2016/2017 to 17,760 in 2017/2018. The average online searches increased by % while the average daily library attendance increased from 1,850 in 2016/2017 to 2,230 in 2017/2018.

ICT Resources

The Directorate of ICT has continued automating the services at Kibabii University. Completed innovations during the FY2017/2018 include, Online imprest requests, hostel booking for continuing students, printing of examination card, Library system KOHA, and Bank integration with ERP for fee collection.

The University procured an integrated ERP system whose implementation has to a large extent been done. This has enabled the student's access several services online through the student portal. Such as examination results, course registration, hostel booking and fee status. The ERP has made student marks processing more transparent. The staff can also access services online through the staff portal such as access of pay slips and their personal information.

Other ICT infrastructure and resources also got an upgrade to meet the growing demands of staff and students with the latest being the connection of last mile fiber optical cable. This replaced the radio link that is being used as a backup. The University is in the process of updating the D-Link switches with CISCO and HP Gigabit port switches to improve on the speed of the network, ease on management and avoid internal data wastage. During the year in review, the University purchased seven (7) Cisco Gigabit port switches that allow campus network speed of up to 1Gbps as opposed 100Mbps for D-Link switches. The internet bandwidth was also upgraded from 82Mbs in 2016/2017 to 110Mbs in 2017/2018

The Campus Network has continued to expand with a campus fiber backbone taking shape. There is fiber backbone connecting the Router room to the Server room and Library as well as the Education Tuition block. The number of hot spots to allow students and staff access WIFI within the University is now fifteen (15). To provide for data security, offsite data backup was implemented during FY2017/2018.

To increase on web presence, the Kibabii University domain was changed from kibabiiuniversity.ac.ke to kibu.ac.ke and the hosting capacity increased to 40Gbytes up from 20Gbytes in the previous year.

Kibabii University Webometric Ranking Trends

The University has continued to monitor its performance against Institutions of higher learning globally. The graph and table below shows the University's Webometric Ranking both locally and globally.

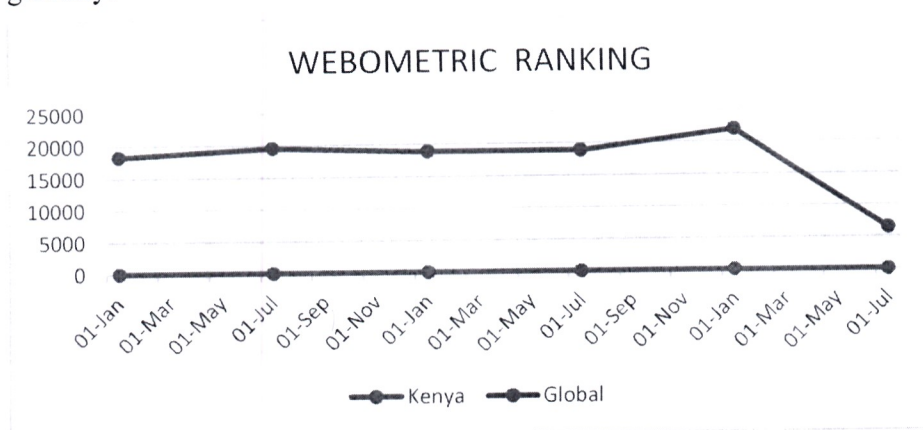


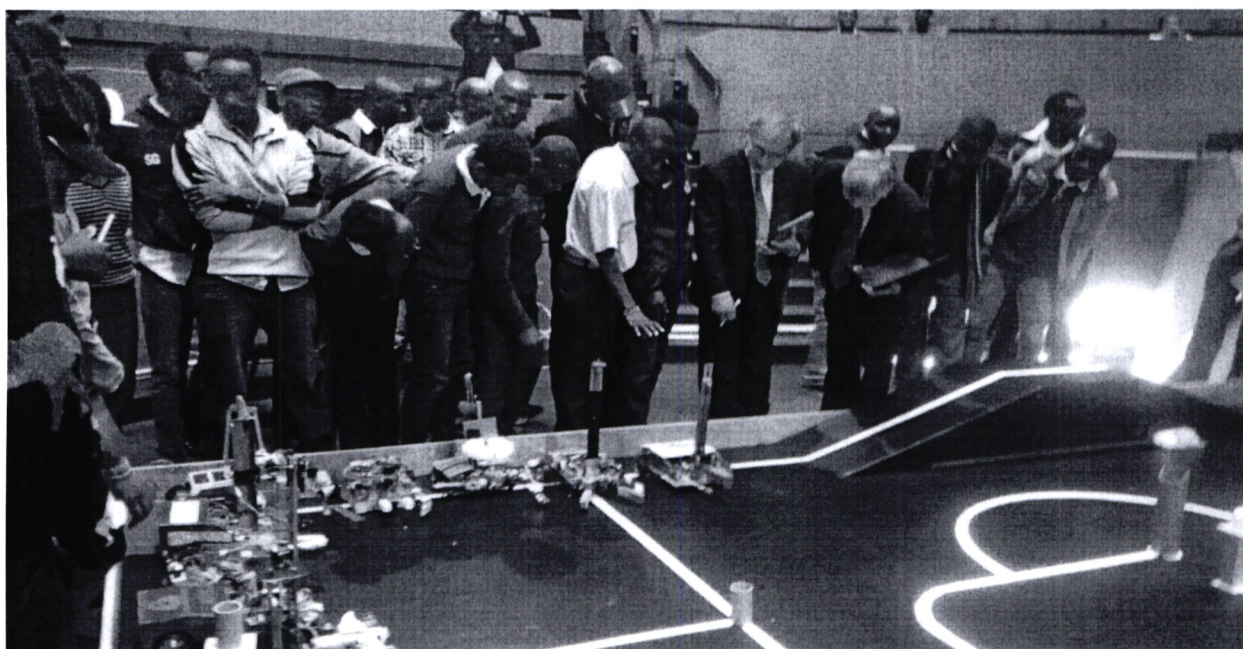
Figure 1 Webometrics ranking trends

Date	Kenya	Global
Jan-16	46	18, 279
Jul-16	50	19, 555
Jan-17	62	18, 875
Jul-17	62	18, 856
Jan-18	71	21, 916
Jul-18	10	6, 441

From the table it can be seen that Kibabii has hovered between 18,000 and 22,000 positions globally, but made a drastic improvement to the 6000 range. A lower ranking indicates the University is doing well.

Kibabii University Robotics Team

Kibabii University continues to encourage its students to engage in innovations and during the FY2017/2018 the University's robotics team participated in Kenya's 7th National Science Week hosted by the National Council of Science, Technology and Innovation (NACOSTI) Theme of the event: *"Harnessing Research, Science, and Technology & Innovation Contribution towards Achieving the Big Four Agenda"* where the team participated in a competition that involved the development of a robot that was able to take on the elections process. The team passed the Preliminary stage in the competition.



Student Affairs Report

Careers and Cultural Week

During the FY 2017/2018 the Students Affairs Department in conjunction with Careers Advisory Department organized a joint Careers and Cultural Week themed “**A Paradigm Shift in Nurturing the 21st Century Scholar: Thinking outside the box.**”

During the five day event, various cultures from the students’ body were showcased including songs, cultural dances and traditional foods from the Luo, Iteso, Nandi, Kamba, Maasai, Meru, Kipsigis, Abagusii, Kikuyu, Pokot and Bukusu cultures. There was also a talent show where students showcased their natural and acquired talents. There were sessions where career talks were given with the highlight being a presentation from Nation Media Group to Journalism Students. The peak of the event was a beauty contest where Mr. and Miss KIBU were crowned.

Sports

The University believes in developing a wholesome person and gives the students an opportunity to participate in various sporting activities among them;

Taekwondo

The University’s Taekwondo team has continued to perform well both locally and internationally. During the year in review, the team participated in various tournaments where the team managed position one for Taekwondo men and Women in the KUSA games, the teams also secured position one in the KUSA National Indoor games Play offs. The team was invited to participate in the Rwanda Genocide memorial cup where they managed position two after garnering 2 Gold, 4 Silver and 8 Bronze Medals.



KUSA National Play Offs Indoor Games

The University hosted the first edition of the KUSA National indoor games Playoffs, where 17(Seventeen) Universities participated, with Kibabii University garnering 8 Gold, 9 Silver and 5 Bronze medals.

Overall Kenya University Sports Association ranking

The University also had the Volley Ball, Hockey, Soccer, Badminton, Rugby and Swimming teams participate in different competitions during the year and was **ranked third overall** by the Kenya Universities Sports Association (KUSA)

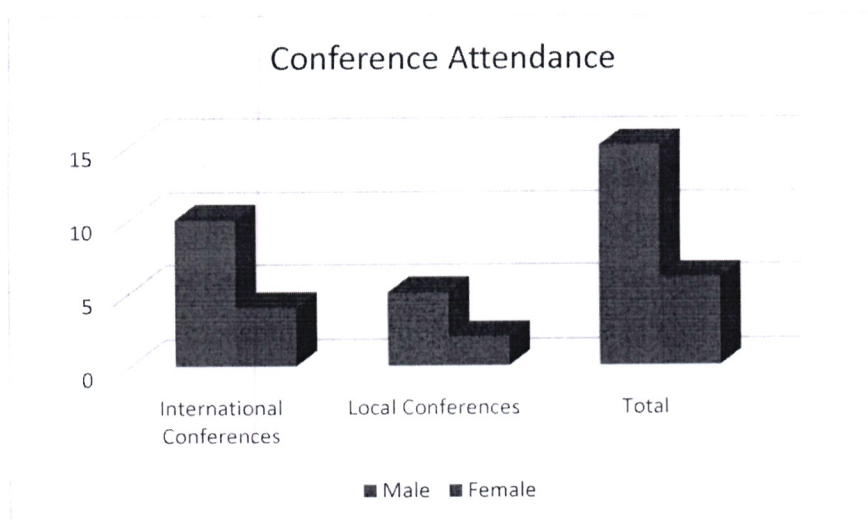




2. Support and Sustain Advancement in Research, Consultancy and Extension

The University established a Directorate of Research whose mandate is to establish a framework for quality research and innovation, develop and sustain research and community outreach. Additionally, Members of staff were trained on grant proposal writing and a number of them sponsored to attend conferences where they presented papers, this in an effort to develop their capacities.

The table below details the conference attendance sponsored by the University in 2017/2018FY.



	Male	Female	Total
International Conferences	10	4	14
Local Conferences	5	2	7
Total	15	6	21

Research Income

During the year in review, the University received Kshs. 3.8 million towards student research. Several proposals were also submitted with two of them being granted; The European Union AHEAD project first phase funding of € 49,503.00 and The NRF ICT HUB Infrastructure grant to the tune of 64.6 million Kenya shillings. These funds are expected to be disbursed in the year 2018/2019 for equipment of a forensic Lab.

