

REPUBLIC OF KENYA



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REPORT	
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THE AUDITOR-GENERAL

ON

ALUPE UNIVERSITY COLLEGE

**FOR THE YEAR ENDED
30 JUNE, 2021**



ALUPE UNIVERSITY COLLEGE
(A Constituent College of Moi University)

ANNUAL REPORTS AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2021

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

ABBREVIATIONS

GoK Government of Kenya

CBA Collective Bargaining Agreement

KCB Kenya Commercial Bank

AUCSO Alupe University College Student Organization

IGU Income Generating Unit

COBES Community Based Education and Service

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1. KEY ALUPE UNIVERSITY COLLEGE INFORMATION AND MANAGEMENT

(a) Background Information

Alupe University College was established on 24th July 2015 vide a Legal notice number 153 as a Constituent College of Moi University. The University College is a body corporate established under Alupe University College Order 2015 vide legal notice No.153 of 24th July 2015. Alupe University College is domiciled in Kenya and so far, has no branches. The University College Council was appointed under special gazette notice of 7th November 2016.

The University College has a total of four schools, namely;

1. School of Health Sciences
2. School of Science Technology and Engineering
3. School of Education and Social Sciences and
4. School of Business, Economics and Human Resource Development.

The University College has a total of 16 departments in the four Schools.

(b) Principal Activities

The principal activities of the University College are as follows:

- (i) To provide directly or in collaboration with other institutions of higher learning, facilities for university education (including technology, scientific and professional education) integration of teaching, research and effective application of knowledge and skills to the life and work and welfare of the citizens of Kenya.
- (ii) To participate in the discovery, transmission, preservation and enhancement of knowledge and to stimulate the intellect participation of students in the economic, social, scientific, technological and cultural development of Kenya.
- (iii) To provide and enhance University education and training to appropriately qualified candidates leading to the conferment of degrees and award of diplomas and certificates and such other qualifications as the Council and the senate may from time to time determine and in so doing contribute to the manpower needs.
- (iv) To conduct examinations for such academic awards as maybe provided for in the statutes pertaining to the University College.
- (v) To examine and make proposals for the new Schools, Institutes, departments, resource and research centers, degree courses and subjects of study
- (vi) To play a leading role in the development and expansion of the opportunities for higher education and research.
- (vii) To contribute to industrial and technological development through innovations and technological transfer
- (viii) To develop as an institution of excellence in teaching, training, scholarship, entrepreneurship, innovations, research and consultancy services.

- (ix) To participate in commercial ventures and other activities for the benefit of the University College, the community and stakeholders
- (x) To facilitate student mobility between different programs at different technical training institutions, Universities and Industry; and
- (xi) To foster the general welfare of all staff and students.

Vision

To be a world-class University that is committed to achieving academic excellence, integrity and quality research

Mission

To create, evaluate, apply, preserve and share knowledge in a free, open and inclusive environment of intellectual inquiry, for the betterment of society

Motto

Bastion of Knowledge

Core Values

- **Professionalism**
Embrace integrity in teaching, learning and research
- **Creativity and Innovation**
Commitment to promoting and supporting resourcefulness and the advancement of new ideas
- **Excellence**
Commitment to quality teaching, research and service delivery
- **Good Corporate Governance**
Prudent management of resources and best practice in leadership
- **Customer focus**
Endeavour to provide services that meet the needs of the client
- **Teamwork**
Promotion of a spirit of working together, internally and externally in an open and respectful way

(c) Key Management

Alupe University College's Day to-day management is undertaken by the following key organs:

- University College Council
- University College Management Board
- Deans Committee

(d) Fiduciary Management

The key management personnel who held office during the financial year ended 30th June 2020 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	Principal	Prof. Fabian Esamai
2.	Deputy Principal Administration, Finance & Development	Prof. Emmy Kipsoi
3.	Deputy Principal Academic, Research & Student Affairs	Prof. Peter Barasa
4.	Head of Finance	CPA Imelda Akhonya
5.	Head of Procurement	Mr. Kennedy Ogola
6.	Human Resource	Mrs. Pamela Nyongesa

(e) Fiduciary Oversight Arrangements

1. The Audit and Risk Committee

Alupe University College has an active five-member audit and risk management committee that plays an oversight role. The mandate of this committee is as listed below;

Members of this committee are:

- | | | |
|-------------------------------|---|------------------------------|
| i. Mrs. Phyllis B. Chepkemboi | - | Chair |
| ii. Mr. Ben Sabwami | - | Member |
| iii. Mr. Isaac Odek | - | Member |
| iv. Mr. Joseph M Oyile | - | Member |
| v. Ms. Lucy Nyakiore | - | Member |
| vi. Mrs. Nereah Olick | - | Member |
| vii. Mr. Nobert Musina | - | Secretary (Internal Auditor) |

The mandate of the Audit Committee includes:

- i. Formulation of policies on internal controls that will enhance security, accountability of resources management and improve on efficiency and transparency.

- ii. Examine internal and External Auditors' findings and recommendations for improvement of internal controls. Monitor management's response to and implementation of internal control.
- iii. Assist the Principal in enhancing internal controls in order to improve efficiency, transparency and accountability.
- iv. Resolving unsettled and unimplemented issues raised by the Public Investment Committee (PIC).
- v. Enhancing communication between management, internal and external audit and fostering effective internal audit function.
- vi. Reviewing the systems established to ensure sound public financial management and internal controls as well as compliance with policies, laws, regulations, procedures, plans and ethics.
- vii. Initiating special audits/ investigation on any allegation, concerns and complaints regarding corruption, lack of accountability and transparency in consultation with the Principal.
- viii. Advice on quality and performance monitoring.
- ix. Perform an oversight function as may be requested by the University College Council from time to time.

2. Finance, Planning and Development Committee

Members of this committee are:

- | | | |
|-------------------------|---|-----------|
| i. Mr. Samuel Kabiaru | - | Chair |
| ii. Prof. Fabian Esamai | - | Secretary |
| iii. Mr. Isaac Odek | - | Member |
| iv. Ms. Lucy Nyakiore | - | Member |
| v. Mr. Ben Sabwami | - | Member |
| vi. Mrs. Nereah Olick | - | Member |

The mandate of the FPD Committee includes:

- i. Coordinating the infrastructural planning, development of the University College both at short- and long-term planning and acquisition and utilization of property. It ensures that all the development of the University is in line with its master plan and consistent with the laws of the land and that appropriate funding had been sought before commencement of the projects.
- ii. To develop appropriate and conducive policies to guide and promote resource mobilization and income generation activities in the University College.

- iii. To be responsible for authorizing expenditure for all maintenance work with the provision that the committee will have authority to delegate the minor maintenance work to an executive sub-committee of the University College.
- iv. To provide progress reports to the Council.
- v. To recommend and effect as appropriate any modification in physical facilities as may be necessary.

3. Academic, Research and Extension Committee

Members of this committee are:

- | | | |
|--------------------------|---|-----------|
| i. Eng. Lucy Nyakiore | - | Chair |
| ii. Prof. Fabian Esamai | - | Secretary |
| iii. Mr. Mohammed M. Ali | - | Member |
| iv. Mr. Isaac Odek | - | Member |
| v. Prof. Isaac Kimengi | - | Member |
| vi. Mr. Samuel Kabiaru | - | Member |
| vii. Mr. Ben Sabwami | - | Member |
| viii. Mrs. Nereah Olick | - | Member |

The mandate of the ARE Committee includes the following:

- i. To provide policy guidelines on university wide research activities and trainings to put in place comprehensive research and training structures for resource mobilization and funding.
- ii. To review all research training and progresses and to deal with all matters related with statutes in terms of format and the contents of the University statutes.
- iii. To set priorities and targets for research activities and advice council on consultancies, technology transfers and intellectual property rights.

4. Human Resource, Development & Administration Committee

Members of this committee are:

- | | | |
|-----------------------------|---|-----------|
| i. Mr. Joseph M Oyile | - | Chair |
| ii. Prof. Fabian Esamai | - | Secretary |
| iii. Ms. Phyllis Chepkemboi | - | Member |
| iv. Mr. Isaac Odek | - | Member |
| v. Mr. Mohammed M. Ali | - | Member |
| vi. Mr. Ben Sabwami | - | Member |
| vii. Mrs. Nereah Olick | - | Member |

The mandate of the HRD &A Committee includes the following:

- i. To review, evaluate and make recommendations on the overall organizational structure, staff establishments, remuneration structure, terms and conditions of service and to provide for the welfare of staff as and when necessary or whenever directed to do so by the Council.
- ii. To review, evaluate and make recommendations for approval of policies and other processes of accountability, internal controls and risk management, taking into account sustainability, ethics and compliance with the Constitution, all applicable laws, regulations and standards.
- iii. To review the Code of Conduct and Ethics of the University employees.
- iv. To institute, through a sub-committee, regular reviews of individual members of staff grading with a view to determining whether a member of staff should be promoted.
- v. To exercise such other functions as the Council may confer from time to time
- vi. To make recommendations to Council for ratification.

5. Staff appeals Committee

Members of this committee are:

- | | | |
|------|-------------------------|-------------|
| i) | Mrs. Phyllis Chepkemboi | - Chair |
| ii) | Prof. Fabian Esamai | - Secretary |
| iii) | Mr. Mohammed H. Ali | - Member |
| iv) | Mr. Ben Sabwami Muliro | - Member |
| v) | Mr. Isaac Omondi Odek | - Member |
| vi) | Mrs. Nereah Olick | - Member |

The mandate of the appeal Committee is to consider appeals from students and members of staff to make appropriate recommendations to the Council. The committee did not hold any meeting during the 2020/2021 financial year since there was no appeal to be heard and determined.

From the analysis below, it is worth noting that the College Council was able to hold the mandatory number of meetings for both full council and committee meetings for the year in their process of governance.

(f) Headquarters of the University College

Alupe University College
P.O. Box 845-50400
Busia
Off Busia - Malaba road
KENYA

(g) University College Contacts

Telephone :(254)0741217185/0736044469/0724400189
E-mail: principal@auc.ac.ke
Website: www.auc.ac.ke

(h) Bankers

1. Kenya Commercial Bank
Busia Branch
P.O. Box 27-50400
Busia
Kenya

2. Co-operative Bank of Kenya
Busia Branch
P.O. Box 326-50400
Busia




(i) Independent Auditors




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

(j) Principal Legal Adviser





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


2. COUNCIL MEMBERS

	Members of the university College Council	Key Qualifications
1.	 <p>Dr. Virginia W. Kimani, Chairlady until November 2020</p> <ul style="list-style-type: none"> • Doctor of Philosophy (1997) • Crop Science (focus on pesticides Epidemiology)-UON • M.Sc. Plant pathology Pesticides and Residues (1988) –UON • B.Sc. Agriculture (1993) – UON 	<p>Dr. Virginia was born on 7th Feb 1959 and she is the chair of the AUC council which she joined on 8th November 2016 for a 4-year term. She is an independent council member. She is an agriculturist who runs a private consultancy firm on pesticides in Nairobi since 1999.</p> <p>She has worked with KARI and Ministry of Agriculture between 1984 and 1999 in various capacities.</p>
2.	 <p>Mr. Joseph Vincent Oyile, Member</p> <ul style="list-style-type: none"> • MSc Political Science, BIAS, International relations, University of Lagos, Nigeria • BA Political Science, Nagpur University, India • BSc (Agriculture)UON 	<p>Mr. Oyile was born on 2nd February 1956 and he is an independent AUC council member which he joined on 8th November 2019. He is also the chair of Human Resource Development and Administration committee of council. He has served as a Deputy County Commissioner. He has also served as Provincial Local Government Officer from July 2003- January 2007. He has also served as District Officer, Administrative Officer (1988-1999), and Assistant Secretary in the Ministry of Finance, Planning and National Development Department of Regional and International Cooperation.</p>
3	 <p>Mr. Samuel Kabiari, Member</p> <ul style="list-style-type: none"> • MBA, KU • BSc, Agribusiness Egerton 	<p>Mr. Kabiari was born on 19th September 1983 and he is an independent AUC council member which he joined on 8th November 2019. He is also the chair Finance, Planning & Development committee of council.</p> <p>He is in the banking industry and currently serving as the branch Manager of I&M Bank Nyeri.</p>

<p>4.</p>	 <p>Eng. Lucy .S. Nyakiore- member (Deceased)</p> <ul style="list-style-type: none"> • MSC Marketing (UON),2018-2019- (Global Marketing Management, Brand and Sales Management) • Ongoing PhD- Doctor of Business Administration • MBA in Marketing & International Business Management (UON),2003-2005 • BSC, Agriculture Engineering (JKUAT), 1992-1997 • Graduate Engineer, Member of Institute of Engineers of Kenya • Member of Marketing Society of Kenya (MSK) • Associate Member of Chartered Institute of Marketing (CIM) 	<p>Eng. Lucy was an independent AUC council member which she Joined on 8th November 2019. She was also the chair of Academic, Research and Extension Committee of Council, however she passed on in June 2021.</p> <p>She is a registered engineer and member of the Institute of Engineers. Had a vast experience working with Kenya Tea Development Agency in various capacities and Water Ways Limited. Currently was serving Board of Management Member at Mang'u High school since June 2019</p>
<p>5.</p>	 <p>Mr. Bernard Sabwami- Member</p> <ul style="list-style-type: none"> • MBA JKUAT • BBM Moi 	<p>Mr. Sabwami was born on 15th Feb 1977 and he is an Alternate Director National Treasury & Planning which he joined on 8th November 2019.</p> <p>He is an accountant with an MBA in Finance. He has CPAK. And final KATC. He has gone through strategic leadership courses at the Kenya School of Government.</p>
<p>6.</p>	 <p>Mrs. Phyllis Chepkemboi, Member</p> <ul style="list-style-type: none"> • MBA (Maseno University) – 2012 • Post graduate Diploma in Law (Kenya School of Law)- 2008 • Bachelor of Law (LLB)-Moi University- 2004 • Associate Member- Mediation Training International • Undertaking CPSK training- KASNEB • Member of Law Society of Kenya, • FIDA – Kenya, Life member Kenya Red Cross 	<p>Mrs. Phyllis was born on 6th August 1981 and she is an independent AUC council member which she Joined in 8th November 2019. She is also the chair of Audit and Risk Management Committee of Council.</p> <p>She is the managing partner at Chepkemboi Phyllis & Associates Advocates (CPAA) from 2019. She also worked with Lake Victoria South Water Services Board from 2011 and Mumma Nyagaka& Company advocates from 2005</p>






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7.	 <p>Mr. Isaac. Odek, Member until April 2021</p> <ul style="list-style-type: none"> • Bed Arts (KU), 1990, • Master of Business Finance (KU), 2006. 	<p>Mr. Odek was born on 29th January 1965 and he is an independent AUC council member which he Joined in 8th November 2016 and was re-appointed in January 2020</p> <p>He works in state Corporations Inspectorate, and has served in several parastatal boards and councils since 2014. He has a vast experience as Assistant Director of Youth Affairs for 9 years and now serving as a desk officer in State Corporations Inspectorate for 12 state corporations.</p>
8.	 <p>Mrs. Nerreah Olick, Member</p> <ul style="list-style-type: none"> • Bachelor of Education (KU), 1988 • Masters in Education 	<p>Mrs. Nerreah was born on 2nd February 1964 and she is an alternate Director AUC council member which she Joined in 2017 and was re-appointed in 2019.</p> <p>She is currently serving as the Ag. Director Primary Education. She has also served as Deputy Director, Western region, Regional Director Siaya County and DEO in various Counties</p>
9.	 <p>Mr. Mohammed Ali H, Dahir (46) Member</p> <ul style="list-style-type: none"> • MSc (UON) • BSc, (UON) 	<p>Mr. Ali was born in 1974 and he is an independent AUC council member which he Joined on 8th November 2019.</p> <p>He is the former CEO of Future Tech solutions in Nairobi and currently works with UNCHR in Kakuma as a project manager in delivery of education content</p>
10.	 <p>Prof. Isaac Sanga Kosgey member</p> <ul style="list-style-type: none"> • Ph.D. (Animal Sciences), • M.Sc. Animal Science (Wageningen), • B.Sc. Animal Production, • Dip. Animal Husbandry (Egerton) <ul style="list-style-type: none"> • MBA (Kenyatta), • Dip. Law (MKU), LL.B. (OUT) 	<p>Prof. Kosgey is a member of the AUC Council as the Vice – Chancellor, Moi University of which Alupe University College is a Constituent College</p>

<p>11.</p>		<p>Prof. Fabian Esamai- Secretary to Council</p> <ul style="list-style-type: none"> • MB ChB (UON) 1978, M. Med (Pediatrics -UON) 1984, • MPH (Johns Hopkins University, USA) 1996, • PhD (Linkoping University) Sweden,2002 	<p>Prof. Esamai was born on 23rdSeptember 1953 and he is an executive member of the AUC council. He is the Principal of Alupe University College and the Secretary to the AUC Council. Prof. Esamai has vast experience having worked as the Dean School of Medicine for 4 years and Principal, College of Health Sciences for 5years at Moi University. He is a Commissioner in the East African Health Research Commission and a Research Chair for Health Systems.</p>
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3. UNIVERSITY COLLEGE MANAGEMENT TEAM

(a) MANAGEMENT TEAM

Name of the Staff	Key Qualifications
	<p>Prof. Fabian Esamai</p> <ul style="list-style-type: none"> • Principal • MB ChB (UON) 1978 • M.Med (Pediatrics –UON) 1984 • MPH (Johns Hopkins University, USA) 1996 • PhD (Linkoping University, Sweden) 2002
	<p>Prof. Emmy Kipsoi</p> <ul style="list-style-type: none"> • Deputy Principal (AFD) • Bed (Daystar University) 1994, • Master in Education (Kenyatta University), 2000, • PhD (Moi University), 2011.
	<p>Prof. Peter Barasa</p> <ul style="list-style-type: none"> • Deputy Principal (ASAR) • Diploma in Education (English and Literature- Siriba T.T.C.). • Ph.D., M. Ed., B. Phil, Postgraduate Certificate in Research (The University of Hull, UK)
	<p>CPA. Imelda Akhonya</p> <ul style="list-style-type: none"> • Ag. HOD Finance • MBA(Finance)-UON , 2016 • BCOM (Accounting) - KCA UNIVERSITY. 2013 • CPA(K)
	<p>Mrs. Pamela Nyongesa</p> <ul style="list-style-type: none"> • Assistant Registrar (Administration & Human Resource) • MSC (HRM)- MMUST - 2013 • B.ED (Arts)- Moi University - 1994

4. COUNCIL CHAIRPERSON'S STATEMENT

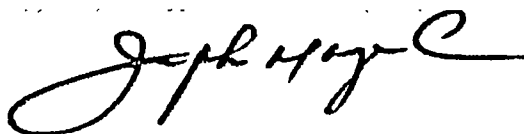
It is with great pleasure that I present the Alupe University College financial report for the year ended 30th June 2021. The University College was allocated 177.7Million by the Ministry of Education State Department of University Education as recurrent grant for the FY 2020/2021 and had funds brought forward of 12.7Million from 2019/20FY, A.I.A of Sh 30.8 million hence a total of Kshs.221.3 million for recurrent expenditure.