University Research Fund

During the year, the University established a University Research Fund which saw a team of researchers awarded some funds to conduct research through a competitive process. The winning Proposal *“Socio-Economic and cultural correlates of social vices among students of Kibabii University and their Impact in the Neighbourhoods”* received a grant of Kshs. 0.3million.

Conferences and Workshops

3rd International Conference

The Division of Planning, Partnerships, Research and Innovation hosted the 3rd Kibabii University International Conference; this was themed *“Creativity and Innovation for Sustainable Development”* which attracted over 300 participants and 10 Corporate Partners. Over 100 papers were presented during the Conference.

Kongamano la Kiswahili la Chama Cha Kiswahili Cha Taifa (CHAKITA)

Kibabii University also hosted the CHAKITA 2017 Conference on 20th – 21st July 2017. The theme of this conference was *“Uwezeshwaji Wa Lugha Ya Kiswahili Kama Wenzo wa Maarifa Karne Ya 21”* the conference brought together experts in the Kiswahili language from Kenya and East Africa.

2017/18 Research Output

Our research Output during the year

Number of books	3
Number of book Chapters	12
Number of publications	65

3. Enhance Administrative, Financial and Human Resource Management Systems

The University acknowledges the fact that Human and financial resources are very important resources which require proper administration to ensure the University runs smoothly to achieve its mandate. To ensure that the University programmes run smoothly, KIBU has employed competent teaching and administrative staff distributed across various cadres.

Kibabii University is ISO 9001:2008 Certified. During the year under review, the University launched Quality Management System based on the ISO 9001:2015 standard this is towards the ISO 9001:2015 Certification projected for the end of the calendar year 2018

The University has invested in an ERP system that has helped manage both its administrative and financial operations. It has also employed austerity measures to ensure that the limited financial resources are utilized well while giving priority to essential and critical activities.

4. Invest in Marketing, Public Relations and Linkages

The University continues to make strides in increasing its visibility despite the limited financial resources. During the year under review the University participated in various shows and Exhibitions to market its products and increase its visibility including, The Bungoma ASK show and the devolution Conference that was held in Kakamega.

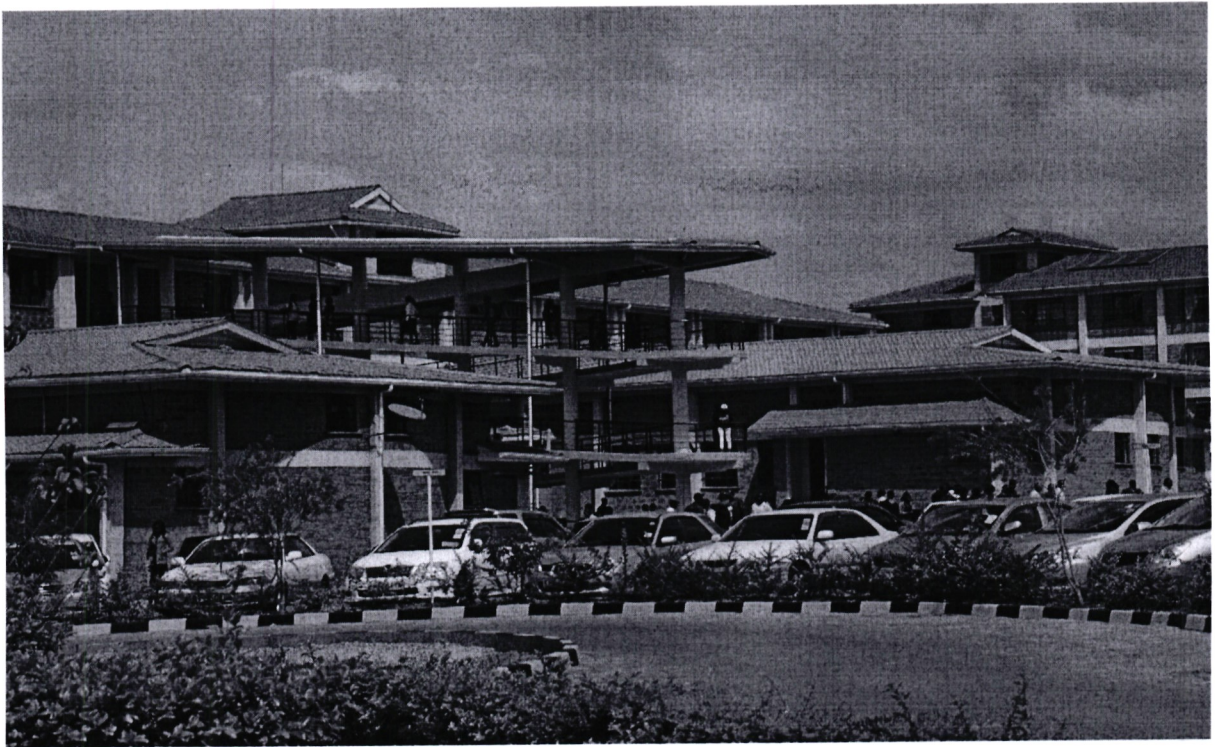
To increase its linkages, the University signed various MOUs during the financial year including KUPPET, KNUT and Jambo Africa Tourism Organization Network. The University also participated in exchange programs involving two lecturers from different universities within African being hosted by the University. Kibabii University lecturers also had an opportunity to visit other Universities.



Signing of the MoU between KIBU and Jambo Africa Tourism Organization Network

5. Expand, Maintain and Improve Physical Infrastructure and Structures.

During the FY2017/2018 the University Completed Phase II of the Academia Tuition Block. This project has 21 Laboratories for Science and Technology students and 32 academic staff offices. The project offers laboratories which are much needed by students for their practical skills in science and technology. It will also increase research activities by both students and staff. This project will enable the University to realize its goal of being a global University of excellence in science, technology and innovation.



The newly constructed Phase II of the Academic Block complete with a ramp for ease of access by persons with physical challenges

The University also initiated the construction of a Women Students hostel. As at the end of the FY, the project was at 10% completion. The project is expected to provide adequate hostel facility in an environment that will ensure security of students.

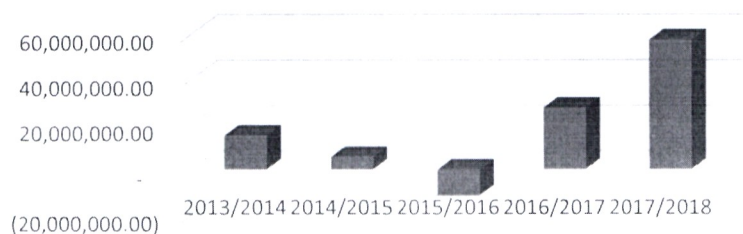
6. Improved Implementation of Health Service

During the year in review, the University developed a Health Policy that went through several stages of approval during the year in review. The University was approved as a level 3A hospital and also initiated the process of getting the University Health Facility NHIF accreditation so as to offer services not only to the Student and staff of Kibabii, but also to the surrounding Community. This initiative will increase access to Health care and contribute to the achievement of one of Governments Big Four Agenda.

Financial Performance

The University recorded a growth in revenue resulting in a surplus of Kshs. 46 million, amidst challenges of a prolonged electioneering period and the lecturers strike during the FY2017/2018

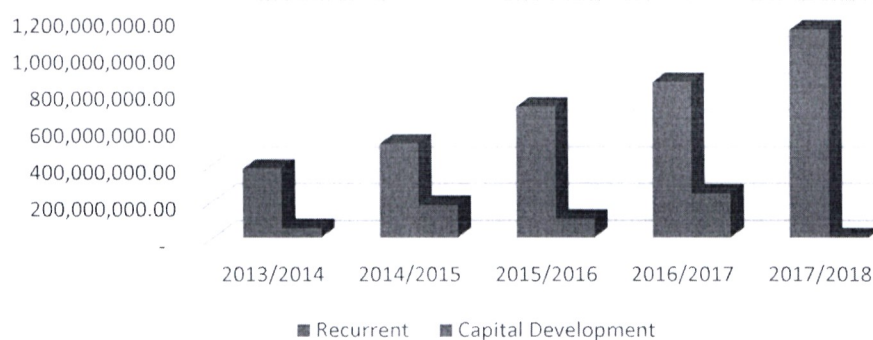
Financial Performance Trends



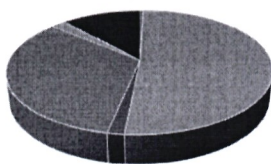
Total Income

Our total income increased to Kshs. 1.111 billion up from Ksh.0.846 billion in the previous year. This comprised of 52% from recurrent government capitation, and 48% AIA. Tuition fees contributed the biggest percentage of the AIA incomes.

Kibabii University Total Income Trends



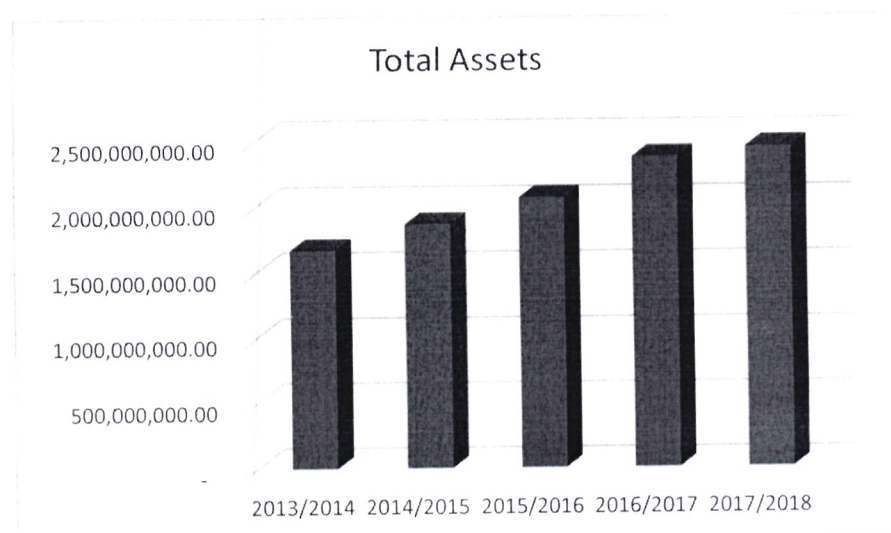
Kibabii University Income Sources



- Other Organizational Grants
- Government Grants
- Tuition Fees
- Rental revenue
- Public contributions and donations
- Other Incomes- deferred Income
- Sale of goods
- Other tuition related

Total Assets

The total assets grew by 2.3% to 2.425 Billion up from 2.372 Billion in the previous year.