The University College was allocated Kshs.98 million for capital expenditure, which was further reduced to Shs 49.3 million that was received during the first quarter of the year under review. With the funds the College was able to continue with construction of the projects that had earlier been initiated besides construction of administration block and classrooms that have since been completed.

Alupe University College's dream is to be a centre of excellence in integrated training and research in health, biological, physical and social sciences with emphasis on health Sciences. The University College therefore strives to ensure that they put in place facilities geared towards achieving this goal alongside building the vision around the health agenda that is amongst the Big 4 agenda.

During the year, the Council negotiated, vetted and implemented the performance contract for FY 2020/2021. The University College, despite the inadequate funds implemented most of the indicators stated in the performance contract.

The quarterly financial reports and statements for the financial year 2020/21 were all submitted to the Controller of Budgets, the State department of University Education & Research and the National Treasury as required.



CHAIRPERSON

MR. JOSEPH OYILE

Date: 31/8/2022

5. THE PRINCIPAL'S REPORT ON THE FINANCIAL STATEMENTS

Alupe University College was established as a Constituent College of Moi University vide the Alupe College Order 2015, Kenya Gazette Notice 153 of 24th July 2015. It was operationalized on 7th November 2016 through the appointment of the first Alupe University Council vide Special Gazette Notice 136.

The interim Alupe University College Management Board was appointed by Moi University on October 13th 2016 and has been working round the clock to ensure the University College is fully operational by the end of the 2016/17 financial year with the allocation of Kshs.20million for recurrent expenditure and Kshs 155million for capital expenditure. In the second financial year of 2017/18 the University College was allocated Kshs. 127 million for recurrent expenditure, Kshs 134 million was allocated in the third year 2018/19 for recurrent expenditure. Kshs 185 million was allocated for 2019/20FY while Kshs 177 million. These funds were grossly inadequate for the running of the University College. The University College managed to keep its debt profile very low and maintained it at 0.1%.

The Cabinet Secretary for Education in conjunction with the Council appointed the Senior Management in their substantive position on 26th October 2018 for a period of five years. This consisted of the Principal, Prof. Fabian Esamai; the Deputy Principal, Administration Finance and Development, Prof. Emmy Kipsoi and the Deputy Principal for Academic Research and Student Affairs, Prof. Peter Barasa.

Alupe University College has a total of 798 students and the pioneer classes of 2017/18 academic year are now in their 4th year of study. We had 19 students who were in the Alupe Campus of Moi University who completed their 4th year and graduated in December 2020 as Moi University students since they paid fees to Moi University. The students admitted so far comprise of 56% science and 44% humanities. The science students are in health sciences, education science, biological science, statistics and computer science.

The Alupe University College aspires to be a Centre of excellence in the sciences, health sciences and the social sciences. It has four schools of Health Sciences, Science, Education and Social Sciences and Business Economics and Human Resource Development. The school of Education with education arts and education science has over 450 students, the School of health sciences has about 160 students in Medical laboratory Science, Physiotherapy and Medical Psychology. The School of Science has about 120 students in computer science, applied statistics with computing and biological sciences. The school of Business has about 80 students in Business and Hotel& Hospitality.

The funding of the Alupe University College has been poor with no attempts to increase the allocation so far to enable it grow as expected for a science focused university. This needs to be up-scaled given its focus on the sciences and the health sciences and it is hoped that the differentiated unit cost will be able to address this once fully operationalized.

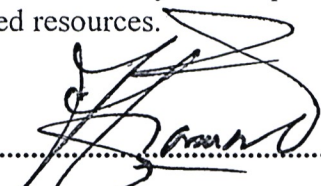
Alupe University College needs to develop the entire needed infrastructure on its 200 acres of land that a university needs. Alupe University College started from scratch as it did not take over any structures or an existing institution. It started its operations in facilities offered to it by the Alupe Sub- County Hospital with the understanding that in the long run the hospital shall benefit through infrastructure upgrade as the health sciences programs are developed by the University College.

We wish to thank the Government for the wise consideration of setting up this science focused University College as it will aid in meeting the objectives of Government including the objectives of Vision 2030 and the Sustainable Development Goals (SDGs) of the United Nations.

The University College has since inception 5 years ago built an administration block, Microbiology laboratory, Biochemistry Laboratory, Anatomy and Pathology laboratories, a general Science laboratory and a total of 8 lecture rooms and a computer laboratory and a modern Library as a phase I library which has a sitting capacity of 500 students. The whole library when complete will sit over 1000 students and have extra computer Labs, lecture room and offices.

The University College has since July 2019 relocated to its new buildings on the 200 acres of land. These structures have adequate space for the size of the students and staff population. However, for the near and distant future the University needs more lecture theatres and halls, more offices, library space, academic block and a student center among others. The library which started in July 2017 will be completed by August 2021. An additional 3 lectures halls, a computer room and 3 offices were completed by October 2020. The construction of the academic Administration block is on-going and will be completed before the end of the 2021/22 FY.

I wish to thank the University Council for its tireless efforts in steering the University College this far since its first year of operations despite all the challenges of starting a University College with limited resources.


.....
PROF. FABIAN ESAMAI
PRINCIPAL

DATE: 31/8/2022

6. STATEMENT PERFORMANCE AGAINST PREDETERMINED OBJECTIVES

As stipulated in Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012, we have included in the financial statement, a statement of the national government entity's performance against predetermined objectives.

Alupe University has five (5) strategic pillars and objectives within its Strategic Plan for the FY 2018/2019- 2022/2023. These strategic pillars are as follows:

1. Establish and promote good governance and a sound corporate image
2. Provide quality University education and training
3. Institutionalize research and extension
4. Develop quality physical and virtual infrastructure
5. Institute Income Generating projects and programs

Alupe University College develops its annual work plans based on the above 5 pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The University College achieved its performance targets set for the FY 2020/2021 period for its five (5) strategic pillars, as indicated in the matrix below:

Implementation Matrix

S/N	Strategic Pillars	Strategic objectives	Strategies/ Activities	Key Performance indicator	Achievement
1	Establish and promote good governance and corporate image	1.1.: Establish and promote a University College culture and image for enhanced visibility	1.1.1: Improve AUC website content and enhanced hosting system	1.1.1.1: percentage of new content added on AUC website and an enhanced website hosting system	80% of content was added on the website; PSSP application forms, fees structures, online teaching time table, all relevant information needed by new year students to report. The hosting system was also enhanced for sustainability
			1.1.2: Brand and market University college programmes, services and products	1.1.1.2: Number of different promotions of AUC programmes and services	Advertisement of the University programmes and services in the Daily Newspapers and Business Magazine in the Busia Chambers.
		1.3. To institutionalize Quality System	1.3.2 Institutionalize performance contracting	1.3.1: Development of performance contracting departmental goals	Developed Performance contracting 2021/2022 and cascaded to schools and departments for implementation
			1.3.6 Review and implement the gender and disability, drug and alcohol abuse policies	1.3.2: Reviewed AUC policies on gender and disability, drug and alcohol abuse	Developed policies for gender and disability and alcohol abuse

S/N	Strategic Pillars	Strategic objectives	Strategies/ Activities	Key Performance indicator	Achievement
2	Provide quality University education and training	2.1: To increase equitable students access to university education	2.1.1: Expand facilities based on emerging needs and government development agenda 2.1.2: Support trainees through industrial attachment, internship	2.1.1.1: increase in the number of learning facilities 2.1.3: Number of trainees on attachment and internship	Developed the new lecturer facilities and academic block Attached thirty-Eight (38) students at AUC from different institutions.
3	Institutionalize research and extension	3.1: To increase the number of research and extension activities	3.1.3: Promote the use of research results in technology development and transfer	3.1.3.1: Number of research publications on technology development	Published thirty-five (35) articles in refereed articles.
4	Develop quality physical and virtual infrastructure	4.1: e-Learning and e-library	4.1.1 Development of e learning materials 4.1.2 Establishment of e library	4.1.1.1: Development of e learning system and e learning materials Development of e library materials	Developed policy of ICT and appointed a Director ICT Developed a website and e materials

S/N	Strategic Pillars	Strategic objectives	Strategies/ Activities	Key Performance indicator	Achievement
5	5.1 Institute Income Generating projects and programs	5.1: Initiate the establishment of University Hospital as an IGU to serve the community and create income for AUC	5.1.1 Enrolment of self-sponsored students	5.1.1: Promotions to attract self-sponsored students	Local and media advertisements to attract more students. Received a total of about 80 self sponsored students in all the 4 schools over the 4 academic years. Started a catering unit on a Pay As You Eat basis. Started a small soap and sanitizer manufacturing venture for internal consumption

7. CORPORATE GOVERNANCE STATEMENT

Alupe University College affirms its commitment to upholding high standards of corporate governance designed to protect the interests of all stakeholders while promoting the highest standards of integrity, transparency and accountability. A key objective of the institution's governance framework is to ensure compliance with legislative and regulatory requirements some of which are listed below; Compliance with the Constitution of Kenya, Public Finance Management Act, 2015 and Public Procurement and Disposal Act.

Council Members

The Alupe University College Council is responsible for the governance of the College and is accountable to the Government for ensuring that there is compliance with the law and high standards of business ethics and corporate governance. The council therefore attaches very high importance to the generally accepted corporate governance practices and has embraced the internationally developed principles and code of best practice of good governance.