Compliance with Statutory Requirements

In the year under review, Kibabii University complied with all the statutory obligations except for the NSSF contributions accrued since inception for staff in the middle and senior levels as a result of practices inherited from Masinde Muliro University of Science and Technology. Negotiations are under way to resolve the matter and implementation in the future period. During the year under review the University had one on going case Number Bungoma NC Petition no 15 of 2016. David Murambi and two (2) others VS the Country Government of Bungoma and Kibabii University for trespass to property.

Key Projects and Investment Decisions the University Is Planning/implementing

The University has the following projects:

i) Women Students Hostel (On going)

The project will increase access to University education in line with the sustainable development goal on education. The project is financed by the Government of Kenya and is at 10% completion, the substructure having been completed.

ii) School of Nursing(A planned Project)

The aim of the project is to promote research, innovation and healthcare. This will contribute to reduction of diseases and therefore increase productivity in our society. The project is intended to be financed by the Government of Kenya. The University defended its proposal at the Nursing Council of Kenya and approval was given to establish the school. The university has started the process of equipping the school and was able to procure mannequins and dolls during the year in review. Teaching positions for the school were also advertised during the year.

iii) Proposed Water Supply Project (A planned Project)

The project will increase water supply to the University and reduce water born infections within the University. The facility needs continuous maintenance and continuous supply of operational consumables. The project is intended to be financed by the Government of Kenya.

Major Risks Facing the University

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

The University has exposure to the following risks:

- i) Market risks
- ii) Liquidity risks
- iii) Credit risks

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

The University's risk management policies are established to identify and analyze the risks faced by the University, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in economic conditions and the organization's activities. The Vice Chancellor oversees how management monitors

compliance with the University's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the University.

Market risk management

Interest rate risk

The University has no interest bearing borrowings or investments and is financed by cash generated from its operations. This risk was therefore not applicable in the quarter under review.

Foreign currency risk

The University undertakes certain transactions denominated in foreign currencies, mainly the US Dollar. This results in exposures to exchange rate fluctuations. The balances impacted in this regard are the balance due to payments in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilizing matching of assets and liabilities.

Liquidity risk

Liquidity risk is the risk that the University will not be able to meet its financial obligations as they fall due. The University's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University's reputation. Typically the University ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters and political violence. All liquidity policies and procedures are subject to review and approval by the Council. All capital investments are funded by the Government.

Credit risk

Credit risk is the risk of financial loss to the University if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the organization's receivables from customers. The University receives fees from students which minimizes the credit risk exposure. The University has a student's fees payment policy which defines how and when fees are supposed to be paid hence minimizes credit risk.

All the University's receivables are fully performing and are expected to be repaid.

Bank balance includes cash in hand and deposits held with banks. Bank balances are not restricted to any use by the client.

Material Arrears in Statutory/Financial Obligations

Kibabii University did not have any material arrears in statutory/financial obligations as at the end of the year under review

CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING

Our People

KIBU endeavours to develop and retain current staff and attract more in the face of competition. Both academic and administrative staff remuneration is kept within competitive market rates.

The University invests in capacity building and staff based Continuous Professional Development (CPD). The University also observes gender balance and affirmative action as a Government requirement in enhancing equality and equity.

The University invested in staff scholarship and training to ensure staff acquire up to date skills in order to transform students' experience. The University is also keen to ensure that Members of Staff enjoy a conducive environment and during the year under review the University organized for a team building session for all members of staff for the purposes of bonding and enhancing team work.



Environmental Conservation

Tree Planting

In response to the Government's directive through the Ministry of Environment and Forestry in declaring 26th of April, 2018 a national day for tree planting in the Country, Kibabii University through the University Management facilitated the purchase of five hundred (500) assorted tree seedlings and provided labour to dig the holes. As part of its corporate social responsibility (CSR) to the society and the environment in which we operate, the University took the exercise of tree planting as part of its responsibility of giving back to the community.

The University management, staff, students and the local community took part in the tree planting where four hundred (400) trees were planted along the Chwele – Kanduyi Road from the junction to the University towards Kanduyi. In addition, one hundred (100) trees were planted within Kibabii University compound.

The University management at the same time invited the following to participate in the exercise; the local chief, Local community leaders, Representative from the National Environment Management (NEMA) - Bungoma County Office, Representative from Forestry Research Station (FRS) – Bungoma County Office, Representative from the Kenya National Highways Authority (KeNHA) – Kakamega Office

Water Recycling Plant

The University installed a water recycling plant, where used water is recycled for use in the water closets. The University is in the process of extending the plant to cover all water closets within the University, which, will enable the University avoid wastages and solve the water shortages being experienced currently.

Community Outreach

Community Dialogue

To promote National Values and Cohesion, the University, in partnership with the local leadership and the Officer Commanding Station, Bungoma South hosted a community dialogue forum on Tenancy, Cohesion and Peaceful Co-existence which attracted 156 participants.

Health

To enhance preventive and promote healthcare as one of the Big Four Agenda of the Government, the University, in partnership with Red Cross Bungoma Chapter, Liverpool Organization and Kanduyi Sub-county MOH held a free medical Camp where more than 600 community members were reached with jigger management Services, HIV testing and Counselling, Family planning Services, Malaria Case Management, Deworming among others.

Education

Financial Aid

Kibabii University's core mandate is the provision of higher education, research and extension services. The university is committed to providing bright & needy students a chance to attain university education. Over the years, the University Management Board has made a deliberate effort to provide access for a percentage of students through a number of ways, among them;

Work-study program

Under this program, needy and bright students are offered an opportunity to work in different departments within the University for a Maximum of 4 hours a day and 20 hours a week. The students get paid for the work done to allow them cater for their upkeep while at the University. During the year in review 53 students; 40 male and 13 female benefited from the program

Bursary

In the financial year 2016/2017, the University established an endowment fund to assist needy and bright student meet their fee obligations. During the FY2017/2018 the University management from the endowment fund together with the Student Governing Council supported 152 students; 44 female and 108 male with tuition fees.

Coaching and Mentorship

During the year the University hosted 26 Secondary Schools from Bungoma and Kakamega Counties. Where 1496 students had an opportunity to take a walk around the University and understand how the University Operates, the courses offered, the entry criteria, the cut off points for different programmes and career advice from members of staff. This visits offered the students who are mainly from rural and some disadvantaged backgrounds hope and motivation to work hard in order to attain University Education.

REPORT OF THE UNIVERSITY COUNCIL

The Council submit their report together with the audited financial statements for the year ended June 30, 2018 which show the state of the University's affairs.

Principal activities

The principal activities of the University continues to be provision of higher education, research and extension services.

Results

The results of the University for the Year ended June 30, 2018 are set out on page 1

Council Members

The members of Council who served during the year are shown on pages xii - xiii. During the year one Council Member; Mr Watene who was the representative of the Permanent Secretary, Ministry of Education, State Department of University Education and Research left after serving his tenure and Mr Onyigo was appointed in his place with effect from June 2018.

Auditors

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

By Order of Council



Prof. Isaac I Odeo

Council Secretary

Bungoma

Date: 14/11/2018

STATEMENT OF COUNCIL RESPONSIBILITIES

Section 81 of the Public Finance Management Act, 2012 and section 14 of the State Corporations Act and Section 47 of the Universities Act, 2012 require the Council to prepare financial statements in respect of the University, which give a true and fair view of the state of affairs of the University at the end of the financial year/period and the operating results of the University for that year/period. The Council is also required to ensure that the University keeps proper accounting records which disclose with reasonable accuracy the financial position of the University. The Council is also responsible for safeguarding the assets of the University.

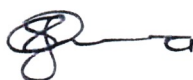
The Council is responsible for the preparation and presentation of the University's financial statements, which give a true and fair view of the state of affairs of the University for and as at the end of the financial year ended on June 30, 2018. This responsibility includes: (i) maintaining adequate 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 entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the University; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Council accept responsibility for the University's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the Universities' Act. The Council is of the opinion that the University's financial statements give a true and fair view of the state of the University's transactions during the financial year ended June 30, 2018, and of the University's financial position as at that date. The Council further confirms the completeness of the accounting records maintained for the University, which have been relied upon in the preparation of the University's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

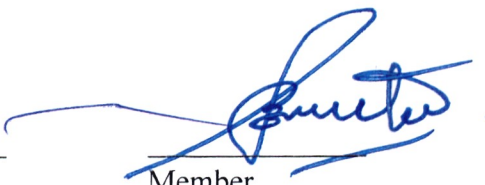
14TH NOVEMBER 2018
The University's financial statements were approved by the University Council on ~~14TH NOVEMBER 2018~~ and signed on its behalf by:



Chairman of Council



Vice Chancellor



Member

REPUBLIC OF KENYA

Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: oag@oagkenya.go.ke
Website: www.kenao.go.ke



P.O. Box 30084-00100
NAIROBI

OFFICE OF THE AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON KIBABII UNIVERSITY FOR THE YEAR ENDED 30 JUNE 2018

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Kibabii University set out on pages 1 to 44, which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Kibabii University as at 30 June 2018, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with Kibabii University Charter, 2016.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of Kibabii University in accordance with ISSAI 30 on Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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. These matters were addressed in the context of the audit of the financial statement as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. For each matter there were no key audit matters to report in the year under review.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, based on the audit procedures performed, I confirm that, nothing has come to

Report of the Auditor-General on the Financial Statements of Kibabii University for the year ended 30 June 2018

my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Over- deduction on Staff Salaries

Scrutiny of the payroll revealed that salaries for a number of staff had deductions of more than two thirds of their basic pay as summarized in the table below.

Analysis of Affected Staff Out of the Total 350 with Less than 1/3 (30%) Rule Salary							
Month Ending	Category						
	0-10%		11-20%		21-30%		Total
	No. of Staff	%	No. of Staff	%	No. of Staff	%	
July 2017	24	27%	29	33%	36	40%	89
February 2018	9	15%	29	47%	24	39%	62
April 2018	14	20%	25	36%	31	44%	70
June 2018	19	23%	32	38%	33	39%	84

In the circumstances, the University did not comply with Section 19(3) of the Employment Act, 2007 and Section C (1)(3) of the Public Service Commission Human Resource Manual of May 2016 which permits an employer to make deduction from an employee's salary provided the employee takes home is not less than one-third of his salary.

2. Unsustainable Expenditure on Employee Costs

Review of the statement of financial performance revealed that the employee cost of Kshs.758,957,443 constitute 68% of the total revenue of Kshs.1,111,763,499 contrary to Section 26(1a) of the Public Financial Management Act-National Government Regulations, 2015, which puts a cap at 35% of the total receipts. In the circumstances, the University did not comply with the law

3. Long Overdue Fee Collection Arrears

Review of the financial statements revealed that the University had outstanding student fee debtors totalling Kshs.269,633,172 as at 30 June 2018. However, a debtors' aging analysis revealed that Kshs.31,197,256 remained outstanding for over 1 year in contravention of the University's fees management policy. In the circumstances, huge fees arrears will impact negatively on the University's budget implementation due to low revenue collection.

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 Article 229(6) of the Constitution, based on the procedures performed, except for the matter described in the Conclusion on Effectiveness of Internal Controls, Governance and Risk Management Systems section of my report, I confirm that, nothing has come to my attention to cause me to believe that public money has not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 1315 and ISSAI 1330. 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 governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

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

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

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

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

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

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

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

In addition to the audit of the financial statements, a compliance review is planned and performed to express a conclusion with limited assurance as to 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 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. The nature, timing and extent of the compliance work is limited compared to that designed to express an opinion with reasonable assurance on the financial statements.

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

Because of its inherent limitations, internal control may not prevent or detect misstatements and instances of 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:

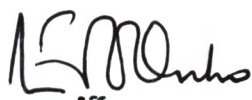
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for

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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and for the purpose of giving an assurance on the effectiveness of the University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University's ability to continue as a going concern or to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the University to cease to continue as a going concern or 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 control that are identified during the audit.

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



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

Nairobi

17 January 2019

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2017-2018	2016-2017
		Kshs	Kshs
Revenue from non-exchange transactions			
Other Organizational Grants	6	4,684,665	310,000
Public contributions and donations	7	587,110	3,212,630
Exchequer Grants	8	578,650,261	285,670,750
Other Incomes	9	19,815,690	22,203,106
		603,737,726	311,396,486
Revenue from exchange transactions			
Rendering of services- Tuition Fees	10	355,116,730	384,566,000
IGU Incomes	11	21,588,750	20,136,550
Rental revenue	12	2,559,700	2,866,800
Administrative Revenue	13	128,760,593	127,006,821
Total revenue from exchange transactions		508,025,773	534,576,171
Total Revenue		1,111,763,499	845,972,657
Expenses			
Employee costs	14	758,957,443	568,859,005
Remuneration of Council Members	15	10,830,969	11,941,628
Depreciation and amortization expense	16	76,032,324	40,240,142
Repairs and maintenance	17	7,827,223	7,777,475
General expenses	18	204,935,674	183,885,668
Marketing Costs	19	7,119,849	5,862,144
Total expenses		1,065,703,482	818,566,062
Surplus before tax		46,060,017	27,406,595
Taxation		-	-
Surplus/(deficit) for the period/year		46,060,017	27,406,595
Remission to National Treasury		-	-
Net Surplus for the year		46,060,017	27,406,595

The notes set out on pages 11 to 38 form an integral part of these Financial Statements

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Notes	2017-2018	2016-2017
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	20	123,888,544	136,044,749
Receivables from exchange transactions	21	270,207,917	190,356,801
Inventories	22	16,910,382	8,041,155
		411,006,843	334,442,705
Non-current assets			
Property, plant and equipment	23	1,995,348,326	2,037,163,398
Intangible assets	24	18,105,048	-
		2,013,453,374	2,037,163,398
Total assets		2,424,460,217	2,371,606,103
Liabilities			
Current liabilities			
Trade and other payables from exchange transactions	25	127,769,349	95,994,677
Refundable deposits from customers	26	16,511,776	37,884,572
Provisions	27	55,249,896	39,630,668
		199,531,021	173,509,917
Total liabilities		199,531,021	173,509,917
Net assets		2,224,929,196	2,198,096,186
Reserves		2,016,328,623	2,035,555,630
Accumulated surplus		208,600,573	162,540,556
Capital Fund		2,224,929,196	2,198,096,186
Total net assets and liabilities		2,424,460,217	2,371,606,103

The Financial Statements set out on pages 1 to 38 were signed on behalf of the University Council by:

Prof. Isaac I Odeo
Vice Chancellor

CPA Benjamin M. Oduori
ICPAK Member Number: 7492
Head of Finance

Dr. Ernest Mwangi Njoroge
Chairman of Council

Date: 14/11/2018

Date: 14/11/2018

Date: 14/11/18

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2018

	Capital Reserves	Revaluation reserves	Revenue Reserves	Total
At July 1, 2016	362,552,705	1,407,099,296	97,182,525	1,866,834,526
Revaluation gain	-	27,386,000	-	27,386,000
Total comprehensive income	-	-	27,406,595	27,406,595
Capital/Development grants received during the year	238,517,630	-	-	238,517,630
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	37,951,436	37,951,436
At June 30, 2017	601,070,335	1,434,485,296	162,540,556	2,198,096,187
At July 1, 2017	601,070,335	1,434,485,296	162,540,556	2,198,096,187
Revaluation gain	-	-	-	-
Total comprehensive income	-	-	46,060,017	46,060,017
Capital/Development grants received during the year	588,682	-	-	588,682
Transfer of depreciation/amortisation from capital fund to retained earnings	(19,815,690)	-	-	(19,815,690)
At June 30, 2018	581,843,327	1,434,485,296	208,600,573	2,224,929,196

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018

		2017-2018	2016-2017
		Kshs	Kshs
Cash flows from operating activities			
Receipts			
Other Organizational Grants	6	4,684,665	310,000
Public contributions and donations	7	587,110	195,000
Exchequer Grants	8	578,650,261	285,670,750
Rendering of services		253,892,818	384,566,000
IGU Revenue	11	21,588,750	20,136,550
Rental revenue	12	2,559,700	2,866,800
Administrative Revenues	13	128,760,593	127,006,821
Total Receipts		990,723,897	820,751,921
Payments			
Compensation of employees		743,338,215	557,832,138
Remuneration of directors	15	10,830,969	11,941,628
General expenses		181,752,747	183,887,101
Repairs and Maintenance	17	8,104,703	7,777,475
Marketing Costs	19	7,119,849	5,862,144
Total Payments		951,146,483	767,300,486
Net cash flows from operating activities	28	39,577,414	53,451,435
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets		(51,733,619)	(255,332,497)
Proceeds from sale of property, plant and		0	9,843,124
Net cash flows used in investing activities		(51,733,619)	(245,489,373)
Cash flows from financing activities			
Capital Development Grants		-	235,500,000
Net cash flows used in financing activities		-	235,500,000
Net increase/(decrease) in cash and cash equivalents		(12,156,205)	43,462,062
		(12,156,205)	43,462,062
Cash and cash equivalents at 1 JULY	20	136,044,749	92,582,687
Cash and cash equivalents at 30 JUNE	20	123,888,544	136,044,749

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2018

KIBABII UNIVERSITY							
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018							
ITEM CODE	BUDGET SUMMARY DETAILS	ORIGINAL BUDGET 2017/2018 KShs.	ADJUSTMENT 2017/2018 KShs.	FINAL BUDGET 2017/2018 KShs.	ACTUALS ON COMPARABLE BASIS 2017/2018 KShs.	PERFORMANCE DIFFERENCE 2017/2018 KShs.	% VARIATION NOTES
	INCOME						
	Income from Exchequer						
100	Exchequer Grants	439,908,354	138,741,903	578,650,257	578,650,257	-	0
	Income from Other Government Agencies						
101	National Research Fund; ICT Grant	-	64,600,000	64,600,000	-	64,600,000	100
102	National Research Fund; Student Research Grants	-	3,838,000	3,838,000	3,838,000	-	0
	Sub - Total	-	68,438,000	68,438,000	3,838,000	64,600,000	
	Income from Non-Governmental Agencies						
103	European Union - AHEAD Project Grant	-	-	896,664	896,664	-	0
	Sub - Total	-	-	896,664	896,664	-	0
	Appropriations in Aid (A-I-A)						
104	Tuition Fees	241,494,449	26,404,293	267,898,742	295,014,125	(27,115,383)	-10
105	Administrative & Related Charges	69,832,160	8,055,840	77,888,000	83,381,368	(5,493,368)	-7
106	Students Accommodation Fees	8,920,000	650,000	9,570,000	9,347,212	222,788	2
107	10 % Research Income	5,000,000	-	5,000,000	-	5,000,000	100
108	Field Trips/Attachment/School Practice Courses	11,120,000	4,733,500	15,853,500	16,055,860	(202,360)	-1
109	Alumni Association Fee	-	1,204,000	1,204,000	1,204,000	-	0
	Sub - Total	336,366,609	41,047,633	377,414,242	405,002,565	(27,588,323)	
	Income from IGU's						
106	Rental Income & other Income	7,706,282	573,944	8,280,226	8,923,915	(643,689)	-8
	Sub - Total	7,706,282	573,944	8,280,226	8,923,915	(643,689)	
	Total A-I-A	344,072,891	41,621,577	385,694,468	413,926,479	(28,232,011)	
	Gross Income	783,981,245	248,801,480	1,033,679,389	997,311,400	36,367,989	
	EXPENDITURE						
	(i) Administrative Costs						
	(a) Compensation to Employees						

000	Personal Emoluments	236,587,980	120,140,443	356,728,423	353,709,966	3,018,457	1
001	Gratuity & Pensions Contributions	47,317,596	3,063,316	50,380,912	49,465,453	915,460	2
002	House Allowance	128,305,740	3,000,000	131,305,740	130,831,520	474,220	0
003	Other Personal Allowances	25,563,840	1,642,891	27,206,731	27,230,294	(23,563)	0
004	House to Office Allowance	39,204,000	(4,000,000)	35,204,000	32,915,097	2,288,903	7
005	Passage and Leave Expenses	2,976,677	-	2,976,677	2,802,744	173,933	6
006	Part-Time Lecturers Costs and PSSP Disbursements	48,000,000	13,155,520	61,155,520	61,155,520	-	0
	Sub - Total	527,955,833	137,002,170	664,958,003	658,110,594	6,847,409	
	(b) Staff and Students Welfare						
200	Medical Expenses	15,700,000	8,868,728	24,568,728	22,637,484	1,931,244	8
201	Inter-University Games & other Students Activities	2,000,000	300,000	2,300,000	2,086,989	213,011	9
202	Purchase of Uniforms & Clothing & soaps	372,248	310,000	682,248	677,740	4,508	1
203	Public Celebrations & Staff Welfare	207,062	(60,000)	147,062	136,740	10,322	7
204	Students Expenses	2,985,800	363,300	3,349,100	3,246,195	102,905	3
205	Choir, Drama & Clubs	1,225,120	368,700	1,593,820	1,470,184	123,636	8
206	Coaching & Mentoring	260,770	-	260,770	173,720	87,050	33
207	HIV & AIDS, Gender Mainstreaming, Disability Mainstreaming and other related activities	437,765	-	437,765	201,945	235,820	54
208	Purchase of Sports Equipment	360,000		360,000	350,810	9,190	3
209	Students Admission Expenses	457,842	-	457,842	266,439	191,403	42
210	SGC Elections & Training	1,258,959	-	1,258,959	472,000	786,959	63
212	KIBUCOSA-SGC	2,400,000	-	2,400,000	2,185,980	214,020	9
213	Transport Operating Expenses	6,050,000	1,930,000	7,980,000	7,947,590	32,410	0
214	Travelling & Accommodation Expenses	5,124,869	2,200,300	7,325,169	6,702,923	622,246	8
215	External Travelling & Accommodation Exp.	900,361	4,369	904,730	949,220	(44,490)	-5
216	Postal & Telegram Expenses	250,000		250,000	247,475	2,525	1
217	Telephone Expenses	3,100,000	-	3,100,000	3,030,003	69,997	2
218	Office Expenses	1,185,740	(550,000)	635,740	580,854	54,886	9
219	Purchase of Stationery	4,200,000	2,083,000	6,283,000	6,268,583	14,417	0
220	Council Expenses	9,000,000	900,000	9,900,000	9,870,969	29,031	0
221	Audit Fees & Expenses	586,231	(580,000)	6,231	5,600	631	10
222	Purchase of Computers, Printers & Other ICT Infrastructure	5,662,541	-	5,662,541	5,383,663	278,878	5
223	Legal & Insurance Expenses	2,928,787	3,297,089	6,225,876	5,802,143	423,733	7
224	Recruitment & Training Expenses	1,907,399	510,000	2,417,399	2,368,120	49,279	2
225	Purchase of Motor Vehicles	15,116,000	-	15,116,000	15,116,000	-	0
226	Purchase of Plant, Furniture & Equipment	2,015,342	624,500	2,639,842	2,595,674	44,168	2