The roles of the Chairperson and the Principal are distinct and their responsibilities are clearly defined. The Council comprises of ten members, six of whom are independent and non- executive, including the chairperson. The council has a charter in place for guidance while defining the University's strategies, objectives and values and ensures that the procedures and practices are set up in place to ensure effective control over strategic, financial, operational and compliance issues. The Council members bring their diverse experience and qualification into the council's deliberations. The governance parameter on process of appointment of council members as the oversight body was transparent and formal. The council of the University College was appointed by the Cabinet Secretary in accordance with Section 36 of the University Act.

New Council members were appointed and gazetted in November 2019 after the tenure of the first Council lapsed. The new Council members were inducted on 17th January 2020. Council evaluation for 2020/21 FY was conducted in June 2020 and the evaluation report presented and received on 29th June 2021. However, it was unfortunate that we lost one council member by the name Eng. Lucy Nyakiore on 8th June 2021.

Roles and functions of the Council

Council Meetings

As a steward of the College resources, the council formulates policies that guide in the resource planning, mobilization, allocation and provides conducive environment for the implementation of its objectives.

These are driven through council meetings which are held on a need basis. The council on the other hand has set up other sub-committees with well-defined terms of reference to discharge on its behalf specific mandates in order to hasten specific decisions relating to the given mandates so as to attain efficiency and effectiveness in the overall discharge of responsibilities.

During the financial year 2020/2021, there were four full regular quarterly full council meetings and there was a quorum in each of them. In each meeting a conflict-of-interest register was signed by all members present and in the financial year conflict of interest was declared by any member. Remuneration of the council members is pegged on meetings attended as they are paid sitting allowance for each meeting attended and night out for the period, they are on university official function as per the rates provided for in the national treasury circular for payment of sitting allowances and per diems. The chairperson is also entitled to a monthly honoraria and telephone.

Full Council Meetings

ALMANAC OF MEETINGS FOR AUC COUNCIL 2020/2021

MONTH	Jul-20	Sep-20	Oct-20	Jan-21	May-2021	Jun-21
MEETING						
Full Council	24 th July 2020		26 th Oct 2020	22 nd Jan 2021	31 st May 2021	
Audit & Risk	14 th July 2020		13 th Oct 2020	12 th Jan 2021	11 th May 2021	
FPD	14 th July 2020		13 th Oct 2020	12 th Jan 2021	11 th May 2021	
HRDA	13 th July 2020		12 th Oct 2020	11 th Jan 2021	10 th May 2021	
ARE	13 th July 2020		12 th Oct 2020	11 th Jan 2021	10 th May 2021	
Interviews				26 th -29 th Jan 2021		
SCAC evaluation		Sept 7 th 2020 Evaluation				29 th June 2021 receive report

Note: All meetings start at 9am unless otherwise specified in the invitation memo.

The Council

The Council consists of nine members inclusive of the Principal as the Secretary. The Council members and their meeting attendance are indicated below;

FULL COUNCIL ATTENDANCE PER INDIVIDUAL				
	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Name	24.07.2020	26.10.2020	22.01.2021	31.05.2021
Dr. Virginia Kimani	✓	✓		
Mr. Isaac Odek	✓	✓	✓	
Mr. Ben Sabwani	✓	✓	✓	✓
Ms Nerea Olick	✓	✓	✓	✓
Mr. Phyllis Chepkemboi	✓	✓	✓	✓
Joseph M. Oyile	✓	✓	✓	✓
Ms. Lucy Nyakiore	✓	✓	✓	
Prof. Fabian Esamai	✓	✓	✓	✓
Mr. Mohammed Haji	✓	✓	✓	✓
Mr. Samuel Kabiaru	✓	✓	✓	✓
Prof. Isaac Kosgei	✓	✓		✓

COUNCIL COMMITTEES MEETING ATTENDANCE

AUDIT AND RISK MANAGEMENT COMMITTEE					
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
No.	Name	14.07.2020	13.10.2020	12.01.2021	11.05.2021
1.	Mr. Isaac Odek	✓		✓	
2.	Mr. Ben Sabwani	✓	✓	✓	✓
3.	Ms Nerea Olick	✓	✓	✓	✓
4.	Ms. Phyllis Chepkemboi	✓	✓	✓	✓
5.	Mr. Joseph M. Oyile	✓	✓	✓	✓
6.	Ms. Lucy Nyakiore	✓	✓	✓	
7.	Mr. Mohammed Ali				✓

HUMAN RESOURCE DEVELOPMENT AND ADMINISTRATION					
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
No.	Name	13.07.2020	12.10.2020	11.01.2021	10.05.2021
1.	Mr. Isaac Odek	✓		✓	
2.	Mr. Ben Sabwani	✓	✓	✓	✓
3.	Ms Nerea Olick	✓	✓	✓	✓
4.	Ms. Phyllis Chepkemboi	✓	✓	✓	✓
5.	Mr. Joseph M. Oyile	✓	✓	✓	✓
6.	Mr. Mohammed Haji	✓	✓	✓	✓

ACADEMIC RESEARCH AND EXTENSION					
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
No.	Name	13.07.2020	12.10.2020	11.01.2021	10.05.2021
1.	Mr. Isaac Odek	✓		✓	
2.	Mr. Ben Sabwani	✓	✓	✓	✓
3.	Prof. Isaac Kimengi	✓		✓	✓
4.	Ms Nerea Olick	✓	✓	✓	✓
5.	Ms. Lucy Nyakiore	✓	✓	✓	
6.	Mr. Mohammed Haji	✓	✓	✓	✓
7.	Mr. Samuel Kabiaru	✓	✓	✓	✓
8.	Prof. Isaac Kimengi				✓

FINANCE PLANNING AND DEVELOPMENT					
		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
No.	Name	14.07.2020	13.10.2020	12.01.2021	11.05.2021
1.	Mr. Samuel Kabiaru	✓	✓	✓	✓
2.	Mr. Ben Sabwani	✓	✓	✓	✓
3.	Ms Nerea Olick	✓	✓	✓	✓
4.	Ms. Lucy Nyakiore	✓	✓	✓	
5.	Mr. Isaac Odek	✓		✓	
6.	Mr. Mohammed Ali				✓

INTERVIEWS

	26 th January 2021	1 st Quarter	2 nd Quarter	3 rd Quarter	
1.	Prof. Fabian Esamai			✓	
2.	Mr. Isaac Odek			✓	
3.	Ms. Nerea Olick			✓	
	27 th January 2021				
1.	Prof. Fabian Esamai			✓	
2.	Mr. Isaac Odek			✓	
3.	Ms. Nerea Olick			✓	
	28 th January 2021				
1.	Prof. Fabian Esamai			✓	
2.	Mr. Joseph Oyile			✓	
3.	Mr. Samuel Kabiaru			✓	

8. MANAGEMENT DISCUSSION AND ANALYSIS

SECTION A

Alupe University College's operational and financial performance

The University College was gazetted in July 2015 and had its first council appointed in November 2016 to November 2019 and new members were appointed in January 2020. During the financial year 2020/2021 the University College was allocated Kshs 177.7Million by the Ministry of Education for recurrent expenditure. The funds received were utilized in meeting employee costs and other recurrent expenditure.

The result for the financial report shows a deficit of Kshs 23M attributed to depreciation expense which is a non cash item. The University College received 364 students placed by the Kenya Universities and Colleges Central Placement (KUCCPS) Services who reported in September 2019. Therefore, there is anticipation that fees received from students alongside the Government grant will boost the College's operations a great deal.

The college's strategy includes vigorous marketing of the privately sponsored programs through exhibitions road shows career talks, brochures among others in a bid to attract students even across borders since the University College is on the border of Kenya and Uganda.

SECTION B

University College's compliance with statutory requirements

During the year the University College endeavored to adhere to the Government set statutory requirements in its operations as a legal entity, such as remittance of with-holding tax (V.A. T) and Pay as You Earn (P.AY. E) on behalf of the Government of Kenya.

SECTION C

Key projects and investment decisions the entity is planning/ implementing

During the year, the University College progressed on well with its capital projects that were approved during the year. The College was allocated Kshs. 98 million for capital development, which was later reduced to Shs 49Million that was received during the year. The funds have been utilized in payment of contractors constructing the library, academic block, classrooms and laboratories.

This facility will be used to train students in the fields of biomedical sciences, health sciences, animal sciences and agriculture. It will also enable the students and staffs address the issues of food security, nutrition and universal health care. These laboratories will also serve as diagnostic laboratories to enable accurate diagnosis of conditions that guide appropriate treatment of diseases in humans and animals.

SECTION D

Major risks facing the entity

Since the University College is relatively new, it is exposed to majorly liquidity risk. Liquidity risk relates to the University College's inability to meet its obligations as and when they fall due. The University College has operated with limited funds disbursed by the Government and therefore it ensures that it has sufficient cash on demand before incurring any operational expenditure.

SECTION E

Material arrears in statutory/financial obligations

Alupe University College did not have any material arrears this financial year.

SECTION F

The University College's financial probity and serious governance issues

Alupe University College did not have any financial probity and there was no report against it during the year.

9. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

Alupe University exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, putting the customer first, delivering relevant goods and services, and improving operational excellence. Below is an outline of the organisation's policies and activities that promote sustainability.

i) Sustainability strategy and profile

Our intentions and activities are driven by the need to succeed even with limited resources and we have so far managed to do so in our core mandate of teaching research and extension. We need to attract more self-sponsored students from within Kenya and foreign students as a source of income to sustain and enhance our core mandate activities. We are also in the process of starting some income generating activities within our core mandate in health, agriculture and manufacturing which will be led by our academic and non-teaching staff in the course of teaching and training students but at the same time mobilizing some resources for the University. We also plan to outsource non-core functions and activities to business persons to keep our wage bill to acceptable and consistent levels that enable us conduct our core business.