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227	Performance Contracting Projects	722,475	(380,000)	342,475	335,340	7,135	2
228	Purchase of Newspapers	1,500,000	(558,639)	941,361	912,486	28,875	3
229	Purchase of ERP System	9,500,000	(1,300,000)	8,200,000	8,176,821	23,179	0
231	Strategic and Master Plan Implementation & Monitoring	715,000	(50,000)	665,000	615,600	49,400	7
232	Consultancy & Valuation Expenses	875,420	200,000	1,075,420	1,021,400	54,020	5
233	Town Learning Centre Expenses	250,000	(250,000)	-	-	-	-
234	Turkana Learning Centre	44,000	(4,000)	40,000	37,500	2,500	6
235	Contingencies	200,000	(200,000)	-	-	-	-
236	Performance Contracting	1,346,970	(220,000)	1,126,970	1,194,650	(67,680)	-6
237	ISO Implementation	4,485,214	1,050,000	5,535,214	5,363,978	171,236	3
238	IGU Development Expenses	410,607	-	410,607	36,510	374,097	91
	Sub - Total	105,742,522	18,857,346	124,599,869	118,469,328	6,130,541	
	(c) Academic (Teaching, Research, Consultancy & Extension)						
300	Field Trips/Attachments/School Practice supervision	7,000,000	15,530,000	22,530,000	22,527,962	2,038	0
301	Examination Expenses	2,500,000	727,720	3,227,720	2,932,270	295,450	9
302	External Examiners	2,037,872	413,677	2,451,549	2,378,154	73,395	3
303	Internet Services	8,500,000	-	8,500,000	8,270,315	229,685	3
304	Deans & Senate Committees	480,000	(264,800)	215,200	216,200	(1,000)	0
305	Seminars and Workshops	2,015,338	200,000	2,215,338	2,136,135	79,203	4
306	Graduation Expenses	13,500,000	1,958,817	15,458,817	15,499,883	(41,066)	0
307	Open & Cultural Day Expenses	936,795	-	936,795	925,700	11,095	1
308	Library Expenses & Bindery	584,625	693,068	1,277,693	1,213,057	64,636	5
309	Books & Journals	8,000,000	(50,000)	7,950,000	7,889,489	60,511	1
310	Bookshop Expenses	107,916	(107,916)	-	-	-	-
311	Caution Money	588,990	(990)	588,000	588,000	-	0
312	Hire of Transport, Plant & Machinery	112,124	-	112,124	91,000	21,124	19
313	Community Based Edu. & Extension services	360,000	(68,728)	291,272	291,272	-	0
314	University Research & conferences	4,224,435	40,000	4,264,435	4,255,205	9,231	0
315	Quality Assurance	4,422,760	1,000,000	5,422,760	5,077,455	345,305	6
316	Laboratory Equipment	4,367,426	(650,000)	3,717,426	3,542,904	174,522	5
317	Teaching Materials	3,794,951	(1,200,000)	2,594,951	2,424,966	169,985	7
318	School of Nursing Development Expenses	-	2,000,000	2,000,000	1,859,600	140,400	7
319	Student Research Grant Expenses	-	3,838,000	3,838,000	3,838,000	-	0
320	AHEAD Research Project Expenses	-	896,664	896,664	815,879	80,785	9
321	ICT Equipment Grant Expenses	-	64,600,000	64,600,000	-	64,600,000	100
	Sub - Total	63,533,232	89,555,512	153,088,743	86,773,445	66,315,299	
	(d) Support Services						

400	Utilities (Electricity, Water & Conservancy)	15,000,000	(720,000)	14,280,000	14,272,072	7,928	0
401	Payment of Rent & Rates	10,000,000	910,900	10,910,900	10,397,655	513,245	5
402	Maintenance of Catering & Hostel Facilities	248,679		248,679	226,000	22,679	9
403	Cleaning Services	18,000,000	972,816	18,972,816	18,972,816	-	0
404	Maintenance of Plant, Furniture & Equipment	1,682,965	(200,000)	1,482,965	1,409,435	73,530	5
405	Maintenance of Computers	1,425,256	200,000	1,625,256	1,594,531	30,725	2
406	Maintenance of Buildings	1,545,643	227,186	1,772,829	1,628,952	143,877	8
407	Affiliation, Contract Services, Subscriptions & Accreditation KUCCPS& CUE	3,800,000	(1,800,000)	2,000,000	1,580,717	419,283	21
408	Maintenance of Water Supplies & Sewerage	271,820	50,000	321,820	315,720	6,100	2
409	Maintenance of Playgrounds & Parks	370,000	(288,374)	81,626	77,385	4,241	5
410	Security Services	14,000,000	1,449,982	15,449,982	14,745,868	704,114	5
412	Fungicides & Insecticides & Sprays & sanitary disposals expenses	2,002,568	758,606	2,761,174	2,575,200	185,974	7
413	Catering Expenses	15,000,000	(1,288,000)	13,712,000	13,708,846	3,154	0
	Sub - Total	83,346,931	273,116	83,620,047	81,505,196	2,114,851	
	Total Administrative Costs	780,578,518	245,688,145	1,026,266,662	944,858,563	81,408,100	
	(ii) Marketing Costs						
500	Advertising & Publicity	2,514,870	4,000,000	6,514,870	6,280,805	234,065	4
501	Publishing & Printing Expenses	267,736	10,000	277,736	271,941	5,795	2
502	Show Expenses & University Exhibitions	620,121	-	620,121	567,103	53,018	9
	Sub - Total	3,402,727	4,010,000	7,412,727	7,119,849	292,878	
	Total Marketing Costs	3,402,727	4,010,000	7,412,727	7,119,849	292,878	
	Gross Expenditure	783,981,244	249,698,145	1,033,679,389	951,978,412	81,700,977	
	Budget Surplus/Deficit	0		(0)	46,332,988		

NOTES TO THE BUDGET VARIANCES

i. National Research Fund; ICT Grant

The University was awarded an ICT grant of kshs 64.6m from the National Research Fund which is to be used for ICT infrastructure development for the School of Computing and Informatics. This award is yet to be disbursed hence the 100% Variance.

ii. 10% Research Income

The University worked on and submitted several proposals for donor funding, unfortunately a number were not successful. The two that were successful (ICT Infrastructure; 64.6m and AHEAD project) did not have a provision for the 10% administrative cost that goes to the university, hence the 100% negative variation on this income stream. The University is however hopeful that in the FY2018/2019, it will realize some income from this stream through the AHEAD Project and others.

iii. Coaching & Mentorship

The 33% under expenditure in this vote was as a result of the prolonged lecturer's strike which affected the Academic calendar.

iv. HIV & AIDS, Gender Mainstreaming, Disability Mainstreaming and Other Related Activities

The 42% under expenditure in this vote was as a result of the prolonged lecturer's strike which affected the Academic Calendar.

v. Students admission expenses

The University did not have January and May intakes for the academic year 2017/2018; this was as a result of the prolonged election period as well as academic and non-teaching staff strikes which affected the semester dates.

vi. SGC elections & training

SGC elections were scheduled to take place in Quarter three, however, the activity, did not take place due to disruption of normal University program due to the lecturer's strike.

vii. IGU development expenses

The University established a Directorate during the FY2017/2018. The Directorate was only able to utilize a small portion of the allocation under this vote and worked on various proposals for

implementation during the FY2018/2019 where the funds will then be utilize to fund the different proposals.

viii. Hire of Transport, Plant & Machinery

The University acquired additional Vehicles which resulted in a reduction on cost of hire of transport hence the saving on this vote head.

ix. NRF ICT Equipment Grant Expenses

The university was unable to incur any cost in the purchase and installation of ICT equipment because the donor is yet to disburse the funds to the University.

x. Affiliation, Contract Services, Subscriptions & Accreditation

The University normally pays some subscriptions in foreign currency and a provision had been made for fluctuations in exchange rates which remained favourable during the year resulting in a saving on the vote head.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Kibabii University is established by Kibabii University Charter 2015 and derives its authority and accountability from the University Act 2012. The University is wholly owned by the Government of Kenya and is domiciled in Kenya. The University's principal activity is to provide teaching, research and extension services.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

Kibabii University's 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. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the University's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 27

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of the 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. Relevant new standards and amendments to published standards effective for the year ended 30 June 2018

Standard	Impact
IPSAS 39: Employee Benefits	Applicable: 1st January 2018 The objective to issue IPSAS 39 was to create convergence to changes in IAS 19 Employee benefits. The IPSASB needed to create convergence of IPSAS 25 to the amendments done to IAS 19. The main objective is to ensure accurate information relating to pension liabilities arising from the defined benefit scheme by doing away with the corridor approach. The University does not operate a defined benefit pension scheme and was not affected by this standard

ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2018

Standard	Effective date and impact:
IPSAS 40: Public Sector Combinations	Applicable: 1st January 2019: The standard covers public sector combinations arising from exchange transactions in which case they are treated similarly with IFRS 3(applicable to acquisitions only) Business combinations and combinations arising from non-exchange transactions which are covered purely under Public Sector combinations as amalgamations.

iii. Early adoption of standards

Kibabii University did not early – adopt any new or amended standards in year ended 2018.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds

ii) Revenue from exchange transactions

Rendering of services

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

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

Sale of goods

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

Rental income

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

b) Budget information

The original budget for FY 2017-2018 was approved by the National Assembly on 15th June, 2017. Subsequent revisions and additional appropriations were made to the approved budget in accordance with specific approvals from the University Council. The additional appropriations were added to the original budget by the University upon receiving the Council approvals in order to conclude the final budget. Accordingly, the University recorded additional appropriations of kshs. 249 million on the 2017-2018 budgets following the Council's approval.

The University's budget is prepared on the same basis as 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, the budget is also prepared on accrual basis. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, has been presented in the statement of comparison of budget and actual amounts.

c) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 50-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

d) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the entity 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.

Fixed Assets are stated at cost or valuation, less accumulated depreciation. Depreciation is calculated on straight line basis, at annual rates estimated to write off of carrying values of the assets over their expected useful lives. Assets acquired during the year are depreciated from the date of acquisition.

The annual depreciation rates in use are:

Building	2%
Furniture, plant and equipment	12.5%
Motor Vehicles	25%
Computers	33.3%
Library books	20%

Freehold land is not depreciated as it is deemed to have an infinite life

e) Leases

Finance leases are leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Entity. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The Entity also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Entity will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the Entity. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

f) Intangible assets

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

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

g) Research and development costs

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

h) Inventories

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

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

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

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

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

i) Provisions

Provisions are recognized when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

The University provides for bad and doubtful debts at a rate of 5% on the value of debtors at the end of the financial year. This amount is recognised as an expense in the statement of financial performance.

Contingent liabilities

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

Contingent assets

The University does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the 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, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

Nature and purpose of reserves

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Revaluation Reserves

This represents the change in values of assets after a revaluation that was undertaken during the FY2013/2014. It represents the value of assets previously owned by Kibabii Diploma Teachers Training College transferred to Kibabii University. If the carrying amount of a class of assets is increased as a result of revaluation, the increase is credited directly to revaluation surplus. If the carrying amount of a class of assets is decreased as a result of revaluation, the decrease is recognized in surplus or deficit. Revaluation increases and decreases relating to Individual assets within a class of property plant and equipment is offset against others within the class. Some or

the entire revaluation surplus included in net assets/equity in respect of property, plant and equipment is transferred directly to accumulated surpluses or deficit when the assets are derecognized either by disposing or retiring it.

Capital Reserves

This represents the values of Assets capitalized as a result of Capital development funding received from the Government of Kenya through the Ministry of Education state department of University Education.

Revenue Reserves

This represents Surplus or deficits incurred/ accumulated over time by the University as a result of its activities.

j) Changes in accounting policies and estimates

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

k) Employee benefits

Retirement benefit plans

The University provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current

NOTES TO THE FINANCIAL STATEMENTS (Continued)

and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

Staff Annual Leave Accrual

Employee entitlements of annual leave are recognized when they accrue to the employees. A provision is made for the estimated liability for annual leave as a result of services rendered by the employee up to the balance sheet date

l) Foreign currency transactions

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

m) Related parties

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

n) Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

o) Comparative figures

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

p) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2018.

5. SIGNIFICANT JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the University. Such changes are reflected in the assumptions when they occur as per IPSAS 1.140.

Useful lives and residual values

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

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determines an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 26.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

6. OTHER ORGANIZANATIONAL GRANTS

Description	2017-2018	2016-2017
	KShs	KShs
Actual		
European Union- AHEAD Project Grant	896,665	-
Research Grants to Students	3,788,000	310,000
Total property taxes revenue	4,684,665	310,000

7. PUBLIC CONTRIBUTIONS AND DONATIONS

Description	2017-2018	2016-2017
	KShs	KShs
Abno Softwares Limited	200,000	-
Eldoret Hospital	125,000	-
Robu Cleaning Services	100,000	-
Staff Members	42,110	-
others	70,000	-
Kenya Commercial Bank	50,000	
Family Bank	-	75,000
Nzoia Water Services- Graduation	-	100,000
Andrian technology co. Ltd	-	20,000
Donation of books	-	3,017,630
Total	587,110	3,212,630

These are donations received from individuals and corporate bodies to support the University's activities

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. TRANSFERS FROM MINISTRIES, DEPARTMENTS AND AGENCIES

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income KShs	Amount deferred under deferred income KShs	Amount recognised in capital fund. KShs	Total grant income during the year KShs	2017-2018 KShs
Ministry of Education State Department of University Education and Research	578,650,261	-	-	578,650,261	578,650,261
Total	578,650,261	-	-	578,650,261	578,650,261

The details of the reconciliation have been included under appendix III

9. OTHER INCOME – DEPRECIATION ON BUILDING

Description	2017-2018 KShs	2016-2017 KShs
Deferred Income (Depreciation on Building)	19,815,690	21,348,676
Revaluation Surplus	-	854,430
Total deferred income	19,815,690	22,203,106

- 9(b) Development grants from national government or other development partners should be accounted for in accordance with IPSAS 23 – Revenue from non-exchange transactions. As described under IPSAS 23:14-16, such transfers/grants have stipulations which can be either conditions or restrictions on the transferred assets on which the entity is expected to use or consume the future economic benefit or service potential embodied in an asset for a particular purpose. The transfers from national Government have conditions, i.e., they can only be used for development purposes and hence should be accounted for as provided for under IPSAS 23: paragraph 17 and 44 which states that the entity should recognize the assets and liability. The liability is then recognized in the income statement over the useful life of development assets acquired using the development grants. This will happen after the asset is completed. While the asset is still in progress, no recognition should be done in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

10. RENDERING OF SERVICES

Description	2017-2018	2016-2017
	KShs	KShs
Tuition fees	355,116,730	384,566,000
Total revenue from the rendering of services	355,116,730	384,566,000

This is the University's main source of revenue from exchange transaction which is fees paid by students for purposes of accessing teaching services from the University

11. OTHER IGU REVENUES

Description	2017-2018	2016-2017
	KShs	KShs
Sale of goods		
Catering Income	6,169,963	6,627,770
Accommodation Income	14,781,219	13,338,533
Grass income	8,420	18,730
Photocopying & Bindery Services	101,338	105,342
Hire income	527,810	46,175
Total revenue from the sale of goods	21,588,750	20,136,550

12. RENTAL REVENUE

Description	2017-2018	2016-2017
	KShs	KShs
Staff House rent	2,559,700	2,866,800
Contingent rentals	-	-
Total rentals	2,559,700	2,866,800

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. ADMINISTRATIVE REVENUE

Description	2017-2018	2016-2017
	KShs	KShs
Activity Fee	7,552,000	7,486,950
Agency Fee	243,193	157,976
Amenity Fee	7,364,320	7,186,100
Application Fee	903,648	811,212
Alumni fee	1,769,000	799,000
Computer Charge - Fines & Penalties	500,600	9,793,100
Computer Fees	36,772,555	30,841,430
Examination fees	9,636,250	9,594,925
Identity Card	607,800	998,500
SGC Collections	3,021,500	2,986,900
Library fee	465,000	405,180
Medical Subsidy	12,186,360	11,804,500
Registration Fee	1,267,050	1,380,100
School Practice & Attachment/log	22,172,100	21,585,902
Supervision	7,861,050	6,037,050
Thesis Examination Fees	4,362,750	3,664,875
CUE Fees	1,944,550	2,396,250
KUCCPS Fees	1,673,550	1,791,000
Graduation fee	7,515,055	6,005,550
Workshops & Conferences Fee	382,161	446,500
Sundry Income	560,101	833,821
Total other income	128,760,593	127,006,821

NOTES TO THE FINANCIAL STATEMENTS (Continued)

14. EMPLOYEE COSTS

	2017-2018	2016-2017
	KShs	KShs
Salaries and wages	609,494,897	483,660,589
Employee related costs - medical aids	22,637,484	30,931,385
Part time payments	126,825,062	54,267,031
Employee costs	758,957,443	568,859,005

15. REMUNERATION OF COUNCIL MEMBERS

Description	2017-2018	2016-2017
	KShs	KShs
Chairman's Honoraria	960,000	960,000
Council Member Allowances	1,480,000	2,180,000
Council transport and meal expenses	8,390,969	8,801,628
Total Council expenses	10,830,969	11,941,628

16. DEPRECIATION AND AMORTIZATION EXPENSE

Description	2017-2018	2016-2017
	KShs	KShs
Property, plant and equipment	66,993,372	40,240,142
Intangible assets	9,038,952	-
Total depreciation and amortization	76,032,324	40,240,142

17. REPAIRS AND MAINTENANCE

Description	2017-2018	2016-2017
	KShs	KShs
Maintenance of Catering & Hostel Facilities	2,801,200	2,851,567
Maintenance of Plant, Furniture & Equipment	1,686,915	1,434,777
Maintenance of Building & Stations	1,628,952	1,658,252
Maintenance of Water Suppliers & Sewerage	315,720	321,397
Maintenance of Playgrounds & Parks	77,385	78,776
Maintenance of Computers	1,594,531	1,432,706
Total repairs and maintenance	8,104,703	7,777,475

NOTES TO THE FINANCIAL STATEMENTS (Continued)

18. GENERAL EXPENSES

Description	2017-2018	2016-2017
	KShs	KShs
Senate expenses	216,200	398,290
Affiliation fees	1,580,717	4,068,339
Audit fees	5,600	507,180
Bank charges	284,499	311,146
Choir, drama & clubs	1,470,184	1,225,120
Cleaning services	18,972,816	21,995,608
Community based education. Environment & Extension services	291,272	364,382
Internet expenses	8,270,315	8,252,728
Couching & mentoring	173,720	201,450
Cultural & careers week	925,700	926,795
Electricity, water & conservancy	14,272,072	14,007,405
ERP & ICT expenses	-	1,336,926
Examination expenses	2,932,270	1,993,230
External examiners	2,378,154	2,285,791
Travel & accommodation	7,652,143	8,247,599
Graduation expenses	15,499,883	9,267,796
Hire of transport	91,000	-
HIV/AIDS expenses	201,945	125,128
Income generating units development expense	36,510	103,980
Income generating units expense	13,746,346	15,934,736
Insurance and legal expenses	5,802,143	6,579,568
Inter-university games	2,086,989	1,862,700
ISO & Performance Contracting Expenses	6,558,628	3,108,944
Library expenses	1,213,057	1,468,078
Motor vehicle expenses	7,947,590	7,865,868
Official entertainment	1,493,340	670,001
Passage & package	2,802,744	-
Performance contracting projects	335,340	2,156,869
Postal and Courier Services	247,475	237,334
Provision for audit fees	580,632	582,231
Provision for bad and doubtful debts (Decrease)/increase	4,053,779	742,361
Public celebrations & funerals	136,740	169,438
Purchase of sports equipment	350,810	265,500
Purchase of stationery	6,268,583	9,104,655