The University College established MOU's with the neighbouring institutions, and linkages with the industries thus the Kenya Chamber of Commerce and Industry and the County Government of Busia. By involvement of the industries and research centres sustainability will be ensured. We are seeking international collaborations with foreign and other national universities and research institutions for benchmarking and internationalization of our core business.

In the long term we intend to collaborate with industry to establish University- Industry links including the establishment of an industrial park.

ii) Environmental Performance

Alupe University College being a science focused University, we endeavor to ensure that our activities are consistent with the national and international policies and guidelines on the preservation of the environment. We have in place waste disposal measures in which you will not find garbage heaps within and around campus. All waste is collected in our waste bins on campus and disposed of by burning and incineration especially for medical waste. Our medical waste from our laboratories are disposed of in separate septic tanks but not in the normal septic tanks for normal human waste. We work with the health authorities in the County for solid medical waste management through their medical waste guidelines and systems.

All our buildings and infrastructures have been approved by NEMA before the University College infrastructure was started in 2017. The University College is four (4) years old and during its time of existence, it advocated for greening the University by planting 23,000 trees obtained from various sources. Currently the trees are being maintained to ensure health growth.





Above photos shows tree planting sessions in progress.

iii) Employee welfare

We operate on the provisions of the 2010 constitution of Kenya on matters of gender balance and ethnic diversity. Alupe University College hiring process takes into account the gender ratio as espoused in the Constitution of Kenya, 2010, The Employment Act, 2007 and the Public Service Commission Human Resource Policy Manual. In the short term with a small workforce of 102 staff, this is not possible but we are working through this as we progress over the years. Our current gender ratio is 67:35 which is within the guidelines.

The University College has policies guiding the hiring process of staff. These are:

1. Alupe University College Human Resource Manual
2. Alupe University College Statutes
3. Scheme of Service for non- teaching staff
4. Commission for University Education Harmonized Criteria for Appointment and Promotion of Academic Staff in Universities in Kenya
5. Moi University Academic Staff Appointment and Promotion Policy (Revised February, 2020)
6. Public Service Commission Human Resource Policy Manual. 2016

7. Labour laws ; Employment Act, Labour relations Act 2007, Institutions Act, Occupational safety Health Act, Work Benefits Injury Act 2007.

The process takes into stakeholder engagements as enshrined in the Alupe University College Statutes and AUC Human Resource Manual where user departments are involved in determining their staffing needs, make requests for more staff as per the need determined and are involved in the hiring process. Alupe University College Students as the key stakeholders have their representatives on the College Academic Board where issues concerning staffing needs for the academic division are deliberated.

It is important to note that the University College being in existence for a period of only four years had not had its policies improved on since they were developed and approved for use in the last four years. Moreover, the University College strives to improve the skills of its staff by encouraging staff to further their studies by providing study leave as per the HR Manual, allowing staff time to attend capacity building seminars and workshops in their areas of specialization. The University College too organizes for in-house trainings and workshops for its staff to enhance their skills.

Consequently, AUC carries out an annual staff appraisal to evaluate the performance of its staff as espoused in the HR Manual. Currently, the University College does not have a monetary reward system in place.

On compliance with OSHA, (2007) AUC has a Fire and Disaster Management Policy and is currently developing a Fire Master Plan that is at an advanced stage. The University College conducts sensitization workshops on safety and Standard Operating Procedures (SOPs) and invites resource experts in the different areas. Additionally, the University College provides Personal Protective Equipment (PPEs) for its staff.

iv) Market Place Practices

a) Responsible Competition Practice.

Alupe University through engagement of competitive procurement methods in procurement has been able to promote fairness, the University also has in place anti-corruption prevention committee which is in compliance with the requirements of performance contracting.

The University through involvement of Student governing council, oversees fair and democratic election of student leadership. Staff recruitment is also open and competitive through advertisement in the newspapers and fair recruitment process.

b) Responsible Supply Chain and Supplier Relations

Alupe University through adherence to regulatory requirements governing Procurement & Supply Chain Management like Public Procurement & Asset Disposal Act 2015 and Regulations 2020 ensures fair procurement practice and prompt payment of Suppliers and Service providers once the Procurement cycle is complete.

The 17th Cycle Performance contracting 2020/2021 has also contributed a lot when managing the supply chain and supplier relations at AUC as follows: Access to Government Procurement Opportunities (AGPO) has 30% of the budget spent on the Youth, Women and PWDs while 2% of 30% of the budget is reserved for only PWD's. This has been actualized during the procurement process. Besides the University also ensured that 40% of its purchases was used to promote the local content products.

To manage supplier relations, we normally organize for capacity building workshops to sensitize them on the requirements in the procurement process as espoused in the Public Procurement & Disposal Act 2015 and Regulations 2020.

c) Responsible Marketing and Advertisement

Alupe University College controls contents being uploaded in the University website or portal through recruitment of Systems Administrator who uploads all programmes and activities that takes place in the University College and ensure maintenance.

Alupe University has been in collaboration with the Kenya Chambers of Commerce and Industry to advertise the University programmes as well as attending trade fair activities to display the University programmes offered.

d) Product Stewardship

The University College through the use of antiplagiarism protects intellectual properties. The University also engages external examiners to moderate examination.

V) Corporate Social Responsibility / Community Engagements

Alupe University has contributed to the community by having the all-weather roads leading to students' residences within the community murrumed /graded to enhance accessibility.

The University conducts quarterly community engagements in the area of HIV/AIDS through community meetings and sensitisation. In addition, we hold quarterly meetings in schools and churches to educate persons on COVID 19 mitigation measures. In FY 2020/2021, AUC held workshops to create awareness among 30 members drawn from the community engagement structures (Village health committees, nyumba Kumi committee, women group members, youth association, community policing committee and community-based organizations within the Busia Municipality on prevent and control of COVID-19 Pandemic within Busia County.

A further training was planned for 20 community Health workers on prevention and management COVID-19 infection at the community level. The University similarly held a training for all the pedestrians and the boda boda riders in order to minimize the number of accidents in the region. During the training the traffic police officer (Base Commander) from Busia was invited to have a talk with the attendees.

Our Physiotherapy, Medical laboratory sciences and Medical Psychology students are involved in the health centres and sub-county hospitals in service provision in these facilities under the guidance and supervision by our lecturers. The education students are on annual teaching practice in the schools in the region and nearby schools. Our researchers conduct research and provide feedback to communities near the University and other parts of the Country.

10. REPORT OF THE UNIVERSITY COLLEGE COUNCIL

The Council submitted their report together with the financial statements for the year ended June 30, 2021 which show the state of Alupe University College affairs.

Principal activities

The principal activities of Alupe University College are to offer higher education, research and extension services.

Results

The results of the entity for the year ended June 30, 2021 are set out on page 1 to 6

Directors

The Council members who served during the year are shown on pages (viii) to (x)

Auditors

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

By Order of the Council



Chairperson Council

Date: _____

11. STATEMENT OF COUNCIL MEMBERS' RESPONSIBILITIES

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

The Directors are responsible for the preparation and presentation of the College's financial statements which give a true and fair view of the state of affairs of the College for and as at the end of the financial year ended on June 30, 2021. 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 College; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

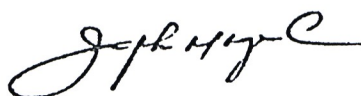
The Directors accept responsibility for the University College's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and the State Corporations Act, 2012. The Directors further confirm the completeness of the accounting records maintained by the University College, which have been relied upon in the preparation of the College's financial statements as well as the adequacy of the systems of internal financial control.

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

Approval of the financial statements

The University College's financial statements were approved by the Board on 6th September 2021 and signed on its behalf by:

Name: Mr. Joseph Oyile



Signature

Chairperson of the Council

Name: Prof. Fabian Esamai

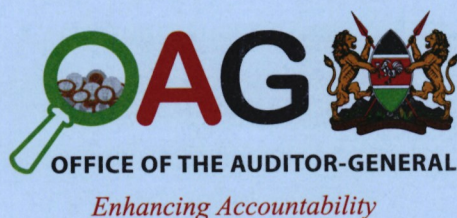


Signature:

Principal:

REPUBLIC OF KENYA

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NAIROBI

REPORT OF THE AUDITOR-GENERAL ON ALUPE UNIVERSITY COLLEGE FOR THE YEAR ENDED 30 JUNE, 2021

PREAMBLE

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

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

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

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

REPORT ON THE FINANCIAL STATEMENTS

Qualified Opinion

I have audited the accompanying financial statements of Alupe University College set out on pages 1 to 26, which comprise of the statement of financial position as at

Report of the Auditor-General on Alupe University College for the year ended 30 June, 2021

30 June, 2021, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Alupe University College as at 30 June, 2021, and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Public Finance Management Act, 2012, and Legal Order No.153 - Alupe University College Order of 2015.

Basis for Qualified Opinion

1. Unexplained Variance on Trade and Other Payables

The statement of financial position reflects trade and other payables balance of Kshs.65,865,830 as disclosed in Note 22 to the financial statements. Included is an amount of Kshs.33,133,718 being salaries paid by Moi University on behalf of Alupe University College. However, review of Council meeting minutes held between Moi University and Alupe University College on 23 April, 2021 indicated that Moi University was demanding Kshs.54,462,776 from Alupe University resulting to an unexplained and an unreconciled variance of Kshs.21,329,058.

In the circumstances, the accuracy and fair valuation of the trade and other payables balance of Kshs.33,133,718 could not be confirmed.