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Quality assurance	5,077,455	4,409,289
Rent and rates	10,397,655	14,177,174
Research expenses	4,679,403	1,196,461
School practice	22,527,962	8,077,839
Security services	14,468,388	14,104,056
Seminars & conferences	2,136,135	1,037,990
SGC elections & training	472,000	480,000
SGC expenses	2,185,980	2,206,950
Recruitment & Training	2,368,120	1,350,775
Strategic Plan & Master Plan expenses	615,600	-
Student expenses	3,246,195	2,549,235
Teaching material	3,411,800	3,998,828
Telephone expenses	3,030,003	3,016,875
Tender expenses & other administrative charges	1,162,302	913,020
Total general expenses	204,658,194	183,885,668

19. MARKETING COSTS

Description	2017-2018	2016-2017
	KShs	KShs
Advertising & Publicity	6,280,805	4,550,814
Publishing and Printing	271,941	976,230
University Shows & Exhibitions	567,103	335,100
Total finance costs	7,119,849	5,862,144

20. CASH AND CASH EQUIVALENTS

Description	2017-2018	2016-2017
	KShs	KShs
Current account	121,865,824	135,911,966
Fixed deposits account	2,000,000	-
Total cash and cash equivalents	123,865,824	135,911,966

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 (a). DETAILED ANALYSIS OF THE CASH AND CASH EQUIVALENTS

Financial institution	Account number	2017-2018	2016-2017
		KShs	KShs
a) Current account			
Kenya Commercial Bank Limited	1132024889	19,753,003	30,855,582
Kenya Commercial Bank Limited	1137408375	9,293,348	15,498,457
Kenya Commercial Bank Limited	1137408286	17,925,664	22,030,827
National Bank of Kenya Limited	01281076872600	437,921	510,383
National Bank of Kenya Limited	01001076872600	16,303,781	14,604,147
Equity Bank Limited	0480261211508	5,696,355	7,494,459
Equity Bank Limited	0500261717898	492,863	3,633,173
Standard Chartered Bank	01020282721	14,834,173	12,282,363
Family Bank Limited	077000029979	31,732,176	28,265,972
Co-operative Bank of Kenya Ltd	01129669927300	3,450,633	-
Barclays Bank of Kenya Limited	2028252628	1,945,907	736,603
Sub- total		121,865,824	135,911,966
c) Fixed deposits account			
Equity Bank Limited	0480369612597	2,000,000	-
Sub- total		2,000,000	-
e) Others(specify)			
Cheques in transit		-	10,000
cash in hand		22,720	54,250
Petty Cash		-	68,533
Sub- total		22,720	132,783
Grand total		123,888,544	136,044,749

21. RECEIVABLES FROM EXCHANGE TRANSACTIONS

Description	2017-2018	2016-2017
	KShs	KShs
Current receivables		
Students fees debtors	269,633,172	188,557,595
Less: Provision for bad debts	(13,481,659)	(9,427,880)
Staff debtors	4,752,609	1,923,291
Other debtors	9,303,795	9,303,795
Total current receivables	270,207,917	190,356,801
Total receivables	270,207,917	190,356,801

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. INVENTORIES

Description	2017-2018	2016-2017
	KShs	KShs
Consumable stores	4,016,759	3,565,574
Medical supplies & Laboratory Chemicals	6,580,945	615,430
Electrical, Building & plumbing materials	5,375,210	2,411,955
Catering	937,468	1,448,196
Total inventories at cost	16,910,382	8,041,155

Kibabii University Annual Report and Financial Statements For the year ended June 30, 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. PROPERTY, PLANT AND EQUIPMENT

Cost	LAND	BUILDINGS	W.L.P	PLANT AND EQUIPMENT	COMPUTER S, PRINTERS & COPIERS	FURNITURE & FITTINGS	MOTOR VEHICLES	LIBRARY BOOKS	Total	Shs
At 1 July 2016	96,152,728	990,784,520	658,127,359	16,675,060	21,546,133	49,864,014	28,360,158	30,802,209	1,892,312,181	
Valuation	-	-	-	-	-	-	27,386,000	-	27,386,000	
Additions	-	-	242,300,000	-	5,723,382	3,218,800	-	4,090,315	255,332,497	
Donations	-	-	-	-	119,000	-	-	2,898,630	3,017,630	
Transfers/adjustment s	-	-	-	-	-	-	-	-	-	
At 30 th June 2017	96,152,728	990,784,520	900,427,359	16,675,060	27,388,515	53,082,814	55,746,158	37,791,154	2,178,048,308	
Additions	-	-	18,882,800	2,803,314	5,553,199	1,723,000	15,116,000	7,655,306	51,733,619	
Donations	-	-	-	-	-	-	-	588,682	588,682	
Transfer/adjustments	-	-	-27,144,000	-	-	-	-	-	-27,144,000	
At 30 th June 2018	96,152,728	990,784,520	892,166,159	19,478,374	32,941,714	54,805,814	70,862,158	46,035,142	2,203,226,609	
Depreciation and impairment	-	-	-	-	-	-	-	-	-	
At 1 July 2016	-	37,952,867	-	5,645,007	15,578,545	17,906,445	17,401,463	6,160,441	100,644,768	
Depreciation	-	21,348,676	-	2,133,017	2,589,723	6,610,495	-	7,558,231	40,240,142	
At 30 th June 2017	-	59,301,543	-	7,778,024	18,168,268	24,516,940	17,401,463	13,718,672	140,884,910	
Depreciation	-	19,815,690	-	2,434,797	10,969,591	6,850,727	17,715,540	9,207,028	66,993,373	
Transfer/adjustment	-	-	-	-	-	-	-	-	-	
At 30 th June 2018	-	79,117,233	-	10,212,821	29,137,859	31,367,667	35,117,003	22,925,700	207,878,283	
Net book values	-	-	-	-	-	-	-	-	-	
At 30 th June 2018	96,152,728	911,667,287	892,166,159	9,265,553	3,803,855	23,438,147	35,745,155	23,109,442	1,995,348,326	
At 30 th June 2017	96,152,728	931,482,977	900,427,359	8,897,036	9,220,247	28,565,874	38,344,695	24,072,482	2,037,163,398	

a. WIP relates to the total value of materials and labour for unfinished projects

b. Donations Relate to donation of books to the University Library. During the year in review the University received book donations from Text Book Centre, Dr. Muganda Munir & KASNEB and other Individuals of goodwill to the University.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. INTANGIBLE ASSETS-SOFTWARE

Description	2017-2018	2016-2017
	KShs	KShs
Cost		
At beginning of the year	-	-
Additions	27,144,000	-
At end of the year	27,144,000	-
Additions-internal development	-	-
At end of the year	27,144,000	-
Amortization and impairment		
At beginning of the year	-	-
Amortization	9,038,952	-
At end of the year	9,038,952	-
Impairment loss	-	-
At end of the year	9,038,952	-
NBV	18,105,048	-

25. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS

Description	2017-2018	2016-2017
	KShs	KShs
Trade payables	22,029,228	16,453,210
Third-party payments (Part-timers claims)	50,000,000	1,054,200
Project Retention Money	13,253,612	22,772,858
Payroll due- June, 2017	-	26,924,227
Unremitted pension contributions (June, 2017)	-	4,199,053
Students accounts	-	5,000
HELB account	1,994,805	2,215,993
CDF	16,191,169	8,304,838
County bursary	11,204,661	4,821,831
Other sponsors	3,157,550	496,191
Staff imprest recoveries	550,490	441,517
Kibabii University College Pension Scheme	437,921	249,546
Kibabii University Needy Students Fund	2,492,863	2,382,363
Caution money	7,361,850	5,673,850
Total trade and other payables	128,674,149	95,994,677

26. REFUNDABLE DEPOSITS FROM STUDENTS

Description	2017-2018	2016-2017
	KShs	KShs
Payments received in advance (prepaid fees)	16,511,776	37,884,572
Total deposits	16,511,776	37,884,572

27. PROVISIONS

Description	Leave provision	Gratuity provision	Other provision
	KShs	KShs	KShs
Balance at the beginning of the year	22,589,104	16,455,333	586,231
Additional Provisions	7,397,160	8,227,667	580,632
Provision utilized	0	0	(586,231)
Total provisions	29,986,264	24,683,000	580,632

The University also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The University's obligation under the scheme is limited to specific contributions legislated from time to time and is currently at Kshs. 400 per employee per month.

28. RECONCILIATION OF CASH GENERATED FROM OPERATIONS

	2017-2018	2016-2017
Surplus for the year before tax	KShs	KShs
Adjusted for:	46,060,017	27,406,595
Depreciation	76,032,325	40,240,142
Non-cash grants received	-	3,017,630
Impairment	(19,815,690)	(21,348,676)
Contribution to provisions	15,619,228	(5,707,380)
Working Capital adjustments		
Increase in inventory	(8,869,227)	(282,411)
Increase in receivables	(79,851,115)	(15,103,948)
Increase in payables	32,679,472	25,229,483
Increase in payments received in advance	(21,372,796)	-
Net cash flow from operating activities	40,482,214	53,451,435

29. FINANCIAL RISK MANAGEMENT

The University's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The University's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk.

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

(i) Credit risk

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

The University receives fees from students for provision of different services and has a fee policy that defines how and when fees is to paid as well as denial of access to certain services including sitting exams which minimises the exposure to credit risk. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the University's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the University's maximum exposure to credit risk without taking account of the value of any collateral obtained as at 30th June 2018 is made up as follows:

	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2018				
Receivables from exchange transactions	270,207,917	260,904,122	9,303,795	0
Bank balances	123,888,544	123,888,544	0	0
Total	394,096,461	384,792,666	9,303,795	0
At 30 June 2017				
Receivables from exchange transactions	192,381,142	192,381,142	0	0
Bank balances	134,020,408	134,020,408	0	0
Total	326,401,550	326,401,550	0	0

Kibabii University Annual Report and Financial Statements For the year ended June 30, 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the University has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The University has significant concentration of credit risk on amounts due from Masinde Muliro University of Science and Technology (MMUST).

The University Council sets the University's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

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

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

	Less than 1 month	Between 1-3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2018				
Trade payables	50,000,000	19,238,114	59,436,035	28,674,149
Provisions	580,632	38,213,931	16,455,333	55,249,896
Fees Received in advance	8,255,888	7,430,299	825,589	16,511,776
Caution Money	-	-	7,361,850	7,361,850
Total	58,836,520	64,882,344	84,078,807	207,797,671
At 30 June 2017				
Trade payables	-	16,453,210	-	16,453,210

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Fees Received in advance	26,140,355	7,576,914	4,167,303	37,884,572
Caution Money	-	-	5,673,850	5,673,850
Total	26,140,355	24,030,124	9,841,153	60,011,632

(iii) Market risk

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

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

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

a) Foreign currency risk

The University has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The University did not have any foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period.