2. Inaccuracies in the Statement of Cash Flows

Review of the statement of cash flows amounts and the amounts reflected in the statement of financial performance revealed an unexplained and unreconciled variances as shown below;

	ITEM	Cash Flows Kshs.	Statement of Financial Performance Kshs.	Variance Kshs.
1	Transfer from other Government entities	193,758,357	177,700,816	16,057,541
2	Rendering services	28,255,926	29,537,000	(1,281,074)
3	Use of goods and services	25,865,643	28,075,406	(2,209,763)
4	Employee costs	190,154,218	181,825,421	8,328,797
5	Council expenses	6,063,461	5,816,211	247,250

Further, the statement of cash flows has excluded adjustments on working capital items, purchase of property plant and equipment amounting Kshs.69,673,680 and intangible assets amounting Kshs.833,375.

In the circumstances, the accuracy and completeness of the financial statements could not be confirmed.

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, are of most significance in the audit of the financial statements. 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, based on the audit procedures performed, except for the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in Use of Public Resources section of my report, I confirm that, nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

Land Without Ownership Documents

As was reported in previous years, the property, plant and equipment balance of Kshs.646,409,855 includes an amount of Kshs.123,000,000 representing the book value of land measuring 200 acres, which the College inherited from Moi University. However, Management did not avail ownership documents for the land.

In the circumstances, the ownership status of the land could not be confirmed.

The audit was conducted in accordance with ISSAI 4000. The standard requires that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements are in compliance, in all material respects, with the authorities that

govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

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

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively, in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Council

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

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

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

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

The Council is responsible for overseeing the College's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems

are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

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

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

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

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

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

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

basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- Conclude on the appropriateness of the Management's use of the applicable basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College's ability to continue to sustain its services. If I conclude that a material uncertainty exists, I am required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the College to cease to sustain its services.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information and business activities of the College to express an opinion on the financial statements.
- Perform such other procedures as I consider necessary in the circumstances.

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

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


CPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

30 September, 2022

13. STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30TH JUNE 2021

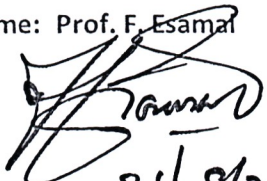
	Note	2020-2021	2019-2020
		Kshs	Kshs
Revenue from non-exchange transactions			
Transfers from other governments	6 (a)	177,700,816	185,384,448
		177,700,816	185,384,448
Revenue from exchange transactions			
Rendering of services	7	29,537,000	21,270,750
Sale of goods	8	13,100	-
Other Income	9	1,320,585	1,780,490
		30,870,685	23,051,240
Total revenue		208,571,501	208,435,688
Expenses			
Use of goods and services	10	28,075,406	24,022,390
Employee Costs	11	203,154,479	160,692,304
Council expenses	12	5,816,211	7,369,679
Depreciation and amortization expense	13	14,895,265	15,932,064
Repairs and Maintenance	14	1,303,351	855,557
Bank Charges	15	75,740	64,427
Total expenses		253,320,452	208,936,422
Surplus/(deficit) for the period		(44,748,951)	(500,734)

The notes set out on pages 6 to 30 form an integral part of these Financial Statements.

The Financial Statements set out on pages 1 to 6 were signed on behalf of the University College Council by:

Principal

Name: Prof. F. Esamai


Date: 31/8/2022

Head of Finance

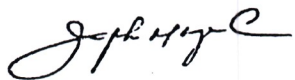
Name: I. Akhonya

ICPAK Member No. 20102


Date: 31/8/2022

Council Chairperson

Name: J. Oyile


Date: 31/8/2022

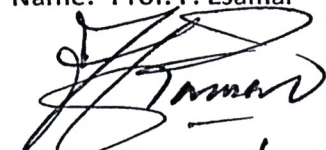
14. STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE 2021

	Note	2020-2021	2019-2020
		Kshs	Kshs
Assets			
Current assets			
Cash and cash equivalents	16	87,756,648	126,827,894
Current portion of receivables from exchange transactions	17	6,850,739	4,713,308
Receivables from non-exchange transactions	18	-	16,057,541
Inventories	19	1,411,538	1,059,989
Total Current Assets		96,018,925	148,658,732
Non-current assets			
Property, plant and equipment	20 a	646,409,855	578,535,017
Intangible assets	21	833,375	-
Total non - current assets		647,243,230	578,535,017
Total assets		743,262,155	727,193,749
Liabilities			
Current liabilities			
Trade and other payables	22	87,194,888	92,709,524
Refundable deposits from customers	23	4,189,880	1,907,780
Current provisions	24	300,000	300,000
Total current liabilities		91,684,768	94,917,304
Total liabilities		91,684,768	94,917,304
Net assets			
Reserves		135,679,800	123,000,000
Accumulated surplus/deficit		(98,348,234)	(55,938,934)
Capital Fund		614,245,822	565,215,378
Total net assets		651,577,388	632,276,445
Total net assets and liabilities		743,262,156	727,193,749

The Financial Statements set out on pages 1 to 6 were signed on behalf of the University College Council by:

Principal

Name: Prof. F. Esamai



Date: 31/8/2022

Head of Finance

Name: I. Akhonya

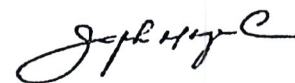
ICPAK Member No. 20102



Date: 31/8/2022

Council Chairperson

Name: J. Oyile



Date: 31/8/2022

**15. STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED 30TH
JUNE 2021**

	Notes	Revaluation reserve	Retained earnings	Capital/Development Grants/Funds	Total (Kshs)
As at 1 July 2019		123,000,000	(55,438,200)	415,000,000	482,561,800
Revaluation gain		-	-	-	-
Transfer of excess depreciation on revaluation		-	-	-	-
Surplus/Deficit for the Year		-	(500,734)	-	(500,734)
Capital/Development Grants received during the year		-	-	150,215,378	150,215,378
Transfer of depreciation from capital fund to retained earnings		-	-	-	-
At June 30, 2020		123,000,000	(55,938,934)	65,215,378	632,276,445
As at 1 July 2020		123,000,000	(55,938,934)	565,215,378	632,276,445
Revaluation gain	20(a)	12,679,800	-	-	12,679,800
Adjustments during the period	22(b)		2,339,650		2,339,650
Surplus/Deficit for the Year		-	(44,748,951)	-	(44,748,951)
Capital/Development Grants received during the year	6(b)	-	-	49,030,444	49,030,444
Transfer of depreciation from capital fund to retained earnings		-	-	-	-
At June 30, 2021		135,679,800	(98,348,234)	614,245,822	651,577,388

Note: Adjustments during the period for kshs 2,339,650 relates to decrease in student fees since refund was done and AUC and Moi University Council agreed to clear the issue of fees. The corresponding entry has been expunged from payables, while Kshs 12,679,800 under revaluation gain relates to revaluation of motor vehicle which had depreciated fully.

16. STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30TH JUNE 2021

	2020-2021	2019-2020
	Kshs	Kshs
Cash flows from operating activities		
Receipts		
Transfers from other government entities	193,758,357	185,384,448
Rendering of services	28,255,926	21,270,750
Sale of goods	13,100	-
Other Income	1,320,585	1,780,490
Total Receipts	223,347,968	208,435,688
Payments		
Use of goods and services	25,865,643	23,722,392
Employee Costs	190,154,218	160,692,304
Council expenses	6,063,461	7,369,679
Repairs and Maintenance	1,303,351	855,557
Bank Charges	75,740	64,427
Total Payments	223,291,912	192,704,359
Net cash flows from/(used in) operating activities	56,056	15,731,330
(Increase)/Decrease in receivables from exchange transactions	-	(2,823,021)
(Increase)/Decrease in receivables from non-exchange transactions	-	(16,057,541)
Decrease/(Increase) in inventories	-	170,807
(Decrease)/Increase in prepayments	-	(337,600)
Increase/(Decrease) in payables	-	6,187,537
Total Adjustments	-	(12,859,818)
Net cash flows from operating activities	56,056	2,871,512

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For the year ended June 30, 2021

Cash flows from investing activities		
Purchase of property, plant, equipment and intangible assets	(88,157,745)	(118,960,850)
Net cash flows from/(used in) investing activities	(88,157,745)	(118,960,850)
Cash flows from financing activities		
Increase in capital grants	49,030,444	150,215,378
Net cash flows from/(used in) financing activities	49,030,444	150,215,378
Net increase/(decrease) in cash and cash equivalents	(39,071,245)	34,126,040
Cash and cash equivalents at the beginning of the year	126,827,894	92,701,854
Cash and cash equivalents at end of the year	87,756,649	126,827,894

Note: We have no adjustments in 2020/21FY as outlined in the revised template

The Financial Statements set out on pages 1 to 6 were signed on behalf of the University College Council by:

Principal

Name: Prof. F. Esamai



Date: 31/8/2022

Head of Finance

Name: I. Akhonya

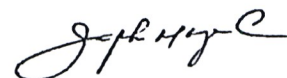
ICPAK Member No. 20102



Date: 31/8/2022

Council Chairperson

Name: J. Oyile



Date: 31/8/2022

**17. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR
THE YEAR ENDED 30 JUNE 2021**

	Original Budget	Adjustments	Final Budget	Actual on comparable basis	Performance difference	% Utilization
	Kshs	Kshs	Kshs	Kshs	Kshs	
	a	b	C=(a+b)	d	E=(c-d)	F=d/c
Revenue						
Transfers from other governments	177,700,816	-	177,700,816	177,700,816	-	100%
Bal b/f from 2019/20FY		12,714,618	12,714,618	12,714,618	-	100%
Rendering of services	23,257,940	6,279,460	29,537,400	29,537,000	400	100%
Sale of goods		13,100	13,100	13,100	-	100%
Other Income	600,000	736,900	1,336,900	1,320,585	16,315	99%
Total Income	201,558,756	19,744,078	221,302,834	221,286,119	16,715	100%
Expenses						
Use of goods and services	21,504,756	9,670,878	31,346,134	28,075,406	3,270,728	90%
Employee Costs	170,200,000	11,625,421	181,825,421	203,154,479	(21,329,058)	112%
Remuneration to Council	8,164,000	(1,517,289)	6,646,711	5,816,211	660,000	90%
Depreciation and amortization expense	-	-	-	14,895,265	(14,895,265)	-
Repairs and Maintenance	1,630,000	(54,149)	1,575,851	1,303,351	272,500	83%
Bank charges	60,000	19,217	79,217	75,740	3,477	96%
Total expenditure	201,558,756	19,744,078	221,302,834	253,320,452	(32,017,618)	114%
(Deficit)Surplus for the period	0	0	0	(32,034,333)	32,034,333	0

Budget notes

1. The variance Shs 16,315 under other income was as a result of under collection of catering income.
2. The balance of sh 660,000 under council expenses was attributed to procurement of Council laptops budgeted under recurrent expenditure but expense captured under PPE
3. The under expenditure under Use of goods and services is attributed to 3 million for medical expenses that will be carried forward to the new financial year to settle Aga Khan invoices that were yet to be received, while the balance relates to student activities i.e., teaching practice, academic trips, COBES that could not be carried out due to closure of the University following the COVID 19 pandemic.
4. The adjustment of Shs 19.7Million arose due to award revision of A.I.A
5. Over-expenditure under employee costs arose due to recognition of sh 21Million salaries paid by Moi University on behalf of Alupe from August 2015 to October 2016, as recommended by auditors

18. NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Alupe University College is established by and derives its authority and accountability from the Universities Act, 2012. The University College is wholly owned by the Government of Kenya and is domiciled in Kenya. The principal activity is education and research.

2. STATEMENT OF COMPLIANCE AND BASIS FOR PREPARATION

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

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

The financial statements have been prepared in accordance with the PFM Act 2012, the State Corporations Act and the 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 30th June 2021

Standard	Impact
Other Improvements to IPSAS	<p>Applicable: 1st January 2021:</p> <p>a) Amendments to IPSAS 13, to include the appropriate references to IPSAS on impairment, in place of the current references to other international and/or national accounting frameworks.</p> <p>b) IPSAS 13, Leases and IPSAS 17, Property, Plant, and Equipment. Amendments to remove transitional provisions which should have been deleted when IPSAS 33, First Time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs) was approved.</p> <p>c) IPSAS 21, Impairment of Non-Cash-Generating Assets and IPSAS 26, Impairment of Cash Generating Assets. Amendments to ensure consistency of impairment guidance to account for revalued assets in the scope of IPSAS 17, Property, Plant, and Equipment and IPSAS 31, Intangible Assets.</p> <p>d) IPSAS 33, First-time Adoption of Accrual Basis International Public Sector Accounting Standards (IPSASs). Amendments to the implementation guidance on deemed cost in IPSAS 33 to make it consistent with the core principles in the Standard.</p>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

(ii) New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2020

Standard	Effective date and impact
<p>IPSAS 41: Financial Instruments</p>	<p>Applicable 1st January 2023 The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by;</p> <ul style="list-style-type: none"> • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.
<p>IPSAS 42: Social Benefits</p>	<p>Applicable: 1st January 2023 The objective of this standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess;</p> <ol style="list-style-type: none"> (a) The nature of such social benefits provided by the entity; (b) The key features of the operation of those social benefit schemes; and (c) The impact of such social benefits provided on the entity's financial performance, financial position and cash flows.

(iii) Early adoption of standards

The University College did not early adopt any new or amended standards in the year 2020/2021.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Revenue Recognition

i) Revenue from non –exchange transactions

Transfer 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 realized 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 University College recognizes revenue from rendering of services by reference to the stage of completion when the income of the transaction can be estimated reliably. The stage of completion is measured by reference to labor hours incurred to date as a percentage of total estimated labor 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 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 the revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest Income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

(b) Budget Information

The original budget for the FY 2019/2020 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

the original budget by the University College upon receiving the respective approvals in order to conclude the final budget.

The University College's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts.

(c) Property, plant and equipment

All property, plant and equipment are stated at cost 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 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.

Depreciation is calculated on a straight-line basis at annual rates estimated to write off carrying values of the assets over their expected useful lives, the asset is initially measured at its fair value. Depreciation rates in use are; Buildings – 2%, Furniture, plant & Equipment – 12.5%, Motor Vehicle – 25% and Computers – 33.3%.

(d) Intangible Assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction if 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.

(e) Research and Development Costs

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Summary of Significant Accounting Policies (Continued)

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

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

(f) Inventories

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

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

- Raw materials: purchase cost using weighted average cost method
- Finished goods and works in progress: cost of direct materials and labor 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 entity.

(g) Provisions

Provisions are recognized when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Summary of Significant Accounting Policies (Continued)

Where the University College 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 the any provision is presented in the statement of financial performance net of any reimbursement.

Contingent Liabilities

The University College does not recognize 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 Asset

The University College 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 events not wholly within the control of the entity in the notes to the financial statements. Contingent assets are assessed continuously 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 revenues are recognized in the financial statements of the period in which the change occurs.

(h) Nature and purpose of reserves

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

(i) Changes in accounting policies an estimates

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

(j) Employee Benefits

Retirement Benefits plan

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Summary of Significant Accounting Policies (Continued)

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.

(k) Related Parties

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

(l) Service concession arrangements

The College analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlements or otherwise-any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

(m) Cash and cash equivalents

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

(n) Comparative figures

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)
Summary of Significant Accounting Policies (Continued)

(o) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended JUNE 30, 2021.

5. SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the entity'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 have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives and residual values

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

6. a) Transfers from Other Government Entities

Description	2020-2021 Kshs	2019-2020 Kshs
Unconditional grants		
Operational grant	177,700,816	185,384,448
Total Unconditional Grants	177,700,816	185,384,448

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

Name of the Entity sending the grant	Amount recognized to Statement of Comprehensive Income	Amount deferred under deferred income	Amount recognized in capital fund	Total Transfers 2021-2020	Prior Year 2019-2020
State Department of University Education and Research	177,700,816	-	49,030,444	226,731,260	335,599,826
Total	177,700,816	-	49,030,444	226,731,260	335,599,826

7. Rendering of Services

Description	2020-2021 Kshs	2019-2020 Kshs
Student fees - school based	-	1,149,500
Student fees - Regular	29,537,000	20,121,250
Total revenue from rendering of services	29,537,000	21,270,750

8. Sale of Goods

Description	2020-2021 Kshs	2019-2020 Kshs
Sale of Sanitizers	13,100	-
Total revenue from the sale of goods	13,100	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. Other Income

Description	2020-2021 Kshs	2019-2020 Kshs
Catering	670,585	641,090
Library fee	-	100,000
EhBB project income	650,000	1,039,400
Total Other income	1,320,585	1,780,490

10. Use of Goods and Services

Description	2020-2021 Kshs	2019-2020 Kshs
Audit fees	300,000	300,000
Electricity	2,832,319	3,098,242
Advertising	1,643,191	3,186,817
Insurance	724,944	730,724
Internet/ ICT	3,854,766	3,658,514
Legal expenses	-	45,000
Cleaning materials	53,676	71,910
Purchase of stationery	1,252,195	894,519
Library books & other expenses	329,012	151,750
Transport operating expenses	196,140	391,894
Travelling & accommodation	626,510	1,546,618
Postal and telecommunication	106,660	143,485
Training expenses	1,352,542	111,200
Research & Training materials	164,020	214,100
Teaching materials	1,141,961	299,600
Catering	672,188	586,648
Medical Expenses	2,493,700	1,756,792
Staff Pension Insurance	928,890	1,773,087
Deans and senate committees	-	50,000
Publishing and printing	31,030	139,200
General Office Supplies	280,410	251,272
Student Activity expenses	545,520	506,600
External examiners	1,835,980	89,000
AUSCO	708,890	321,400
Field Assessment (COBES)	1,178,324	206,478
Subscription to Regulatory bodies	2,077,459	2,118,500
subscription to Professional bodies	73,600	76,000
Finance mgt information system	-	76,120

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Purchase of uniform	34,000	64,500
Performance contracting	289,372	131,845
Strategic Plan	-	756,925
Teaching practice	553,850	255,530
Purchase of lab materials	123,854	18,120
School of business attachment	3,150	-
Security services related expenses	607,000	-
Covid19 expenses	782,658	-
ISO Certification expenses	91,200	-
Games and sports	186,395	-
Total use of goods and services	28,075,406	24,022,390

11. Employee Costs

Description	2020-2021 Kshs	2019-2020 Kshs
Salaries and Wages	116,862,787	96,972,150
Employer contribution to pension schemes	6,518,320	16,290,895
Commuter and car allowances	10,042,116	9,121,500
House allowance	36,122,198	33,147,759
Part-time Lecturers	12,280,000	5,160,000
Salaries paid by Moi on behalf of Alupe (Aug 2015- Oct 2016)	21,329,058	-
Employee costs	203,154,479	160,692,304

12. Council Expenses

Description	2020-2021 Kshs	2019-2020 Kshs
Chairperson's Honoraria	435,000	1,472,000
Chairperson's meetings	-	80,000
Council Expenses	4,915,806	5,817,679
Medical Insurance	465,405	-
Total Council Expenses	5,816,211	7,369,679

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. Depreciation and amortization Expenses