The University manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

b) Interest rate risk

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

The University has no Interest bearing borrowings or investments and is financed by cash generated from its operations.

iv) Capital Risk Management

The objective of the 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:

	2017-2018	2016-2017
	Kshs	Kshs
Revaluation reserve	1,434,485,296	1,434,485,296
Retained earnings	208,600,573	162,540,556
Capital reserve	581,843,327	601,070,335
Total funds	2,224,929,196	2,198,096,187
Total borrowings	0	0
Less: cash and bank balances	(123,888,544)	(134,020,408)
Net debt/(excess cash and cash equivalents)	(123,888,544)	(134,020,408)
Gearing	(6)	(6)

30. RELATED PARTY BALANCES

Nature of related party relationships

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

Government of Kenya

The Government of Kenya is the principal Owner of the University. The Government of Kenya exercises full control over the University. Other related parties include:

Kibabii University Annual Report and Financial Statements For the year ended June 30, 2018
NOTES TO THE FINANCIAL STATEMENTS (Continued)

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors;

	2018	2017
	Kshs	Kshs
Transactions with related parties		
a) Grants from the Government		
Grants from National Govt	578,650,261	521,170,750
Grants from County Government	-	-
Total	578,650,261	521,170,750
b) Key management compensation		
Directors' emoluments	10,830,969	11,941,628
Compensation to the CEO	9,176,744	-
Compensation to key management	39,187,119	28,586,046
Total	59,194,832	40,527,674

31. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent liabilities	2017-2018	2016-2017
	Kshs	Kshs
Case Number Bungoma NC Petition no 15 of 2016. David Murambi and two (2) others VS the Country Government of Bungoma and Kibabii University for trespass to property.	2,500,000	-
NSSF	2,550,400	2,550,400
Total	5,050,000	2,550,400

32. CAPITAL COMMITMENTS

Capital commitments	2017-2018	2016-2017
	Kshs	Kshs
Authorised for	7,477,000	178,692,112
Authorised and contracted for	178,692,112	
Total	186,169,112	178,692,112

These are Capital commitments to be carried out in the next financial year and are disclosed in accordance with IPSAS 17. Capital commitments may be those that have been authorised by the board but at the end of the year had not been contracted or those already contracted for and ongoing)

33. EVENTS AFTER THE REPORTING PERIOD

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

34. ULTIMATE AND HOLDING ENTITY

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

35. CURRENCY

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

APPENDIX 1: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

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

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Focal person to resolve the issue (Name and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
1.	Employee costs Included Ksh. 30,931,385 in Medical Aids. It was noted that the staff Medical aid was Open ended without limit level attached to staff of various cadres.	1. A Medical Policy was developed and Approved by the University Council, for Implementation. The Policy puts Limits on Medical claims by staff in the Different Cadres. 2. The Medical Expenses for the FY2017/2018 also reduced by Ksh. 8,293,900	VC	Partially Resolved	30 th June 2019
2.	Employee Costs of Ksh. 569,819,005 Constitute 67% of the Total revenue of Ksh. 845,972,657 Contrary to Section 26(1a) of the Public Finance Management Act, 2012- National Government Regulations, 2015, which Puts a cap at 35% of the total receipts	1. In the FY2017/2018 this percentage stood at 68%. 2. Kibabii is a Young University that requires a certain threshold of staff especially Academic staff, to offer programmes as required by the Commission for University Education. The University is therefore still expected to recruit in order to attain its Optimum staff numbers. 3. The Core mandate of Kibabii University is the provision of quality teaching, research and Extension services, which requires the engagement of staff to head	University Council	Not Resolved	30 th June 2022

Kibabii University Annual Report and Financial Statements For the year ended June 30, 2018

Reference No. on the external audit Report	Issue / Auditor Observations from	Management comments	Focal person to resolve the issue (Name / and designation)	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
		programmes and supervise research projects by students. For this reason the University expects to reduce this percentage to the expected 35% or less once it has obtained its optimum number of employees and increased its revenue streams.			

Vice Chancellor


Date.....14/11/2018

Chairman of Council


Date.....14/11/18

APPENDIX II: PROJECTS IMPLEMENTED BY THE UNIVERSITY

Projects

Status of Projects completion

S. NO	PROJECT	CONTRACTOR	CONTRACT SUM	AMOUNT PAID	BALANCE DUE	PERFORMANCE STATUS	COMPLETION STATUS
1	PROPOSED EDUCATION TUTION BLOCK AND ASSOCIATE WORKS	MILICONS Ltd	577,083,478	543,815,558	33,267,920	ONGOING	95%
		PHILAFE ENGINEERING LTD	35,913,221	16,274,117	19,639,104	ONGOING	58%
		VOLCANIC PLUMBING WORKS	89,125,300	58,441,710	30,683,590	ONGOING	69%
2	PROPOSED WOMEN STUDENTS HOSTEL AND ASSOCIATE WORKS	MILICONS Ltd	162,524,102	-	19,934,149	ONGOING	12%
		PHILAFE ENGINEERING LTD	6,418,010	-		ONGOING	0%
		VOLCANIC PLUMBING WORKS	9,750,000	-		ONGOING	0%
			880,814,111	631,531,385	103,524,763		

The University had pending bills of Kshs. 83.6 million on the Education Tuition Block and Kshs. 19.9 Million on the Proposed Women Students Hostel. These related to certified works as at 30th June, 2018 which were not paid due to non-disbursement of Capital Development funds during the period under review.

APPENDIX III: INTER-ENTITY TRANSFERS

KIBABII UNIVERSITY				
Break down of Transfers from the State Department of University Education; Ministry of Education				
a.	Recurrent Grants			
		<u>Bank Statement Date</u>	<u>Amount (KShs)</u>	<u>Indicate the FY to which the amounts relate</u>
		3-Jul-17	41,618,161.20	FY2017/2018
	fee a/c	19-Jul-17	45,540,291.55	FY2017/2018
	fee a/c	1-Aug-17	36,659,030.00	FY2017/2018
		4-Sep-17	36,659,030.00	FY2017/2018
		3-Oct-17	36,659,028.00	FY2017/2018
		3-Nov-17	36,659,030.00	FY2017/2018
		1-Dec-17	21,493,105.20	FY2017/2018
		1-Dec-17	36,659,030.00	FY2017/2018
		2-Jan-18	36,659,029.00	FY2017/2018
		2-Jan-18	4,298,621.00	FY2017/2018
		8-Feb-18	4,298,621.00	FY2017/2018
		8-Feb-18	36,659,030.00	FY2017/2018
		13-Mar-18	4,298,621.00	FY2017/2018
		13-Mar-18	36,659,030.00	FY2017/2018
		6-Apr-18	4,298,621.00	FY2017/2018
		6-Apr-18	36,659,030.00	FY2017/2018
		2-May-18	4,298,621.00	FY2017/2018
	fee a/c	2-May-18	36,659,030.00	FY2017/2018
		11-Jun-18	4,298,621.00	FY2017/2018
		11-Jun-18	36,659,030.00	FY2017/2018
		28-Jun-18	4,298,621.00	FY2017/2018
		28-Jun-18	36,659,029.00	FY2017/2018
		Total	578,650,260.95	FY2017/2018

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

Head of Finance Department
Kibabii University



Sign -----

Head of Accounting Unit
Ministry of Education

Sign-----

Kibabii University Annual Report and Financial Statements For the year ended June 30, 2018
APPENDIX IV: RECORDING OF TRANSFERS FROM OTHER GOVERNMENT ENTITIES

Name of the MDA/Donor Transferring the funds	Date received as per bank statement	Nature: Recurrent/Development/Others	Total Amount - KES	Where Recorded/recognized					Others - must be specific	Total Transfers during the Year
				Statement of Financial Performance	Capital Fund	Deferred Income	Receivables			
Ministry of Education	3-Jul-17	Recurrent	41,618,161.20	41,618,161.20	-	-	-	-	-	41,618,161.20
Ministry of Education	19-Jul-17	Recurrent	45,540,291.55	45,540,291.55	-	-	-	-	-	45,540,291.55
Ministry of Education	1-Aug-17	Recurrent	36,659,030.00	36,659,030.00	-	-	-	-	-	36,659,030.00
Ministry of Education	4-Sep-17	Recurrent	36,659,030.00	36,659,030.00	-	-	-	-	-	36,659,030.00
Ministry of Education	3-Oct-17	Recurrent	36,659,028.00	36,659,028.00	-	-	-	-	-	36,659,028.00
Ministry of Education	3-Nov-17	Recurrent	36,659,030.00	36,659,030.00	-	-	-	-	-	36,659,030.00
Ministry of Education	1-Dec-17	Recurrent	21,493,105.20	21,493,105.20	-	-	-	-	-	21,493,105.20
Ministry of Education	1-Dec-17	Recurrent	36,659,030.00	36,659,030.00	-	-	-	-	-	36,659,030.00
Ministry of Education	2-Jan-18	Recurrent	36,659,029.00	36,659,029.00	-	-	-	-	-	36,659,029.00
Ministry of Education	2-Jan-18	Recurrent	4,298,621.00	4,298,621.00	-	-	-	-	-	4,298,621.00
Ministry of Education	8-Feb-18	Recurrent	4,298,621.00	4,298,621.00	-	-	-	-	-	4,298,621.00
Ministry of Education	8-Feb-18	Recurrent	36,659,030.00	36,659,030.00	-	-	-	-	-	36,659,030.00
Ministry of Education	13-Mar-18	Recurrent	4,298,621.00	4,298,621.00	-	-	-	-	-	4,298,621.00
Ministry of Education	13-Mar-18	Recurrent	36,659,030.00	36,659,030.00	-	-	-	-	-	36,659,030.00
Ministry of Education	6-Apr-18	Recurrent	4,298,621.00	4,298,621.00	-	-	-	-	-	4,298,621.00
Ministry of Education	6-Apr-18	Recurrent	36,659,030.00	36,659,030.00	-	-	-	-	-	36,659,030.00
Ministry of Education	2-May-18	Recurrent	4,298,621.00	4,298,621.00	-	-	-	-	-	4,298,621.00
Ministry of Education	2-May-18	Recurrent	36,659,030.00	36,659,030.00	-	-	-	-	-	36,659,030.00
Ministry of Education	11-Jun-18	Recurrent	4,298,621.00	4,298,621.00	-	-	-	-	-	4,298,621.00
Ministry of Education	11-Jun-18	Recurrent	36,659,030.00	36,659,030.00	-	-	-	-	-	36,659,030.00
Ministry of Education	28-Jun-18	Recurrent	4,298,621.00	4,298,621.00	-	-	-	-	-	4,298,621.00
Ministry of Education	28-Jun-18	Recurrent	36,659,029.00	36,659,029.00	-	-	-	-	-	36,659,029.00
Total			578,650,260.95	578,650,260.95	-	-	-	-	-	578,650,260.95