Description	2020-2021 Kshs	2019-2020 Kshs
Building	6,102,923	5,220,427
Motor vehicles	1,790,563	7,290,563
Furniture and fittings	1,184,735	1,052,717
Computers	3,841,544	1,209,991
Plant and equipment	1,558,876	1,158,367
Intangible assets	416,625	-
Total depreciation and amortization	14,895,265	15,932,065

14. Repairs and Maintenance

Description	2020-2021 Kshs	2019-2020 Kshs
Maintenance of Buildings	607,393	167,850
Maintenance of plant & Equipment	145,980	136,500
Maintenance of office equipment	250,800	326,540
Maintenance of motor vehicle	299,178	224,667
Total repairs and maintenance	1,303,351	855,557

15. Bank Charges

Description	2020-2021 Kshs	2019-2020 Kshs
Quarter one	26,457	22,505
Quarter two	10,901	9,273
Quarter three	25,800	21,946
Quarter four	12,582	10,703
Total bank charges	75,740	64,427

16. a) Cash and Cash Equivalentents

Description	2020-2021 Kshs	2019-2020 Kshs
Current accounts	87,756,648	126,827,894
Total cash and cash equivalentents	87,756,648	126,827,894

NOTES TO THE FINANCIAL STATEMENTS (Continued)

16. b) Detailed Analysis of the Cash and Cash Equivalents

Description	Account Number	2020-2021 Kshs	2019-2020 Kshs
Current accounts			
KCB Main account	1201874084	80,840,205	117,352,688
KCB Operations account	1201874025	5,582,124	7,319,208
KCB IGU Account	1239525036	175,095	95,028
Coop- Student account	01141238933900	367,846	431,135
Coop- Research account	01141238804100	791,379	1,629,835
Total		87,756,648	126,827,894

17. Receivables from Exchange Transactions

Description	2020-2021 Kshs	2019-2020 Kshs
students' fees - Regular	6,450,739	4,343,439
students' fees - school based	-	290,069
Un-surrendered Imprests	-	79,800
EhBB project	400,000	-
Total current receivables	6,850,739	4,713,308

18. Receivables from Non-Exchange Transactions

Description	2020-2021 Kshs	2019-2020 Kshs
GoK Grants for CBA 2017/2021	-	16,057,541
Total current receivables	-	16,057,541

NOTES TO THE FINANCIAL STATEMENTS (Continued)

19. Inventories

Description	2020-2021 Kshs	2019-2020 Kshs
Central stores	353,680	287,217
Kitchen Stores	30,630	12,922
Estates	697,078	-
Laboratories	330,150	-
Consumables (SS)	-	665,185
Consumables (SHS)	-	94,665
Total inventories at the lower of cost and net realizable value	1,411,538	1,059,989

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 a). PROPERTY, PLANT AND EQUIPMENT

Description	Land & Buildings	Motor vehicles	Furniture and fittings	Computers	Plant and Equipment	Capital Work in progress	Total
	2% Shs	25% Shs	12.50% Shs	33.33% Shs	12.50% Shs	Shs	Shs
As At 1 July 2019	123,000,000	22,000,000	5,698,700	2,818,800	3,622,014	336,774,596	493,914,110
Additions	-	7,162,250	2,723,032	811,536	4,548,960	103,715,072	118,960,850
Disposals	-	-	-	-	-	-	-
Transfers/adjustments	261,021,340	-	-	-	1,095,960	(262,117,300)	-
As At 30th June 2020	384,021,340	29,162,250	8,421,732	3,630,336	9,266,934	178,372,368	612,874,960
Additions	-	-	1,056,150	7,895,448	3,204,070	57,518,012	69,673,680
Disposals	-	-	-	-	-	-	-
Revaluation	-	12,679,800	-	-	-	-	12,679,800
Transfer/adjustments	44,124,800	(22,000,000)	-	-	-	(44,124,800)	(22,000,000)
As At 30th June 2021	428,146,140	19,842,050	9,477,882	11,525,784	12,471,004	191,765,580	673,228,440
Depreciation and impairment	-	-	-	-	-	-	-
At 1 July 2019	-	14,729,500	1,341,838	1,762,190	574,352	-	18,407,880

Depreciation	5,220,427	7,290,563	1,052,717	1,209,991	1,158,367	-	15,932,065
On Disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-
As At 30 June 2020	5,220,427	22,020,063	2,394,555	2,972,181	1,732,719	-	34,339,945
Depreciation	6,102,923	1,790,563	1,184,735	3,841,544	1,558,876	-	14,478,640
On Disposals	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Transfer/adjustment	-	(22,000,000)	-	-	-	-	(22,000,000)
As At 30 June 2021	11,323,350	1,810,626	3,579,290	6,813,725	3,291,595	-	26,818,585
Net book values							
At 30 June 2021	416,822,790	18,031,425	5,898,592	4,712,059	9,179,410	191,765,580	646,409,855
At 30 June 2020	378,800,913	7,142,187	6,027,177	658,155	7,534,215	178,372,368	578,535,017

Note: The prior year adjustment under plant and equipment for Shs 1,095,960 was as a result of omission of two items for purchase of medical equipment in the financial year 2018/ 2019, hence the adjustment has been done in the current year. Ksh 12,679,800 relates to revaluation of motor vehicle which had depreciated fully.

Depreciation is calculated on a straight-line basis at annual rates estimated to write off carrying values of the assets over their expected useful lives, the asset is initially measured at its fair value. Depreciation rates in use are; Buildings – 2%, Furniture, plant & Equipment – 12.5%, Motor Vehicle – 25% and Computers – 33.3%.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20 b). Plant, Property and Equipment at Cost

	Cost	Accumulated Depreciation	NBV
Land	123,000,000	-	123,000,000
Building	305,146,140	11,323,350	293,822,790
Plant and Equipment	12,471,004	3,291,595	9,179,410
Motor vehicles	19,842,050	1,810,626	18,031,425
Computers	11,525,784	6,813,725	4,712,059
Furniture and Fittings	9,477,882	3,579,290	5,898,592
Work In Progress	191,765,580	-	191,765,580
Total	673,228,440	26,818,585	646,409,855

21. Intangible Assets

Description	2020-2021 Kshs	2019-2020 Kshs
Cost		
At the beginning of the year	-	-
Additions	1,250,000	-
At end of the year	1,250,000	-
Additions-internal development	-	-
At end of the year	1,250,000	-
Amortization and impairment		
At the beginning of the year	-	-
Amortization at the rate of 33.33%	416,625	-
At the end of the year	416,625	-
Impairment loss	-	-
At the end of the year	416,625	-
NBV	833,375	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. a) Trade and other payables

Description	2020-2021 Kshs	2019-2020 Kshs
Salary deductions	3,751,436	2,842,692
Council tax	-	76,750
Suppliers	2,169,848	2,579,931
Contactor- Mowens/Jumba	303,723	4,479,228
Contactor- Fortress/Mershil	29,205	6,343,819
Caution Money	1,690,000	942,000
CBA Arrears/Part-timers	6,820,000	16,057,541
Retention Fund	17,176,521	16,976,305
EhBB Project (Bank Bal)	791,379	1,629,834
Isuzu East Africa	-	3,581,125
Payables b/f from 2016/17FY: -		
Student fees collected by AUC on behalf of Moi university	-	4,066,580
Salaries paid by Moi on behalf of Alupe Nov 2016- June 17	33,133,718	33,133,718
Salaries paid by Moi on behalf of Alupe Aug 2015- Oct 16	21,329,058	
Total trade and other payables	87,194,888	92,709,523

Note: Included in the trade and other payable from exchange transactions of Kshs. 33,133,718/= for 2016/17 FY relates to money owed to Moi University for based on a letter from Moi university requesting refund from AUC. The discussions are ongoing with Moi University on the same. The correct liability figure will be adjusted in the financial statement once discussions are concluded. There is also sh 21,329,058 relating to 2015 salaries paid by Moi on behalf o Alupe that was captured following recommendation by the external auditors. There is a decrease in student fees since refund was done to students after AUC and Moi University Council agreed to clear the issue of fees

22 (b) Retained earnings sh 2,339,650	Amount (Kshs)
Student fees collected by AUC on behalf of Moi University 2016/17FY	4,066,580
Less refund made to students to pay Moi University	(1,726,930)
Amount written off to retained earnings	2,339,650

23. Refundable Deposits and Prepayments from customers

Description	2020-2021 Kshs	2019-2020 Kshs
Prepaid Student fees - Regular	4,189,880	1,905,180
Prepaid Student fees - School based	-	2,600
Total	4,189,880	1,907,780

NOTES TO THE FINANCIAL STATEMENTS (Continued)

24. Current Provisions

Description	2020-2021 Kshs	2019-2020 Ksh
Balance b/d (1.07.2020)	-	
Additional Provisions: -		
Provision for Audit fee	300,000	300,000
Total Provisions as at 30.06.2021	300,000	300,000

FINANCIAL RISK MANGEMENT

The University College's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes of foreign currency. The entity' overall risk management program focuses on unpredictability of changes in the business environment and seeks to minimize the potential adverse effects of such risks on its performance by setting acceptable levels of risk. The entity does not hedge any risks and has in place policies to ensure that credit is only extended to customers with established credit history.

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

(i) Credit risk

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

Management assesses the credit quality of each customer taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the entity's management based on prior experience and their assessment of the current economic environment.

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

Details	Total Amount (Kshs)
As at 30 June 2021	
Receivable from exchange transactions	6,850,739
Receivable from non-exchange transactions	-
Bank Balances	87,756,648
Total	94,607,387
As at 30 June 2020	
Receivable from exchange transactions	4,713,308
Receivable from non-exchange transactions	16,057,541
Bank Balances	126,827,894
Total	147,598,743